Marketing material for professional clients only.

Immobilien Europa Direkt

2022 Annual Sustainability Report

Schroders capital

Contents

Sustainability and Responsible Investment

Immobilien Europa Direkt (hereafter 'IED') is an investment group of the Zurich Investment Foundation. Schroder Investment Management (Switzerland) AG, part of the wider Schroders plc group (hereafter 'Schroders'), is the designated investment manager for IED (hereafter 'Investment Manager').

This report sets out Schroders' approach to sustainability within the management of IED and reflects the programme of activities, including key performance indicators set out in the Sustainability Performance Measures section covering the period for the calendar year 2022.

Schroders believes that consideration of Environmental, Social and Governance (ESG) characteristics is key to the long-term success of IED and that a successful 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.

Offering occupiers resource-efficient and flexible space is critical to ensure our investments are fit for purpose and sustain their value over the long term. As asset owners and managers, we have the opportunity to help reduce running costs for our occupiers, increase employee productivity and wellbeing, and contribute to the prosperity of a location through building design and public realm.

Ignoring these issues when considering asset management and investments would risk the erosion of income and value as well as missing opportunities to enhance investment returns.

To minimise risk and ensure resilience a good investment strategy must incorporate environmental, social and governance factors alongside traditional economic considerations. Schroders believes a complete approach should be rewarded by improved investment decisions and performance.

Schroders' real estate investment strategy, which aims to proactively take action to improve social and environment outcomes, focuses on the pillars of People, Planet and Place which are referenced to three core UN Sustainable Development Goals (SDGs): (8) Decent work and Economic growth; (11) Sustainable cities and communities and; (13) Climate action.

A central focus of Schroders' real estate investment strategy is the response to the climate crisis both in terms of risk and resilience to climate impacts and also working to reduce IED's Greenhouse Gas (GHG) emissions associated with its activities. As part of Schroders' commitment to achieving Net Zero Carbon by 2050 or sooner, aligned with a 1.5°C decarbonisation trajectory, work has been undertaken during 2021 to baseline the portfolio's carbon performance and establish new energy and carbon targets in a net zero context which include interim milestones at 2025 and 2030. Further details can be found in the 'Net Zero Carbon' section on page 9.

Further information on Schroders' Sustainable Investment Real Estate with Impact approach and its Sustainability Policy: Real Estate with Impact can be found here.

Compliance with Legislation: Environmental Management System

Schroders operates an Environmental Management System ('EMS'), certified to the international standard ISO 14001: 2015 for the asset management of direct real estate investments in the UK and across Europe.

Schroders continues to monitor requirements and guidance in relation to managing and reporting sustainability matters and developments in legislation (environmental and social) at all stages of the investment life cycle – from acquisition, through ownership, to disposal. This process is supported by the EMS framework which includes a legal register as well as through appropriate devolution of responsibility to key personnel involved in the day-to-day operation of buildings, including asset, property and facilities managers.

Schroders' investment management process requires annual fund strategy statements and business plans to include sustainability commitments and an Impact and Sustainability Action Plan to be prepared for all directly managed standing investments.

Sustainability Governance Framework

Active management of sustainability performance is a key component of responsible asset and building management. Reducing consumption, improving operational efficiency, and delivering higher quality, more sustainable spaces will benefit tenants' occupational costs and may support tenant retention and attraction, in addition to mitigating adverse environmental impacts and helping to future-proof the portfolio against more stringent legislation.

In support of improving the environmental and social credentials of the portfolio, Schroders has continued to work with sustainability consultants EVORA Global and property managers to identify and deliver sustainability enhancements. The programme involves reviewing all landlord-controlled assets held by IED using Schroders' proprietary Impact and Sustainability Actions Plans identify and implement improvement initiatives, where viable.

Where the landlord retains operational control responsibilities, Schroders monitors the portfolio's environmental performance on a quarterly basis. Please note, residual impacts from the Covid-19 pandemic associated with changes in occupancy and building operations during the period are likely to have had an impact on like-for-like performance and so the reporting year may not be directly comparable with the previous reporting year.

For detailed sustainability performance data covering the reporting period and the prior year, please see the INREV Sustainability Report on page 14.

Property Managers play an integral role in supporting the sustainability programme. We have established a set of Sustainability Requirements for our Property Managers to adhere to in the course of delivering their property management services. This includes a set of key performance indicators to help improve the property managers' sustainability-related services to IED which are assessed on a six-monthly and annual basis.

Our suite of key sustainability tools which guide our active asset management activities also include our asset-level Impact and Sustainability Action Plans developed for all landlord-controlled assets, Schroders Capital Real Estate Sustainability Requirements for Developments and Refurbishment Brief, Sustainable Occupier Guide and Sustainability Fit Out Guide for Tenants.

Schroders' investment management process requires annual fund strategy statements and business plans to include sustainability commitments and tangible targets which are monitored on an annual basis.

Our Sustainability Performance in a Nutshell

Energy and Greenhouse Gas Emissions

In support of achieving these targets and improving the efficiency of the portfolio, Schroders has continued to work with sustainability consultants Evora Global and property managers to identify and deliver energy and greenhouse gas emissions' reductions on a cost-effective basis. The programme involves reviewing all managed assets within the portfolio and identifying and implementing improvement initiatives, where viable.

Schroders can report for the calendar year 2022, for the managed assets held by IED, there was a 9% decrease in landlord-procured energy consumption on a like-for-like basis. This translates to a 17% decrease in Scope 1 and Scope 2 GHG emissions on a like-for-like basis once country specific energy grid decarbonisation efforts have been taken into account. Explanation for these variances is provided at sector and asset level in the INREV Sustainability Report section on page 14.

Schroders has an objective to procure 100% renewable electricity for landlord-controlled supplies by 2025. As at 31 March 2023, 91% of the portfolio's landlord procured electricity was on a renewable tariff.

Energy performance improvement initiatives continued to be considered across the portfolio. A number of building improvement/energy conservation measures have been implemented during the reference period including for example BMS and LED lighting upgrades as well as real-time energy and indoor climate performance feedback provided through solutions such as the Healthy Workers platform adopted in the Netherlands which have had a positive effect on the overall portfolio energy profile.

As part of Schroders' Net Zero Carbon commitments, during 2021 new energy and carbon targets were developed in a net zero context and pursuance of this objective forms a central part of the portfolio's sustainability strategy. These targets have been reviewed to reflect progress against the baseline analysis and expand the scope of the assessment where possible. Further details can be found in the 'Net Zero Carbon' section on page 9.

Water

Fresh water is a finite resource of increasing importance for the environment and society and reductions in consumption can deliver operational cost efficiencies. Schroders monitors water consumption where the landlord has supply responsibilities and encourages active management of asset-level consumption. Where IED had such responsibilities, a 4% increase in like-for-like water consumption is reported for the year to 31 December 2022 compared to the previous year. This can be explained in part by building occupancy increases and associated business activities following the lifting of COVID restrictions (e.g. events, use of fitness facilities) as well as changing profile of building occupiers (e.g. new chiropractor clinic with greater water demand requirements).

