



ESG Policy

OUR PHILOSOPHY

The Board of Custodian Capital Limited (“Custodian”) recognises that our decisions as a property management business have an impact on the environment, our people, and communities. We also recognise the risks imposed if we do not incorporate good Environmental, Social, and Governance (‘ESG’) practices into the way we do business. Our commitment to embedding good ESG management is important to our staff, investors, and other stakeholders. This ESG policy outlines our approach to managing ESG impacts and provides the framework for setting and reviewing environmental and social objectives to ensure we are continuously improving our impacts and setting a leadership direction.

OUR GOVERNANCE

GOVERNANCE AND MANAGEMENT STRUCTURES

The Managing Director of Custodian Capital has overall responsibility and accountability for ESG across the organisation through the ESG Policy.

The Custodian Board is responsible for overseeing and supporting the implementation and monitoring of the ESG policy across the organisation. The Board adopts sustainable principles and actively seeks opportunities to make environmentally beneficial improvements to its property portfolio where possible.

A working group comprising Tom Donnachie (Portfolio Manager), Ed Moore (Finance Director), Jeremy Wilson (Property Accountant) and Eoin Greenwood (Apprentice Surveyor) takes responsibility for the implementation of Custodian’s ESG strategy on a day to day basis.

ROLES AND RESPONSIBILITIES

The below table outlines the roles and responsibilities of key stakeholders across Custodian for the implementation of the ESG policy. Full details of the commitments can be found in the section ‘Our Policy’.

Managing Director	Responsible for general oversight and direction for ESG implementation across the property portfolio.
Finance Director	Responsible for developing and challenging the ESG strategy, ensuring the accuracy and completeness of external stakeholder reporting and appropriate compliance with the EPRA and GRESB frameworks.
Portfolio Manager	Responsible for the day-to-day implementation of ESG across the property portfolio.

REPORTING STRUCTURES

The ESG working group meets at least monthly to discuss progress on ESG initiatives, ESG data, and trend monitoring and progress towards targets. Key performance metrics from each of the strategic focus areas are reported to the Custodian Property Income REIT plc ESG Committee and to the Custodian Board as required.

Approval and Review

This ESG Policy was approved by Custodian Capital's Board of Directors

The Policy shall be reviewed at least every three years, to include developments in legislation, market and/or best practices, strategic direction, and organisation.

Effective Date and Implementation Deadline

The Effective Date of this Policy is 7 June 2022.

Scope of Application

The ESG policy applies to the investment properties Custodian manages.

OUR POLICY

Our ESG policy outlines our commitments to environmental, social, and governance aspects in the way we conduct our business. Our key commitments are outlined below.

ENVIRONMENT

In our overarching environmental policy, we commit to:

- Ensure operations are in place to commit to the minimisation of pollution and comply with all relevant environmental legislation;
- Gather and analyse data on our environmental performance across our business and portfolio; and
- Set long-term targets of environmental performance for our activities and properties under management and monitor achievements as a commitment to continuous improvement.

The key aspects of our environmental commitments are outlined below.

CLIMATE CHANGE ADAPTATION & RESILIENCE

We commit to:

- Through our risk management process, identify climate-related risks, both physical and financial;
- Perform environmental risk assessments of our property portfolio on an on-going basis;
- Design mitigation and management strategies for climate and environmental risks and resilience to catastrophe/disaster; and
- Improve our reputation on environmental issues by incorporating resilience to climate-related transition and physical risk disclosures

ENERGY CONSUMPTION & POLLUTION PREVENTION

We commit to:

- Comply with all applicable, relevant energy-related legislation and other requirements and adopt best practice beyond the mandatory minimum where appropriate;
- Seek to reduce energy usage across properties we control;
- Monitor energy consumption across properties we control, and tenant consumption, where possible;
- Seek engagement with tenants to make meaningful reductions to their emissions and pollution;
- Procure renewable energy across properties we control;
- Review our energy objectives and targets on an annual basis;
- Promote energy efficiency and management to our tenants; and
- Where possible, build in green lease clauses into our tenant leases.

