

Clearbell Sustainability Policy

Shining light
on complexity



Clearbell



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Background

At Clearbell we are committed to delivering our clients’ target returns. We believe that by investing capital responsibly we can protect and enhance asset and portfolio investment performance. We also believe that our strong focus on adding capital value during our stewardship of the assets can generate value beyond the financial, providing social and environmental benefits too.

We recognise our fiduciary duty to our clients to consider these risks and opportunities in our investment decisions. The integration of ESG considerations into our core investment processes and activities is therefore a fundamental aspect of the way we operate.

The United Nations Principles of Responsible Investment (UNPRI) sets the framework for our own approach to investing responsibly and in a sustainable way. Although we are not signatories to UNPRI we recognise the value of these principles and alignment with our clients’ interests who are.

The Framework

We integrate sustainability considerations into our principal activities of investment, asset management and development. This policy is relevant to our key stakeholders, our investors, our occupiers, our employees, our service providers and communities in which we operate. The policy governs all Clearbell managed Funds and our management business operations.

We have three guiding principles that are aligned with our core business objectives to drive our sustainability strategy. These focus areas highlight where we consider ESG issues in our operations and decision making processes as identified below.

Risk Management	Enhance Capital Value	Performance Improvement
<p>We will comply with existing and anticipate and prepare for future environmental and social legislation as well as follow market trends and consider sustainability best practice.</p> <ul style="list-style-type: none"> Identify risks at acquisition Stock selection Plan to de-risk 	<p>We will appraise opportunities throughout the asset lifecycle to maximise value from sustainability considerations.</p> <ul style="list-style-type: none"> Asset management Development Refurbishment 	<p>We will seek continual improvement in asset performance as well as our performance in the annual GRESB Real Estate Assessment and other sustainability benchmarks we opt to participate in.</p> <ul style="list-style-type: none"> Operational improvement Optimise building performance Occupier engagement

Following a materiality review to identify the most relevant sustainability issues, we identified five material areas within Environmental, Social and Governance, which we seek to focus on to achieve our strategic aims. This materiality review (involving employee engagement), was undertaken by our sustainability consultants, Avison Young. These five material areas are described below and are addressed at appropriate stages of the asset lifecycle.

Environmental		Social	Governance	
Energy & Efficiency By striving to reduce energy consumption and embed wider sustainability improvements, we enhance value and protect against future obsolescence	Occupant Health & Wellbeing Our aim is for properties to provide a healthy, supportive and productive working environment that promotes wellbeing and efficiency	Engagement with Communities We engage with local stakeholders and communities to fully understand their needs and to benefit a wide range of local groups	Positive Socio-Economic Impact We add value by creating opportunities that feed into and boost local economies	Regulatory Compliance We make sure that all our operations comply with legal, financial and property related frameworks and are adaptable to future legislation

Governance

The ESG Committee is responsible for overseeing the integration of sustainability and ESG issues at Clearbell. The group consists of senior individuals across the business with representation from various corporate and property specific disciplines.



Main purpose and remit:

- Review and update sustainability policy every 2 years;
- Monitor emerging industry trends and best practice including participation in the annual GRESB Real Estate Assessment;
- Ensure accurate reporting and disclosure of sustainability performance using targets and measures, where applicable, as well as communication of the sustainability policy and aims and objectives to key stakeholders;
- Risk management and compliance with relevant regulations; and
- Setting short-term efficiency targets and longer-term sustainability objectives.

As we pride ourselves on our transparency, we commit to report on our sustainability performance annually, and communicate this policy to our employees, investors and other interested parties.

Our Sustainability Policy has been approved and endorsed by all the Clearbell Partners.

Signed on behalf of Clearbell Capital LLP

Dominic Moore (ESG Director)

April 2019

Aims and Objectives

Implementation at the Corporate Level

At the corporate level of our organisation the following objectives have been identified:

1. We commit to disclose our sustainability performance on an annual basis and communicate to our investors and other interested parties such as prospective investors. We will also report to the following reporting frameworks and initiatives:
 - INREV Best Practice Reporting Guidelines
 - GRESB Real Estate Assessment including improving our score year on year
2. We commit to ensuring that our whole team has regular training in relevant ESG trends and topics.

Implementation at the fund and asset level

Our material impacts are felt mostly at the asset level. As such objectives, processes and procedures are aimed at our three main activities in the areas of investment, development or refurbishment and asset management. In order to achieve our three main strategic sustainability aims we have set the following objectives:

Investment

A key aspect of our business is in the stock selection and portfolio assembly. Taking account of sustainability risks and formulating a plan to de-risk assets from the outset are important to us. Our aim is to be consistent in our approach to integrating ESG considerations into our acquisition process and decision making. Clearbell has a commitment to:

1. Adhere to appropriate principles, policies and procedures to minimise risks throughout the investment process.
2. Identify material sustainability risks during the pre-acquisition due diligence process.
3. Create a plan to de-risk and identify opportunities to add value.
4. Promote, at the point of sale, the positive environmental and social aspects of asset performance.

Development

Where we refurbish or redevelop buildings we consider the following minimum standards:

1. Ensure that all developments and major refurbishments adhere to the Clearbell Development Guidelines. There will also be an expectation for tenants to adhere to appropriate sections when undertaking a fit-out.
2. Ensure material environmental risks are well managed when we undertake development and refurbishment projects and incorporate appropriate health and safety and wellbeing measures.
3. Where appropriate engage with the local community where we develop to ensure place making principles are delivered to meet local demand and enhance public realm.
4. Use the EPC rating as a metric to monitor and report improvement during the asset hold period.
5. Setting minimum EPC or voluntary building certification targets for development of assets and refurbishment projects.
6. Minimise the risks of pollution or contamination arising from development and refurbishment activities.

Asset Management

We seek to improve the performance of the asset during our hold period, through active asset management, following best practice and delivering innovation to provide continual operational performance improvement. We will achieve this by:

1. Monitoring energy consumption and generation or sourcing renewable energy (where possible).
2. Setting targets to reduce utility consumption at the most material assets.
3. Reduce water consumption and identify opportunities to install water efficiency measures.
4. Reducing waste.
5. Putting in place a formal tenant engagement strategy to receive feedback on the sustainability performance and user satisfaction of buildings pre and post interventions.
6. Including ESG specific requirements in standard lease contracts.
7. Encouraging Managing Agents to incorporate the core sustainability provisions of the BBP Managing Agents Partnership into property management agreements.
8. Exploring the integration of health and wellbeing measures into property management and engagement with occupiers.
9. Installing electric charge points for relevant assets.
10. Sharing best practice with Property Managers.