Waste

Effective waste management decreases pollution and resource consumption, as well as improving operational efficiency and associated costs. To this end, waste generation should be minimised and disposal should be as sustainable ass possible. Schroders therefore has set an objective to send zero waste directly to landfill and to achieve optimal recycling. For the year to 31 December 2022 on a like-for-like basis IED observed a 13% increase in landlord waste generation. The increase in waste generation can be at least partly attributed to employees returning to the office following COVID-19 and resulting in a higher waste output. Overall positive trends in recycling practices were observed including a slight increase in the recycling rate and anaerobic digestion treatment compared to the previous year.

Improvements and Refurbishments

Schroders seeks to deliver developments and refurbishments to high sustainability performance standards by adhering to our suite of internal sustainability tools such as the Schroder Real Estate's Sustainability Requirements for Developments and Refurbishment Brief as well as through alignment with external building certification standards and frameworks such as BREEAM (the Building Research Establishment Environmental Assessment Methodology: leading environmental assessment method and rating system for buildings).

Green Building Certifications

Third-party green building certification helps us to better understand the sustainability performance of our portfolio's underlying assets. One such certification scheme is BREEAM In-Use: a performance-based assessment method for the certification of existing buildings. BREEAM In-Use helps assess operational performance against nine sustainability categories. The framework supports the overall sustainability programme for IED with improvement actions integrated into the responsibilities of Schroders and property managers.

During the 2022 reporting year Schroders continued to commission green building certification assessments for the portfolio achieving 61%[1] coverage by portfolio floor area. An active effort is made to ensure that the findings and recommendations from these building certifications are translated into tangible measures and action plans to further improve the performance of our buildings.

Health and Wellbeing

The real estate industry has a good appreciation of the importance of the built environment on human health and wellbeing. There has been considerable development in understanding on what building aspects matter the most as well as how certification schemes, including the WELL Building and Fitwel Certifications, can support landlords and tenants to address these. IED has identified a range of health and wellbeing initiatives to deliver improvements across managed assets and within refurbishments and developments. This overarching set of principles is being applied to the portfolio of assets with improvements incorporated into property management plans.

[1] Valid as at 31 March 2023.

Occupier and Community Engagement

Schroders seeks active engagement with occupiers to ensure a good occupational experience to help retain and attract tenants. In 2022 IED undertook a combination of internal and external tenant satisfaction surveys covering retail and commercial tenants spread across the various locations where IED operates. The external surveys were delivered with support from a third-party customer satisfaction specialist.

Results from this survey have been analysed to inform the development of action plans for Asset and Property Managers to implement. As the day-to-day relationship is with the Property Manager, the Property Manager Sustainability Requirements include a key performance indicator on occupier engagement.

Moreover, Schroders believes in the importance of understanding a building's relationship with the community and its contribution to the wellbeing of society. Positively impacting on local communities helps create successful places that foster community relationships, contribute to local prosperity, attract building users and, ultimately, lead to better, more resilient investments. Schroders looks to understand and continuously develop community relationships to ensure investments provide sustainable social solutions for the long term.

Sustainability in Action: Case Study

A green day was held in the canteen at the property "IED Copenhagen Markententeriet" at the end of January:

- The tenant "Nordic Catering" is running a lunch restaurant in the office building
- On the day of the event only vegetarian food was served and all ingredients were locally sourced from Denmark
- The event was planned for January when people have their New Year resolutions still fresh in their minds
- Schroders sponsored all these vegetarian lunches offering a 50% discount
- During the day "Nordic Catering" also arranged a mini exhibition with folders and screens about locally grown vegetables
- The aim of the event was i) to present a healthier lunch whilst eliminating meat and fish, and ii) to demonstrate that vegetarian dishes can be prepared by using only locally grown ingredients
- About 120 portions were served in the restaurant during the event

Industry Initiatives

INREV Sustainability Reporting Guidelines

This Sustainability Report includes environmental performance indicator data for the portfolio. The disclosures are aligned with the INREV Sustainability Reporting Guidelines 2016 and therefore includes an Environmental Data Report for the portfolio presented using GRESB methodology. The Environmental Data Report is included from page 14.

Global Real Estate Sustainability Benchmark (GRESB)

Schroders has participated in GRESB, the leading global standard for assessing ESG performance for real estate funds and companies, since 2011. Through its annual questionnaire, GRESB evaluates the sustainability performance of reporting entities against seven sustainability aspects and contains approximately 50 indicators.

IED has participated in GRESB for the past six years. In 2022, IED achieved a 5-star status (out of 5 stars), improving its score to 90 (out of 100), came first in its peer group (out of 15) and maintained its Green Star rating. A Green Star rating is achieved where the scores for the two components of Management and Performance both score higher than 50% of the points allocated to each component.

Schroders intends to participate in the survey on behalf of IED in 2023 with the objective of continual improvement to its score, maintaining its 5-star status, as well as retaining its Green Star rating

United Nations Principles of Responsible Investment (UN PRI)

We became a signatory to the UNPRI on 29 October 2007, however we have been considering ESG and sustainable investment since 2000. After a delay in the UNPRI reporting cycle, we have now received our 2021 scores, reflecting our activity during 2020.

The 2021 reporting cycle introduced a new reporting and assessment framework. We have received scores of 4 stars for the Direct – Real Estate module in the new reporting structure; which ranges from 1-5 stars (5 being the top score).

Industry Participation

Schroders supports, and collaborates with, several industry groups, organisations and initiatives including the United Nations Global Compact and Net Zero Asset Managers Initiative (of which it is a founding member). Schroders is involved with the Urban Land Institute (ULI) as a proud sponsor of the ULI C Change Climate Transition project. Further details of Schroders' industry involvement are listed at pages 51 – 54 of Schroders 2022 Annual Sustainability Report: Annual Sustainability Report 2022 (schroders.com)

Schroders is a member of several industry bodies including the European Public Real Estate Association ('INREV'), INREV ('European Association for Investors in Non-Listed Real Estate Vehicles'), British Council for

Offices and the British Property Federation. It was a founding member of the UK Green Building Council in 2007 and in 2017 became a member of the Better Buildings Partnership and a Fund Manager Member of GRESB. We are also members of the Association of Real Estate Funds, the Asset Management Association Switzerland contributing to the ESG Reporting Regulation Working Group and the Swiss Sustainable Real Estate Group industry group.

A full list of our strategic memberships is available on our website:
https://www.schroders.com/en/sustainability/active-ownership/industry-involvement/

Employee Policies and Corporate Responsibility

Employees

The investment foundation is an externally managed real estate investment group and has no direct employees. The Investment Manager is part of Schroders plc, which has responsibility for the employees that support IED. Schroders believes diversity of thought and an inclusive workplace are key to creating a positive environment for their people. Schroders' real estate team have a sustainability objective within their annual objectives.

Further information on Schroders' principles in relation to people including diversity and inclusion, gender pay gap, values, employee satisfaction survey, well-being and retention can be found on the dedicated Schroders webpage here: https://www.schroders.com/en/working-here/our-people/.

Corporate Responsibility

Schroders' commitment to corporate responsibility is to ensure that its commitment to act responsibly, support clients, deliver value to shareholders and make a wider contribution to society is embedded across its business in all that it does.

Full information about Schroders' Corporate Responsibility approach including its economic contribution, environmental impacts and community involvement, can be found here:
https://www.schroders.com/en/sustainability/corporate-responsibility/.

Slavery and Human Trafficking Statement

The Fund is not required to produce a statement on slavery and human trafficking pursuant to the Modern Slavery Act 2015 as it does not satisfy all the relevant triggers under that Act that require such a statement.

