

Schroders

Schroder Real Estate

April 2019

Sustainability Policy
Real Estate with Impact



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Sustainability Policy: Real Estate with Impact April 2019

Social and environmental change is happening faster than ever. Climate change, shifting demographics and the technology revolution are reshaping our planet. Schroders recognises the importance of social and environmental change to real estate.

Real estate investing gives access to the building blocks of sustainable economies. The built environment supports people, communities, business, cities, the environment and society as a whole.

Real estate investing therefore carries the responsibility to understand environmental, social and economic impacts to deliver resilient investment returns for the long term and manage exposure to material risks.

Schroders understands social and environmental changes occurring across our geographies. Recognising the impact of these is integral to our investment process and applies to all aspects of real estate investment

including acquisition due diligence, asset management, property management provided by third parties, refurbishments and developments. Understanding and improving our impacts sits alongside our priority to maximise returns for our clients in a manner consistent with our funds' risk profiles.

We believe that a sustainable investment programme should deliver enhanced returns to investors, improved business performance to tenants and tangible positive impacts to local communities, the environment and wider society for the long term.

This Policy applies to Schroder Real Estate which incorporates Direct Real Estate, Global Cities Real Estate and Real Estate Capital Partners ("SReCAP"). The approach taken by the Global Cities and SReCAP teams reflects the principles of this Policy although the execution of approach to companies and funds will differ from the Direct team's approach to buildings.

Commitments

In order to fulfil the aims of our Sustainable Investment: Real Estate with Impact approach, Schroder Real Estate has defined the following commitments:

- We will meet and, where appropriate, exceed legislative and other requirements which include global, national and corporate commitments, investor/partner and other stakeholder expectations, and pledges made to meet industry best practice standards across our business activities.
- We shall support compliance with internationally recognised human rights across our business activities.
- We are committed to continual improvement and protection of the environment, including prevention of pollution, sustainable resource use, climate change mitigation, and enhancing biodiversity and green/blue spaces through application of best practice. To mitigate the impacts of climate change, our long-term energy and greenhouse gas (GHG) emissions efficiency targets are aligned with ratified EU targets, where appropriate.
- We will maintain an environmental management system (EMS), aligned with the international standard ISO 14001 (2015), to manage the deliverable actions derived from our Sustainable Investment strategy.

- We are committed to supporting the health, safety, security, wellbeing, inclusivity, heritage, prosperity and productivity needs of our employees, customers, suppliers, communities and places.
- Our employees, responsible for governing our commitments and ensuring they are implemented, will undertake sustainability focused training to ensure they are competent to deliver our sustainability programme and all investment staff have sustainability objectives defined and tracked as part of formal annual performance review processes.
- We shall disclose sustainability performance for funds in line with industry guidelines, where appropriate.
- We shall continuously review the effectiveness of our Sustainable Investment Strategy to ensure it delivers asset and portfolio performance commensurate with our investment objectives.

This Policy

This Policy will be reviewed annually and is actively communicated with our internal stakeholders and key suppliers. This Policy has been approved by the

SREIM Investment Committees. Our employees and supply chain partners are responsible for implementation of this Policy.

Risk associated with Real Estate investing

- The value of investments and the income from them may go down as well as up and investors may not get back the amounts originally invested.
- Investments in real estate are relatively illiquid and more difficult to realise than equities or bonds. Yields may vary and are not guaranteed.
- The value of real estate is a matter of a value's opinion rather than fact.



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