BUILDING MATERIALS AND POLLUTION PREVENTION

We commit to:

- When we have the opportunity to develop new assets or refurbish current assets, we commit to reviewing building materials that have a lower environmental and pollution impact and select these materials, if appropriate;
- Select greener building materials, in line with our vision to increase the sustainability certifications of our portfolio.

GHG EMISSIONS & MANAGEMENT

We commit to:

- Quantify our Scope 1 and 2 (landlord controlled) emissions on an annual basis in line with our reporting requirements;
- Gather tenant energy consumption data, where possible, to quantify our leased assets emissions;
- Comply with and make representations to industry-standard ESG frameworks including both the European Public Real Estate Association ("EPRA") Annual Sustainability Report and the Global Real Estate Sustainability Benchmark ("GRESB");
- Continue to expand our carbon reporting in line with industry expectations and relevant legislation; and
- Reduce our greenhouse gas emissions through various energy reduction initiatives including virtual conferencing meetings to reduce travel.

WASTE MANAGEMENT

We commit to:

- Monitor and reduce waste levels across properties we control and tenant consumption, where possible;
- Implement landfill diversion waste streams such as recycling across properties we control, where possible;
- Promote waste management to tenants.

WATER CONSUMPTION & MANAGEMENT

We commit to:

- Monitor and reduce water consumption across properties we control, and tenant consumption, where possible;
- Identify and implement water reduction technologies and opportunities within our portfolio, where possible;
- Promote water management to our tenants.

ON-SITE CARBON-REDUCING TECHNOLOGY

We commit to:

- Install electric vehicle charging points across the portfolio where demand is sufficient;
- Install smart meters where tenants are amenable and in all vacant properties once re-let; and
- Investigate other carbon-reducing technology during significant refurbishments.

BIODIVERSITY

In the circumstances where we are developing new assets, the biodiversity of the development area will be considered and maintained to the highest level possible. We will promote sustainable practices by reducing the direct pressure on biodiversity and habitat by selecting more sustainable materials.

SOCIAL

The key aspects of our social commitments are outlined below.

ASSET LEVEL SAFETY, HEALTH & WELL-BEING

Custodian strives to manage and develop buildings that are safe, comfortable, and high-quality spaces that have a positive impact on the local community. As such, our aim is that the safety and wellbeing of our occupants is maximised to the extent of our ability. We will implement a portfolio approach to wellbeing which encourages engagement with tenants, promotes carbon reducing behaviours, ensures maximum building safety, and optimises comfort and quality of occupancy.

STAKEHOLDER ENGAGEMENT

We engage regularly with both our internal and external stakeholders. These include:

- Board – our Board meets at least quarterly and monitors ESG performance and progress towards our objectives
- Employees – as part of our training and staff roles and responsibilities, ESG progress is discussed and embedded across the work we do
- Managing agents – we receive quarterly reports on our asset performance and engage directly on portfolio optimisation
- Tenants – we attempt to engage with tenants on a quarterly basis both to understand consumption trends and data and understand where Custodian can upgrade and optimise buildings for tenant well-being and environmental impact reductions. We undertake periodic tenant satisfaction surveys to raise awareness of sustainability issues
- Local communities and charities- we work closely with local communities and charities in particular utilising un-let space for the benefit of the local community
- Suppliers and business partners – we operate a procurement policy which seeks to ensure sustainable products and business practices are adopted by our suppliers.
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GOVERNANCE

The Custodian Board is committed to the principles of corporate governance and is responsible to shareholders, tenants, and other stakeholders for promoting the long-term sustainable success and generating shareholder value. Good governance is fundamental to long-term success. The Custodian Board comprises five Directors, all of whom have wide and appropriate experience.