Schroder Investment Management (Switzerland) AG, the dedicated Investment Manager to IED, is part of Schroders plc and whose statement on Slavery and Human Trafficking has been published in accordance with the Modern Slavery Act 2015. It sets out the steps that Schroders plc has made during 2021/22 and plans for 2023 to prevent any form of modern slavery and human trafficking from taking place in our business, supply chain and investments. The Investment Manager is part of Schroders.

Schroders' Slavery and Human Trafficking Statement can be found here:
https://www.schroders.com/en/sustainability/corporate-responsibility/slavery-and-human-trafficking-statement/.

Net Zero Carbon

Schroders recognises that we have a responsibility to embark on a journey to 'Net Zero Carbon' and that an active approach to understanding and managing climate risks and opportunities is fundamental to delivering resilient investment returns and supporting the transition to a low carbon society.

In 2019 Schroders signed the Better Building Partnership's (BBP) Climate Commitment and we have a net zero ambition aligned to the Paris Agreement aim to limit warming to 1.5°C. The net zero commitment addresses carbon emissions from all stages of a building's lifecycle including operation and maintenance (landlord and tenant energy usage) and embodied carbon associated with new construction and refurbishment activities.

In 2021 Schroders established an operational Net Zero Carbon baseline and developed operational energy and carbon targets for IED. Due to the Covid-19 pandemic, the 2020 year is generally not considered representative of building performance and so a baseline year of 2019 has been used. The initial analysis focused on whole building operational energy and carbon for landlord-controlled assets where Schroders procures internal energy supplies. At assets where the landlord procures only part of the buildings energy, the remaining footprint of the building (tenant procured energy) was also in scope despite limitations on our ability to reduce their energy use.

Forward looking Net Zero Carbon pathways were modelled using the industry accepted Carbon Risk Real Estate Monitor (CRREM) to present the decarbonisation requirements needed to achieve Net Zero Carbon by 2050 at the latest with interim targets set; aligned with a 'Paris Proof' decarbonisation trajectory to pursue efforts to limit global warming to 1.5°C and include interim milestones at 2025 and 2030.

In Q4 2022, we undertook a performance progress update for the 04/2021 – 03/2022 reporting period. The overarching goal was to maximise the use of actual data (as opposed to benchmarks) across our landlord-managed assets for higher accuracy. Out of the 38 assets under management for the relevant reporting period, the scope of the fund level analysis comprises all 22 landlord controlled assets.

In addition, this year 4 tenant-controlled assets were also brought in scope of the asset-level analysis where energy data was deemed to be of sufficient coverage and quality. Table 1 summarises the results including the revised energy and GHG intensity reduction portfolio targets[2]. This indicates that the fund's GHG intensity is already outperforming the 2030 target. It is worth reiterating that these values are for a subset of the total portfolio and in some cases include estimates or extrapolated data. The fund performance may be impacted as data quality and coverage improve particularly when tenant-controlled assets are brought in scope of the fund-level analysis.

Table 1: IED Performance – Energy & GHG Intensity

	2021 Performance	2030 Target	2030 Target (% change required)	Portfolio average year of stranding
GHG Intensity ($kgCO_{2e}/m^2$)	**30.1**	**35.0**	**Already below**	**2038**
Energy Intensity (kWh/m^2)	**135.2**	**125.1**	**- 7.45%**	

Schroders recognises that for the purposes of energy performance optimisation, a building should be seen as a whole entity irrespective of the landlord / tenant operational split. Tenant engagement and effective collaboration with building occupiers will be critical to the success of our Net Zero Carbon ambitions.

The net zero carbon pathway for the fund will evolve over time as Schroders, and the wider industry, develop their understanding of how to address the carbon impact of real estate activities, physical risks to locations and assets, and as regulatory initiatives develop. We will specifically look to include whole building operational energy and carbon from all landlord- and tenant-controlled assets in the fund-level analysis and also incorporate embodied carbon associated with developments, refurbishments and fit out activities across all assets to further optimise the portfolio performance and mitigate the risk of stranded assets.

[2] The scope of the fund-level analysis remains all landlord-controlled assets. Therefore, the fund energy & GHG intensity reduction targets have been calculated on the basis of whole building performance associated with landlord-controlled assets only.

Task Force on Climate-Related Financial Disclosures ('TCFD')

The Task Force on Climate-related Financial Disclosure ('TCFD') aims to mainstream reporting on climate-related risks and opportunities in organisations' annual financial filings. Launched in 2017, TCFD has so far been a voluntary framework, however it becomes mandatory in the UK across a range of market participants on a phased timeline beginning in 2021.

The TCFD recommendations are structured around four themes: Governance, Strategy, Risk Management, and Metrics and Targets. Key concepts within the framework include:

- 'transition' risks: arising from society's transition to a low carbon economy (changing regulation and market expectations, new technologies etc) and;
- 'physical' risks: relating to the acute (storms, floods and wildfires etc) and chronic (rising sea levels, increasing heat stress etc) physical effects of a changing climate.

Additional principles within TCFD include the importance of forward-looking assessment of climate-related risks and opportunities, and 'scenario analysis'. Scenario analysis is a process of identifying and assessing the potential implications of a range of plausible future states under conditions of uncertainty. The recommendations note that scenario analysis for climate-related issues is a relatively new concept and that practices will evolve over time.

In 2022, the Manager continued to review its policies and practices against TCFD criteria and developed a roadmap towards increased alignment. Building on our established consideration of sustainability within the investment process, Schroders believes it will be important to further integrate the assessment of climate-related risks and opportunities into decision-making and reporting processes. The outcome of our review and progress towards further alignment is set out below.

TCFD Recommendation	Approach
Governance	
Describe the board's oversight of climate-related risks and opportunities.	The Joint Investment Committee reviews performance, including ESG related activity, on a quarterly basis. A more detailed review of the approach to ESG is carried out at the annual strategy review which includes but is not limited to (i) fund level sustainability performance measured by both the Manager and third parties such as the Global Real Estate Sustainability Benchmark ('GRESB'); (ii) asset level analysis; (iii) a review of the Manager's ESG policies and procedures; and (iv) presentations from sustainability specialists. The Manager reviews a materiality assessment annually to identify and assess material impacts, sustainability risks and opportunities arising from our sustainability aspects alongside severity, likelihood, and ability to influence. Impacts, risks and opportunities are also identified as originating from normal, abnormal or emergency conditions.
Describe management's role in assessing and managing climate-related risks and opportunities.	Climate change is an established component of our sustainability programme. Responsibility for assessment and management of climate-related risk and opportunity is delegated to key members of the Investment Management team, supported by regular reporting to the Investment Committee. Schroders' Head of Sustainability and Impact Investing recommends the Manager's annual Sustainability Policy and Objectives, which are reviewed and approved by the Investment Committee. The Manager incorporates climate-related considerations into key stages of the investment process, including acquisition proposals, annual Asset Business Plans and annual Fund Strategy Statements. Each of these steps of the investment process require approval by the Investment Committee. The Manager also prepares annual report and financial accounts for the Fund, which include climate-related metrics and supports the

