

Sustainable Property Investment Policy

One of the most critical agents of change in real estate, sustainability is a key factor in protecting the long term value of portfolios. Sustainability in property investment, therefore, recognises that environmental social and governance considerations need to be addressed alongside more conventional financial objectives.

At LGIM Real Assets, we understand that our business activities result in both direct and indirect environmental, social and community opportunities. Having already made significant progress across a range of sustainability initiatives, we set a goal of reaching a leadership position in sustainability performance. By receiving GRESB Green Starts for all our applicable funds, four years in a row, we feel that we are well on the way to achieving this.

We aim to achieve our ambitions through the implementation of our Sustainable Real Assets Strategy.

RESPONSIBLE INVESTMENT STRATEGY

LGIM Real Assets sets ESG objectives across the full range of our property investment and management activities, which assist the company in delivering its core objective of strong investment returns.

These high-level objectives are implemented as property-level initiatives through our ESG strategy, with the expectation of a positive impact on income streams and capital values over the next few years.

To gain support for this process from key stakeholders, we aim to clearly articulate the connections between sustainability and value creation, particularly to our occupiers and shareholders, as we consider this engagement a crucial part of our fiduciary duty and responsibility as a landlord.

To ensure resilient long-term investment returns from our property portfolio/assets we recognise the need to employ a highly tuned sustainability risk management processes.

We have identified a set of key sustainability issues and grouped these into four SPI Focus Areas: Climate Change & Energy, Resource Use & Environment, Sustainable

Communities and Sustainability Risk Management.

This ensures that we manage all environmental, social and economic impacts, and maximise opportunities in a consistent manner.

MANAGEMENT OBJECTIVES

Governance and Compliance – to maintain an SPI Committee, which will govern a suite of standards and procedures in order to effectively manage current and emerging SPI risks and opportunities and drive SPI performance. Key management and performance targets tailored to each activity area are set in order to continually improve and push LGIM Real Assets beyond legislative compliance and other requirements.

People and Knowledge Management – to ensure continuing commitment from all staff in embedded joined-up sustainability initiatives throughout the company's activities and to build upon knowledge management systems and training. To support the research department in providing cutting-edge research and analysis to inform best practice across the business activities, helping us to remain forward thinking in our ability to tackle all emerging sustainability risks and take advantage of opportunities (with particular reference to climate change).

Stakeholder Engagement – to communicate LGIM Real Assets' SPI objectives and strategy to all key stakeholders in order to make them aware of initiatives and support them as far as possible in engaging with the topic of sustainability. This includes maintaining

high levels of involvement with industry bodies, engaging with tenants and investors and making a firm commitment to external knowledge-sharing. This policy is communicated to those working for or on behalf of the business.

Measurement and Monitoring – to establish key performance indicators in the areas of Climate Change & Energy, Resource Use & Environment, Sustainable Communities and Sustainability Risk Management. Setting a baseline and continually monitoring performance going forward will help to manage our sustainability impacts and drive down costs for both LGIM Real Assets and its occupiers.

Target Setting – to focus on real, measurable performance improvements which will build occupier and investor trust and engagement in LGIM Real Assets' SPI strategy. To this end, we will set stretching short-term and long-term management and performance targets, which fit with and go beyond relevant UK and EU government policy and legislation.

Reporting – to make sure that all our stakeholders have access to relevant information on our sustainability performance, presented in a way that reflects our internal strategic and management approach. This can be achieved through a range of media and reporting methods.

ACTIVITY SPECIFIC OBJECTIVES

Our goal is to seek continual improvement in SPI performance across our business and we commit to best practice in the four core areas of our operation

Fund Management – to develop and implement a portfolio risk mitigation and adaptation strategy.

CONTACT US

For further information please contact Debbie Hobbs:

 +44 (0)203 124 2805  debbie.hobbs@lgim.com  www.lgim.com/realassets

Incorporating the key sustainability risks and opportunities from each of the four SPI Focus Areas into our decision making processes, this will help to support both investment returns and sustainability performance.

Asset Management – to integrate the management of sustainability risks as identified at Fund level into the asset management plans and to realise sustainability related opportunities, particularly through landlord-occupier engagement on sustainability performance.

Property Management – to support our managing agents in delivering annual objectives which aim to; 1) Control energy use, 2) Prevention of pollution, 3) Report publicly our environmental performance, 4) Maintain ISO 14001 to manage and continually improve the environmental impact of our property management 5) and to protect the environment.

Development and Refurbishment – to encourage high sustainability standards are designed into any new development or refurbishment programme and that these standards are comprehensively reviewed on an annual basis. Furthermore, to minimise environmental and social impacts on site and through the supply chain and to maximise the creation of economic opportunities in the local community.

Bill Hughes, Head of LGIM Real Assets, holds board level responsibility for the SPI policy and objectives. He is supported by the SPI Committee which is coordinated by our Head of Sustainability and consists of representatives from across the business activities. The Committee meets quarterly and is in regular communication throughout the intervening periods.

This SPI policy and objectives are compatible with the Legal & General Investment Management's (LGIM) Socially Responsible Investment (SRI) policy and the Legal & General's Corporate Social Responsibility (CSR) requirements, and are reviewed at the end of each financial year.

All funds are managed by Legal & General Property on behalf of internal and external clients of Legal & General. The views expressed in this policy document are those of Legal & General Property, who may or may not have acted upon them.

© Legal & General Property Ltd. All rights reserved. No part of this publication may be reproduced or transmitted in any form or by any means including photocopying and recording without the written permission of the publishers.

This document is issued by Legal & General Property and is directed exclusively at persons falling within the definition of professional clients or eligible counterparties, as defined in the rules of the Financial Conduct Authority. It is not for general public distribution and any other persons who receive this document should not rely on or act upon its content.

LGIM Real Assets: One Coleman Street, London EC2R 5AA. Registered in England No. 166055.
Registered office: One Coleman Street, London EC2R 5AA