	Manager and Board's monitoring of performance and progress towards climate-related goals and targets. During the financial year ending 31 March 2023 the Manager's sustainability team was bolstered with the recruitment of an Energy and Carbon Lead alongside a Climate Lead who maintain oversight of the Manager's climate resilience programme. Engagement is a critical component of the Manager's climate resilience programme with regular touch-points with the Schroders Capital Sustainability & Impact working groups ensuring alignment of frameworks and approaches across the business and benefitting from this extensive pool of resource. The Manager includes ESG criteria, including climate-related risks, as part of its formal quarterly investment risk monitoring, which is overseen by Schroders Group Investment Risk function.
Strategy	
Describe the climate-related risks and opportunities IED has identified over the short, medium, and long term.	Our investment philosophy and process is underpinned by fundamental research and an analytical approach that considers economic, demographic and structural influences on the market. We are considering how climate change may impact on these factors over time, as well as how government policies may enable mitigation of and adaption to climate change. Energy and carbon emissions performance of our assets is a critical climate-related strategic issue. As part of net zero carbon analysis utilising the industry standard Carbon Risk Real Estate Monitor ('CRREM') the Manager has identified those assets which may be exposed to potential stranding risk (including Carbon Value at Risk ('CVaR')) in the short, medium and longer term. The Fund continues to review asset ratings with respect to Energy Performance Certificates ('EPC') and sustainability certifications (e.g. BREEAM) in recognition of the legislative, policy and investor landscape continuing to strengthen over time in this regard. In the short, medium and longer term, the physical effects of changing climate also present potential material financial impacts to the Fund. Using a third-party physical risk database the Manager has identified the highest risks as follows: - Acute: Extratropical storm, Storm surge, River flood - Chronic: Drought stress, Heat stress, Sea level rise, and Other (Heating degree days, Water stress, Water pollution).
Describe the impact of climate-related risks and opportunities on the IED' businesses, strategy, and financial planning.	The Manager's acquisition and asset business planning processes include consideration of climate-related issues, and will include forward-looking assessment of asset alignment to Paris Aligned energy and carbon performance benchmarks, where information permits. We are also reviewing our existing processes for screening acquisitions and standing investments for climate-related physical risks (e.g. flooding). As part of the Net Zero Carbon project on standing investments actions identified in the asset business plans have been fed through, via the asset Impact and Sustainability Action Plans, into the forward looking decarbonisation pathways to present the impact of known interventions. Conversely this also identifies where more action is required to achieve decarbonisation goals. We recognise the need and opportunity presented by climate change to improve operational efficiency, maintenance costs and generate new income streams (e.g. onsite energy) and which all support asset value. These actions also support the Fund with increasing investor expectations in relation to climate action and preparing portfolio assets for new and emerging energy efficiency regulations, increases in energy costs, carbon taxes, changing occupier preferences and valuation considerations.

	With respect to physical risk adaptations considerations will likely include water recycling, overheating and solar gain reduction, cooling load capacity and plant sizing, and suitable surface flooding mitigations should be reviewed moving forward.
Describe the resilience of IED' strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Since 2016, assets of the Fund have been included in the Manager's UK energy consumption and carbon emission reduction targets for assets where landlord operational control is retained. As part of the Manager and Fund's Net Zero Carbon commitments, during 2022, the Manager reviewed the Fund's progress against the baseline exercise conducted in 2021. Net Zero Carbon pathways have been developed using CRREM to present the decarbonisation requirements needed to achieve Net Zero Carbon by 2050 or sooner; aligned with a 'Paris Proof' decarbonisation trajectory to pursue efforts to limit global warming to 1.5°C. Further details on the Fund's approach to Net Zero Carbon are presented on page 9 above. On physical risk, Schroders has licenced a physical risk database through a third-party provider. Heat stress, water stress, flood hazard, heating degree days and cooling degree days are presented as both current and future risk scenarios allowing for interpretation of increasing or decreasing exposure of the portfolio. These are aligned either with RCP4.5 or RCP8.5 scenarios, and range in timeframes from 2030, 2060 and 2100. Natural hazard vulnerability risks are present day assessments. Engaging tenants to collaborate to reduce building energy and carbon emissions is an increasingly important element of our sustainability and business strategy. We have green lease provisions within our standard lease agreement and have developed both a Schroders Sustainable Occupier Guide and Fit Out Guides for Tenants. The Manager continues to engage with the wider sector to determine and develop best practice with regards to climate resilience. One such example being the sponsorship of the ULI C-Change project. This aims to determine sector-level definitions and best practices in accounting for transitional risk cost implications for asset valuations, and inclusion of costs within business plan discounted cash flows.
Risk Management	
Describe IED' processes for identifying and assessing climate-related risks.	Schroders' Environmental Management System ('EMS') is certified to ISO 14001 and applies to the asset management of the Fund's real estate assets. Key components of the EMS include a detailed materiality assessment of risks and opportunities, and a register to monitor existing and emerging regulatory requirements related to energy and carbon emissions. The EMS includes subscription to a third-party sustainability legal review partner which supports ongoing compliance and future resilience. The Fund's processes for climate-related (including transition and physical risks) risk management are as defined in the 'Strategy' section above.
Describe the IED processes for managing climate-related risks.	Climate-related risks are tracked and managed through ongoing monitoring (e.g. energy and greenhouse emissions trends), action plans (e.g. energy efficiency improvement measures), certification programmes (e.g. Energy Performance Certificates) and technical energy audits. Impact and Sustainability Action Plans also promote and track initiatives relating to climate opportunities (e.g. on site renewables and electric vehicle charging provision). Applying an assessment of Paris Alignment using the CRREM tool as part of our Net Zero Pathway enables consideration of 'stranding risk' which will also feed into our asset action plans for managed standing investments. On physical risk, the strategy is to use third-party physical risk database to screen acquisitions, assess standing investment portfolios and identify required risk mitigation (i.e. enhanced defences, divestment), adaptation, or transfer (i.e. revised insurance policies) strategies.

	During the reporting year the Manager developed an ESG Scorecard – a holistic ESG rating and assessment tool – to help quantify the sustainability performance of its real estate assets and manage opportunities for improvement. The Manager has mandated the use of the Scorecard for all new acquisitions and funds including IED are expected to also gradually roll it out across standing investments to enable ongoing monitoring.
Describe how processes for identifying, assessing, and managing climate-related risks are integrated into IED' overall risk management.	The Manager assesses ESG criteria, including climate-related risks, as part of its formal quarterly investment risk monitoring, which is overseen by Schroders Group Investment Risk function.
Metrics and Targets	
Disclose the metrics used by IED' to assess climate-related risks and opportunities in line with its strategy and risk management process.	In the 'INREV Sustainability Report (unaudited)' section of this report we disclose detailed performance trend data, intensity ratios and assessment methodologies covering energy consumption, GHG emissions, water consumption, waste generation, Energy Performance Certificate ('EPC') profiles and other sustainability certifications (e.g. BREEAM). The Manager's subscription to a third-party physical risk database enables the Fund to quantify its exposure to physical risks at the asset and portfolio level including weighted averages based on Gross Asset Value.
Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Scope 1 and Scope 2 emissions for the reporting year are disclosed in the 'INREV Sustainability Report (unaudited)' section. Scope 3 emissions are not currently presented in the 'INREV Sustainability Reporting Performance Measures (unaudited)'. However, where available, those associated with tenant energy data have been included within the Manager's operational Net Zero Carbon baseline.
Describe the targets used by IED' to manage climate-related risks and opportunities and performance against targets.	Net Zero Carbon pathways have been developed, using the Carbon Risk Real Estate Methodology ('CRREM') tool, to present the decarbonisation requirements needed to achieve Net Zero Carbon by 2050 or sooner; aligned with a 'Paris Proof' decarbonisation trajectory to pursue efforts to limit global warming to 1.5°C and include interim milestones at 2030. At portfolio level the Fund has already met its 2030 target. However, it should be noted that as data quality and coverage improve the position of the fund may be affected so opportunities for improvement are pursued on an ongoing basis. The Fund adopts the Manager's target as part of Schroders PLC's RE100 commitment to source 100% of landlord electricity using renewable sources by 2025. As at 31 Mar 2023, the Fund can report 91% of landlord electricity as being procured through renewable tariffs. The Fund continues to measure its exposure to physical climate risks using a third-party data provider.

INREV Sustainability Report (unaudited)

Sustainability Performance Measures

IED reports sustainability information in accordance with INREV Reporting Guidelines 2016 for the 12 months 1st January 2022 – 31st December 2022, presented with comparison against the previous 12 months. As permitted by the INREV Sustainability Reporting Guidelines, environmental data has been developed and presented in line with the Global Real Estate Sustainability Benchmark (GRESB).

The reporting boundary has been scoped to where IED has operational control: managed properties where IED is responsible for payment of utility invoices and/or arrangement of waste disposal contracts. 'Operational control' has been selected as the reporting boundary (as opposed to 'financial control' or 'equity share') as this reflects the portion of the portfolio where the Fund can influence operational procedures and, ultimately, sustainability performance. The operational control approach is the most commonly applied within the industry. For certain assets, 'operational control' is entirely passed to the tenant (e.g. FRI leases) and as a result are not captured in this reporting boundary. However, such assets (or units therein) will be captured in this reporting boundary where there is a period of vacancy and as a result where operational control is returned to the landlord for a short time.

In 2022 out of the total 38 assets held by IED at 31 December 2022, 24 were within the operational control reporting boundary of the Fund (i.e. 'managed'). In 2021, there were 23 managed assets within the portfolio.

- 1 asset was acquired in 2022 (The Brewery Romford) however, data for the reporting period has been captured and incorporated within this report.

Energy and water consumption data is reported according to automatic meter reads, manual meter reads or invoice estimates. Historic consumption data have been restated where more complete and or accurate records have become available. Where required, missing consumption data has been estimated by pro-rating data from other periods using recognised techniques.

This report has been prepared by energy and sustainability consultants, EVORA Global.

The Sustainability Performance Measures have been assured in accordance with AA1000 to provide a Type 2 Moderate Assurance unqualified audit of the sustainability content located on pages 14-24 of the IED annual report for the year ending 31 December 2022. The full Assurance Statement is available on request.

Total energy consumption

The table below sets out total landlord obtained energy consumption from the Fund's managed portfolio by sector.

	Total electricity consumption (kWh)		Total fuel consumption (kWh)		Total district heating / cooling consumption (kWh)		Energy Intensity (kWh /m2)	
Sector	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**
Industrial: Distribution Warehouse	90,214	78,933	-	-	1,158,028	1,043,361	40	36
Coverage	100%	100%	-	-	100%	100%	100%	100%
Office: Corporate: Low-Rise Office	1,573,514	1,446,119	925,407	748,985	4,040,988	3,257,426	61	50
Coverage	100%	100%	100%	100%	100%	100%	100%	100%
Office: Corporate: Mid-Rise Office	3,850,294	3,744,665	1,096,531	837,884	1,147,425	879,966	169	152
Coverage	100%	100%	100%	100%	100%	100%	100%	100%
Retail: Retail Center: Shopping Center	466,958	416,242	1,497,677	1,094,669	-	-	46	35
Coverage	100%	100%	100%	100%	100%	100%	100%	100%
Retail: Retail Center: Warehouse	5,662,694	5,858,462	463,728	489,351	1,644,050	1,338,060	143	141
Coverage	100%	100%	100%	100%	100%	100%	100%	100%
Mixed Use: Other	1,751,186	1,769,016	-	-	-	-	101	102
Coverage	100%	100%	100%	100%	100%	100%	100%	100%

Sub-total	13,394,859	13,313,438	3,983,342	3,170,889	7,990,491	6,518,813
Coverage	100%	100%	100%	100%	100%	100%
Total (Electricity, fuels and district heating)	25,368,691	23,003,140				
Coverage	100%	100%				
Renewable electricity %	92%	95%				
Coverage	100%	100%				

- Consumption data relates to the managed portfolio only:
  - Industrial: Distribution Warehouse: common areas, shared services.
  - Office: Corporate: Low-Rise Office: whole building, common areas, shared services
  - Office: Corporate: Mid-Rise Office: whole building, common areas, shared services, tenant space where procured by the landlord.
  - Retail: Retail Center: Shopping Center: common areas, shared services.
  - Retail: Retail Center: Warehouse: whole building.
  - Mixed Use: Other: whole building.
- Energy procured directly by tenants is not reported.
- Renewable electricity (%) is calculated according to the attributes of electricity supply contracts as at 31st December 2022 and only reflects renewable electricity procured under a 100% 'green tariff'. The renewables percentage of standard (non 'green tariff') electricity supplies are not currently known and therefore has not been included within this number. As far as we know, no renewable district heating or cooling was consumed during the reporting period and therefore a percentage renewable district heating or cooling figure is not presented here.

- Numerators / denominators are aligned at the sector level as follows:
  - Industrial: Distribution Warehouse: Shared service + common area energy consumption (kWh) divided by gross internal area (GIA m^2)
  - Office: Corporate: Low-Rise Office: Shared service + common area energy consumption (kWh) divided by gross internal area (GIA m^2)
  - Office: Corporate: Mid-Rise Office: Shared service + common area energy consumption (kWh) divided by gross internal area (GIA m^2)
  - Retail: Retail Center: Shopping Center: Shared service + common area energy consumption (kWh) divided by gross internal area (GIA m^2)
  - Retail: Retail Center: Warehouse: Whole building, shared service + common area energy consumption (kWh) divided by gross internal area (GIA m^2)
  - Mixed Use: Other: Whole building energy consumption (kWh) divided by gross internal area (GIA m^2)
- Percentage of data estimated through pro-rating across both 2021 and 2022 reporting period: electricity 0.04%.
- All energy was procured from a third-party supplier. No 'self-generated' renewable energy was consumed by the landlord during the reporting period and is therefore not presented here.
- Coverage (landlord-procured consumption) relates to the proportion of assets for which landlord obtained data has been reported.
- For assets where the Fund does not own 100% of an asset, the reported area and consumption have been adjusted to represent the ownership share. Like for like energy consumption
- The table below sets out the like for like landlord obtained energy consumption from the Fund's managed portfolio by sector.

Like for like energy consumption

The table below sets out the like for like landlord obtained energy consumption from the Fund's managed portfolio by sector.

	Total like-for-like electricity consumption (kWh)			Total like-for-like fuels consumption (kWh)			Total like-for-like district heating consumption (kWh)			Energy Intensity (kWh/m²)	
Sector	2021	2022	% Change	2021	2022	% Change	2021	2022	% Change	2021	2022
Industrial: Distribution Warehouse	90,214	78,933	-13%	-	-	-	1,158,028	1,043,361	-10%	40	36
Coverage	**100%**	**100%**		-	-	-	**100%**	**100%**			
Office: Corporate: Low-Rise Office	1,413,612	1,289,286	-9%	925,407	748,985	-19%	2,973,009	2,325,429	-22%	61	50
Coverage	**100%**	**100%**		**100%**	**100%**		**100%**	**100%**			
Office: Corporate: Mid-Rise Office	3,507,825	3,550,864	+1%	1,096,531	837,884	-24%	1,147,425	879,966	-23%	129	119
Coverage	**100%**	**100%**		**100%**	**100%**		**100%**	**100%**			
Retail: Retail Centers: Shopping Center	466,958	416,242	-11%	1,497,677	1,094,669	-27%	-	-	-	46	35
Coverage	**100%**	**100%**		**100%**	**100%**		**100%**	**100%**			
Retail: Retail Centers: Warehouse	5,337,601	5,562,967	+4%	-	-	-	1,644,050	1,338,060	-19%	326	322
Coverage	**100%**	**100%**					**100%**	**100%**			
Mixed Use: Other	1,751,186	1,769,016	1%	-	-	-	-	-	-	101	102
Coverage	**100%**	**100%**					**100%**	**100%**			
Sub-total	**12,567,395**	**12,667,309**	+1%	3,519,615	2,681,538	-24%	6,922,512	5,586,816	-19%		
Coverage	**100%**	**100%**		**100%**	**100%**		**100 %**	**100%**			
Total (electricity, fuels and district heating)	**23,009,521**	**20,935,662**	**-9%**								
Coverage	**100%**	**100%**									
Renewable electricity %	94%	94%									
Coverage	**100%**	**100%**									

- Overall energy consumption within the fund decreased by 9% on a like-for-like basis. Only electricity consumption recorded a minor increase of 1% on a like-for-like basis. The reasons for the observed lower energy consumption are varied and include a combination of heating equipment settings optimisation through PMs adjusting the operating hours and lowering the temperature set point (e.g. Munich Elsenheimerstraße and Paris Resonance), occupancy related changes and more remote working during hot summer months (e.g. Paris Well West), reduction efforts on part of the building occupiers, unusually warm weather and malfunctioning heating systems at Berlin Kladow and Stockholm Rotebro.
- Like for like excludes assets that were purchased, sold or under refurbishment during the two years reported (Luxembourg Kubik, The Brewery Romford and Paris Pergolese, Helsinki Salomo).
- Consumption data relates to the managed portfolio only:
  - Industrial: Distribution Warehouse: common areas, shared services.
  - Office: Corporate: Low-Rise Office: whole building, common areas, shared services.
  - Office: Corporate: Mid-Rise Office: whole building, common areas, shared services, tenant space where procured by the landlord.

- Retail: Retail Center: Shopping Center: common areas, shared services, tenant space where procured by the landlord.
- Retail: Retail Center: Warehouse: whole building.
- Mixed Use: Other: whole building.

- Intensity: An energy intensity metric is reported for assets within the like for like portfolio where there is whole building electricity and gas consumption for both reporting years. The numerator is landlord-managed energy consumption (kWh) and the denominator is gross internal area (GIA m^2). Numerators / denominators are aligned at the sector level as follows:
  - Industrial: Distribution Warehouse: Shared service + common area energy consumption (kWh) divided by gross internal area (GIA m^2)
  - Office: Corporate: Low-Rise Office: Shared service + common area energy consumption (kWh) divided by gross internal area (GIA m^2)
  - Office: Corporate: Mid-Rise Office: Shared service + common area energy consumption (kWh) divided by gross internal area (GIA m^2)
  - Retail: Retail Center: Shopping Center: Shared service + common area energy consumption (kWh) divided by gross internal area (GIA m^2)
  - Retail: Retail Center: Warehouse: Whole building, shared service + common area energy consumption (kWh) divided by gross internal area (GIA m^2)
  - Mixed Use: Other: Whole building energy consumption (kWh) divided by gross internal area (GIA m^2)
- Percentage of data estimated through pro-rating across both 2021 and 2022 reporting period: electricity 0.04%.
- All energy was procured from a third-party supplier. No 'self-generated' renewable energy was consumed by the landlord during the reporting period and therefore is not presented here.
- Coverage (landlord-procured consumption) relates to the proportion of assets for which landlord obtained data has been reported.
- For assets where the Fund does not own 100% of an asset, the reported area and consumption have been adjusted to represent the ownership share.

Greenhouse gas emissions

The table below sets out the Fund's managed portfolio GHG emissions by sector.

	Absolute emissions (tCO_2e)		Like for like emissions (tCO_2e)			Intensity (kg CO_2e /m^2)		
Sector	2021	2022	2021	2022	% Change	2021	2022	% Change
Industrial: Distribution Warehouse								
Scope 1	0	0	0	0	-			
Scope 2	317	282	317	282	-11%	10	9	-11%
Scopes 1 & 2	317	282	317	282	-11%			
Coverage	**100%**	**100%**		**100%**				
Office: Corporate: Low-Rise Office								
Scope 1	170	138	170	138	-19%			
Scope 2	1,485	1,188	1,198	941	-21%	16	12	-21%
Scopes 1 & 2	1,655	1,326	1,368	1,079	-21%			
Coverage	**100%**	**100%**		**100%**				

Office: Corporate: Mid-Rise Office								
Scope 1	202	154	202	154	-24%			
Scope 2	704	621	685	611	-11%	22	19	-14%
Scopes 1 & 2	905	775	887	765	-14%			
Coverage	**100%**	**100%**		**100%**				
Retail: Retail Centers: Shopping Center								
Scope 1	276	201	276	201	-27%			
Scope 2	162	130	162	130	-19%	10	8	-24%
Scopes 1 & 2	437	332	437	332	-24%			
Coverage	**100%**	**100%**		**100%**				
Retail: Retail Centers: Warehouse								
Scope 1	85	90	-	-	-			
Scope 2	544	446	475	388	-18%	22	18	-18%
Scopes 1 & 2	630	536	475	388	-18%			
Coverage	**100%**	**100%**		**100%**				
Mixed use: Other								
Scope 1	-	-	-	-	-			
Scope 2	372	342	372	342	-8%	21	20	-8%
Scopes 1 & 2	372	342	372	342	-8%			
Coverage	**100%**	**100%**		**100%**				
Total Scope 1	733	583	647	493	-24%			
Total Scope 2	3,583	3,009	3,209	2,695	-16%			
Total Scope 1 & 2	**4,316**	**3,593**	**3,857**	**3,188**	**-17%**			
Coverage	**100%**	**100%**	**100%**	**100%**				

- Overall Scope 1 and Scope 2 GHG emissions within the fund experienced a decrease of 17% on a like-for-like basis once country specific energy grid decarbonisation efforts have been taken into account. The reduction in GHG emission is driven by Scope 1 emissions associated with fuel consumption and Scope 2 emissions stemming from district heating / cooling. The largest percentage decrease in Scope 1 + 2 emissions relates to Retail: Retail Centers: Shopping Center followed by Office: Corporate: Low-Rise Office. Please refer to page 16 for more details on the main likely causes for the observed lower energy consumption.
- Like for like excludes assets that were purchased, sold or under refurbishment during the two years reported (Luxembourg Kubik, The Brewery Romford, Helsinki Salomo and Paris Pergolese).
- The Fund's greenhouse gas (GHG) inventory has been developed as follows:
  - Scope 1 GHG emissions relate to the use of onsite natural gas only.
  - Scope 2 GHG emissions relate to the use of electricity, district heating and district cooling.
- GHG emissions from electricity, district heating and district cooling (Scope 2) are reported according to the 'location-based' approach.
- GHG emissions are presented as tonnes of carbon dioxide equivalent (tCO_2e) and GHG intensity is presented as kilograms of carbon dioxide equivalent ($kgCO_2e$), where available greenhouse gas emissions conversion factors allow.
- The below table presents greenhouse gas emissions factors applied (per country, energy type and year):

Country	Electricity	Gas	District Heating/District Cooling
UK	DEFRA/BEIS 2022	DEFRA/BEIS 2022	DEFRA/BEIS 2022
Others	IEA 2022	Carbon Risk Real Estate Monitor Risk Assessment Tool Version 1.20	Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety "Okobaudat" (2019). Process data set: District heating mix.

- Emissions data relates to the managed portfolio only:
  - Industrial: Distribution Warehouse: common areas, shared services.
  - Office: Corporate: Low-Rise Office: whole building, common areas, shared services.
  - Office: Corporate: Mid-Rise Office: whole building, common areas, shared services, tenant space where procured by the landlord.
  - Retail: Retail Center: Shopping Center: common areas, shared services.
  - Retail: Retail Center: Warehouse: whole building.
  - Mixed Use: Other: whole building.
- Emissions associated with energy procured directly by tenants is not reported.
- Intensity: An emissions intensity metric is reported for assets within the like for like portfolio where there is whole building Scope 1 and Scope 2 emissions for both reporting years. The numerator is landlord-managed emissions ($kgCO_2e$) and the denominator is gross internal area (GIA m^2). Numerators / denominators are aligned at the sector level as follows:
  - Industrial: Distribution Warehouse: Shared service + Common area GHG emissions ($kgCO_2e$) divided by gross internal area (GIA m^2)
  - Office: Corporate: Low-Rise Office: Shared service + Common area GHG emissions ($kgCO_2e$) divided by gross internal area (GIA m^2)
  - Office: Corporate: Mid-Rise Office: Shared service + Common area GHG emissions ($kgCO_2e$) divided by gross internal area (GIA m^2)
  - Retail: Retail Center: Shopping Center: Shared service + Common area GHG emissions ($kgCO_2e$) divided by gross internal area (GIA m^2)
  - Retail: Retail Center: Warehouse: Whole building GHG emissions ($kgCO_2e$) divided by gross internal area (GIA m^2)
  - Mixed Use: Other: Whole building GHG emissions $kgCO_2e$) divided by gross internal area (GIA m^2)
- Coverage (landlord-procured consumption) relates to the proportion of assets for which landlord obtained data has been reported.
- For assets where the Fund does not own 100% of an asset, the reported area and consumption have been adjusted to represent the ownership share.

Water

The table below sets out water consumption from the Fund's managed portfolio by sector.

Absolute Water consumption (m^3)			Like for Like Water consumption (m^3)			Intensity (m^3/m^2)		
Sector	2021	2022	2021	2022	% Change	2021	2022	% Change
Industrial: Distribution Warehouse	7,737	2,860	7,737	2,860	-63%	0.25	0.09	-63%
Coverage	**100%**	**100%**	**100%**	**100%**				
Office: Corporate: Low-Rise Office	13,175	15,417	10,299	12,333	+20%	0.13	0.16	+20%
Coverage	**100%**	**100%**	**100%**	**100%**				

Office: Corporate: Mid-Rise Office	9,393	11,731	8,362	10,754	+29%	0.21	0.27	+29%
Coverage	**100%**	**100%**	**100%**	**100%**				
Retail: Retail Centre: Shopping Center	8,534	8,153	8,534	8,153	-4%	0.20	0.19	-4%
Coverage	**100%**	**100%**	**100%**	**100%**				
Retail: Retail Centre: Warehouse	14,615	16,944	10,317	11,113	+8%	0.45	0.49	+8%
Coverage	**100%**	**100%**	**100%**	**100%**				
Mixed Use: Other	1,990	3,726	1,990	3,726	+87%	0.11	0.21	+87%
Coverage	**100%**	**100%**	**100%**	**100%**				
Total	**55,444**	**58,832**	**47,238**	**48,940**	**+4%**			
Coverage	**100%**	**100%**	**100%**	**100%**				

- Overall, water consumption in 2021 has increased by 4% on a like-for-like basis.
- The sectors with the most significant percentage increase in water consumption are Mixed use: Other and Office: Corporate: Mid-Rise Office. An 87% increase has been recorded at Manchester City Tower which is likely due to an increase in occupancy rates. Similarly the 6 assets classified as "mid-rise office", i.e. Brussels E-Lite, Helsinki Salomo, London 55 Bishopsgate, Paris Pergolese, Paris Resonance and Paris Well West displayed between 12.5% and 57.8% increase in consumption on a like-for-like basis likely attributable to higher occupancy rates with occupancy patterns returning to pre-Covid levels as well as potential metering issues reported at Brussels E-Lite.
- Conversely, it is worth noting that Industrial: Distribution Warehouse represented by Essen Logistic Park exhibited a 63% reduction in water consumption for the relevant period. A waterpipe leak was detected in March 2021. Due to protracted inspection and rectification of the leak the water consumption in 2021 was abnormally high but went back to normal levels during 2022.
- Like for like excludes assets that were purchased, sold or under refurbishment during the two years reported (Luxembourg Kubik, The Brewery Romford, Helsinki Salomo, Paris Pergolese and Seville Metromar). Like for like will also exclude assets with insufficient data for comparison between the two reporting periods (Cuserpark 1). In the instance of Cuserpark 1, this has been excluded from like for like due to over 3 months estimated data on a single meter.
- Consumption data relates to the managed portfolio only:
  - Industrial: Distribution Warehouse: whole building only.
  - Office: Corporate: Low-Rise Office: whole building only.
  - Office: Corporate: Mid-Rise Office: whole building only.
  - Retail: Retail Center: Shopping Center: whole building, tenant space where procured by the landlord
  - Retail: Retail Center: Warehouse: whole building only.
  - Mixed Use: Other: whole building only.
- Water procured directly by tenants is not reported.
- Intensity water intensity m^3/m^2 is reported for assets within the like for like portfolio. The numerator is landlord-procured water consumption, and the denominator is gross internal area (GIA m^2). Numerators / denominators are aligned at the sector level as follows:
  - Industrial: Distribution Warehouse: : Shared service water consumption (m^3) divided by gross internal area (GIA m^2)
  - Office: Corporate: Low-Rise Office: Whole building water consumption (m^3) divided by gross internal area (GIA m^2)
  - Office: Corporate: Mid-Rise Office: Whole building water consumption (m^3) divided by gross internal area (GIA m^2)

- Retail: Retail Center: Shopping Center: Whole building and tenant spaces water consumption (m^3) divided by gross internal area (GIA m^2)
- Retail: Retail Center: Warehouse: Whole building, common areas, shared service and tenant spaces water consumption (m^3) divided by gross internal area (GIA m^2)
- Mixed Use: Other: Whole building water consumption (m^3) divided by gross internal area (GIA m^2)

- Percentage of data estimated through pro-rating across both 2021 and 2022 reporting period: water 0.67%.
- All water was procured from a municipal supply. As far as we are aware, no surface, ground or rainwater was consumed during the reporting period and therefore is not presented here.
- Coverage (landlord-procured consumption) relates to the proportion of assets for which landlord obtained data has been reported.
- For assets where the Fund does not own 100% of an asset, the reported area and consumption have been adjusted to represent the ownership share.

Waste

The table below sets out waste from the Fund's managed portfolio by disposal route and sector.

Sector		Absolute tonnes				Like for like tonnes				
		2021		2022		2021		2022		
		Tonnes	%	Tonnes	%	Tonnes	%	Tonnes	%	% Change
Industrial: Distribution Warehouse	Recycled	0	-	0	-	0	-	0	-	-
	Incineration with energy recovery	0	-	0	-	0	-	0	-	-
	Anaerobic digestion	34	100%	34	100%	34	100%	34	100%	0%
	Landfill	0	-	0	-	0	-	0	-	-
	Total	**34**		**34**		**34**		**34**		**0%**
	Coverage	**100%**		**100%**		**100%**				
Office: Corporate: Low-Rise Office	Recycled	70	50%	63	52%	46	55%	46	55%	0%
	Incineration with energy recovery	69	50%	58	48%	37	45%	37	45%	0%
	Anaerobic digestion	0	-	0	-	0	-	0	-	-
	Landfill	0	-	0	-	0	-	0	-	-
	Total	**140**		**120**		**82**		**82**		**0%**
	Coverage	**100%**		**100%**		**100%**				
Office: Corporate: Mid-Rise Office	Recycled	71	52%	132	52%	62	62%	108	60%	+75%
	Incineration with energy recovery	62	46%	106	42%	38	38%	62	25%	+63%
	Anaerobic digestion	2	2%	14	6%	0	-	8	5%	-
	Landfill	0	-	0	-	0	-	0	-	-

Sector		Absolute tonnes				Like for like tonnes				
		2021		2022		2021		2022		
		Tonnes	%	Tonnes	%	Tonnes	%	Tonnes	%	% Change
	Total	**136**		**252**		**100**		**179**		**+79%**
	Coverage	**100%**		**100%**		**100%**				
Retail: Retail Centers: Shopping Center	Recycled	8	9%	8	9%	8	9%	8	9%	0%
	Incineration with energy recovery	83	89%	83	89%	83	89%	83	89%	0%
	Anaerobic digestion	2	2%	2	2%	2	2%	2	2%	0%
	Landfill	0	-	0	-	0	-	0	-	-
	Total	**94**		**94**		**94**		**94**		**0%**
	Coverage	**100%**		**100%**		**100%**				
Retail: Retail Centers: Warehouse	Recycled	287	35%	264	29%	5	17%	5	17%	-2%
	Incineration with energy recovery	387	48%	560	61%	24	83%	23	83%	-3%
	Anaerobic digestion	139	17%	87	10%	0	-	0	-	-
	Landfill	0	-	0	-	0	-	0	-	-
	Total	**813**		**912**		**29**		**28**		**-3%**
	Coverage	**100%**		**100%**		**100%**				
Mixed Use: Other	Recycled	167	58%	162	56%	167	58%	162	56%	-3%
	Incineration with energy recovery	121	42&	116	40%	121	42%	116	40%	-4%
	Anaerobic digestion	0	-	12	4%	0	-	12	4%	-
	Landfill	0	-	0	-	0	-	0	-	-
	Total	**288**		**289**		**288**		**289**		**-**
	Coverage	**100%**		**100%**		**100%**		**100%**		
Total	Recycled	604	40%	629	37%	288	46%	329	47%	+14%
	Incineration with energy recovery	723	48%	923	54%	303	48%	322	46%	+6%
	Anaerobic digestion	177	12%	149	9%	36	6%	56	8%	56%
	Landfill	-	-	-	-	-	-	-	-	-
	Total	**1,503**		**1,701**		**627**		**706**		**+13%**
	Coverage	**100%**		**100%**		**100%**		**100%**		

- Like-for-like data highlights that there is a 13% increase in tonnes of waste. On a like-for-like basis zero waste was sent directly to landfill, 47% of waste was recycled, 46% was incinerated with energy recovery and 8% was treated through anaerobic digestion. The increase is driven by the Office:

Corporate: Mid-Rise Office sector. It is reasonable to assume that this increase can be at least partly attributed to employees returning to the office following COVID-19 and resulting increase in waste output. Overall positive trends in recycling practices were observed including a slight increase in the recycling rate and anaerobic digestion treatment compared to the previous year.

- Please note whilst zero waste is sent direct to landfill, a residual component of the ‘recycled’ and ‘incineration with energy recovery’ waste streams may end up in landfill.
- Like for like excludes assets that were purchased, sold or under refurbishment during the two years reported (Luxembourg Kubik, The Brewery Romford, Paris Pergolese, Helsinki Salomo and Seville Metromar).
- Waste data relates to the managed portfolio only.
- Waste management procured directly by tenants is not reported.
- Reported data relates to non-hazardous waste only. Hazardous waste is not reported as due to the low volumes produced it is not considered material. Furthermore, robust tonnage data on the small quantities that are produced is not available.
- Where necessary, waste data is calculated based on an understanding of building-level waste streams and collection frequencies. In some cases, this leads to a repetition of waste tonnage across both years.
- Where appropriate (for relevant assets), floor area coverage data has been adjusted to reflect the Fund’s share of ownership.
- Coverage (landlord-procured consumption) relates to the proportion of assets for which landlord obtained data has been reported.

Sustainability certification: Green building certificates

The table below sets out the proportion of the Fund’s total portfolio with a Green Certification by floor area.

Rating	Portfolio by floor area (%)
BREEM In Use | Good	32%
BREEM In Use | Very Good	8%
All Other Certification Schemes	27%
Coverage	61%

- The table sets out the proportion of the Fund’s total portfolio with a Green Building Certificate by floor area.
- Green building certificate records for the Fund are provided as at 31st March 2023 by portfolio floor area.
- Data provided includes managed and non-managed assets (i.e. the whole portfolio).
- Where appropriate (for relevant assets), floor area coverage data has been adjusted to reflect the Fund’s share of ownership.
- Where a building holds multiple certificates, only the certificate holding the largest floor area is reflected in the coverage percentage.

Sustainability certification: Energy performance certificates

The table below sets out the proportion of the Fund's total portfolio with an energy performance certificate by floor area.

Energy performance certificate rating	Portfolio by floor area (%)
A+	5%
A	6%
B	16%
C	27%
D	19%
E	7%
F	0%
G	0.13%
Exempt	0%
No EPC	21%
Coverage	79%

- The table sets out the proportion of the Fund's total portfolio with an Energy Performance Certificate by floor area.
- Energy Performance Certificate (EPC) records for the Fund are provided as at 31 March 2023 by portfolio floor area.
- Data provided includes the whole portfolio (i.e. managed and non-managed assets).
- Where appropriate (for relevant assets), floor area coverage data has been adjusted to reflect the Fund's share of asset ownership.
- German EPCs do not have a letter rating system used in certification. A conversion process has been applied to numerical scoring to give an indicative A–G rating. With this approach it has been possible to plot all EPCs on the same scale and provide the best indication of the fund's EPC distribution.
- The information on EPCs is continuously reviewed and updated.