

FRASERS PROPERTY UK

Build to zero



2050





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A note from our CEO

“Delivering a positive sustainable impact has never been more important in the current climate. Committing to net zero carbon is our largest commitment to date, and one that I am most proud to endorse.

“Following the priorities of the energy hierarchy for existing buildings, is the most challenging yet effective way to reduce emissions in the built environment. As the industry continues to understand the full impact of achieving net zero, we look forward to continuing collaboration with our peers through the Better Buildings Partnership, and customers, to reduce emissions, improve the resilience of our assets, and meet the Paris Agreement to limit warming to 1.5 degrees Celsius.”

Ilaria del Beato,
 Chief Executive Officer, Frasers Property UK

Meet the team



Jonathan Walsh,
 Head of Asset Management



James Smith,
 Commercial Director



Amira Hashemi,
 Sustainability Manager

“As long-term investors, asset resilience is of pivotal importance to our business and is the driver for setting ambitious commitments to become net zero carbon by 2030 across landlord-controlled areas, and 2050 across the whole portfolio is crucial for continual success. I am pleased that some of our occupiers, who have similar carbon reduction ambitions to ours, are already working with us as we strive to achieve our respective targets.”

Jonathan Walsh,
 Head of Asset Management, Frasers Property UK

Introduction

Frasers Property UK (“FPUK”) is part of the Frasers Property Limited Group, head quartered in Singapore. Our Sustainability Framework, established in 2018, sets out the Group’s sustainability priorities through to 2030. The Framework’s three pillars - Acting Progressively, Consuming Responsibly and Focusing on People - form a multi-disciplinary approach that recognises 13 corresponding environmental, social and governance focus areas.

Frasers Property has been supporting the 2030 Agenda for Sustainable Development and the 17 UN Sustainable Development Goals since 2017, a signatory to the UN Global Compact since 2016, submitting to GRESB since 2020, have committed to the UN Women’s Empowerment Principles and report against the GRI Core and G4 disclosures in the Group annual Sustainability Report.

In June 2020, we embarked on the production of our net zero carbon roadmap and climate change risk assessment across our portfolio. After multiple workshops, training sessions and presentations, we are pleased to share the outcomes of this work. This is our first roadmap, and as we implement recommendations and increase our experience in this area, we expect this document to evolve and grow. We commit to publishing an annual update on our net zero carbon commitment, for transparency and industry collaboration.



Core & G4 disclosures



Southern Estate business parks are ISO 14001 accredited



Signatory since 2016

In support of

**WOMEN’S
EMPOWERMENT
PRINCIPLES**

UN women’s Empowerment Principles signatory

BBP BETTER BUILDINGS PARTNERSHIP

Members of BBP



UN Sustainable Development Goals aligned

BREEAM[®]
delivered by bre

BREEAM building certifications



G R E S B[®]

Submit to Global Real Estate Sustainability Benchmark annually



Acting progressively



Consuming responsibly



Focusing on people

Achievements

Over the last 18 months, we have been developing and implementing a range of new initiatives that align with our ambition to be net zero carbon by 2050:

Launched our ambitious sustainability strategy

Automated utility data collection

Established sustainability guidelines for developments and refurbishments

Included sustainability clauses in all new leases

Created Asset Sustainability Actions Plans for each multi-let building

Implemented a Corporate Social Responsibility Policy and Responsible Sourcing Policy

Implemented a Health and Wellbeing Framework

Procure 100% of electricity from REGO-backed renewable sources in all landlord-controlled areas

Over 70 electric vehicle chargers installed across the portfolio

Q4 2019

Q1 2021

Implemented a building data management system

Installed 378kW solar PV panels to date

Implemented a sustainability due diligence checklist for new acquisitions

Submitted to GRESB for the first time and scored industry average

Certified all business parks in England with ISO 14001

Implemented Biodiversity Improvement Plans

Delivered a sustainability fit out guide

Provided sustainability training for all employees and stakeholders

Certified 16 buildings with BREEAM In Use or Refurbishment and Fitout

Our net zero carbon commitments





Our net zero carbon commitments

Frasers Property UK targets addressed in this report:

- Achieve net zero carbon across the whole portfolio by 2050
- Achieve net zero carbon across operational areas of control by 2030
- Be climate resilient and establish mitigation and adaptation plans by 2022

In January 2020, Frasers Property UK joined the Better Buildings Partnership and upon joining signed the Climate Change Commitment, a commitment to achieve net zero carbon by 2050, signed by over two dozen other commercial real estate companies.

We are committed to significant carbon reduction across our portfolio, and therefore will also establish targets verified by the Science Based Targets Initiative in 2022.

In addition to carbon reduction commitments, Frasers Property UK is seeking to align its governance, strategy, risk management and target setting in line with the TCFD recommendations, some of which is covered in this document.

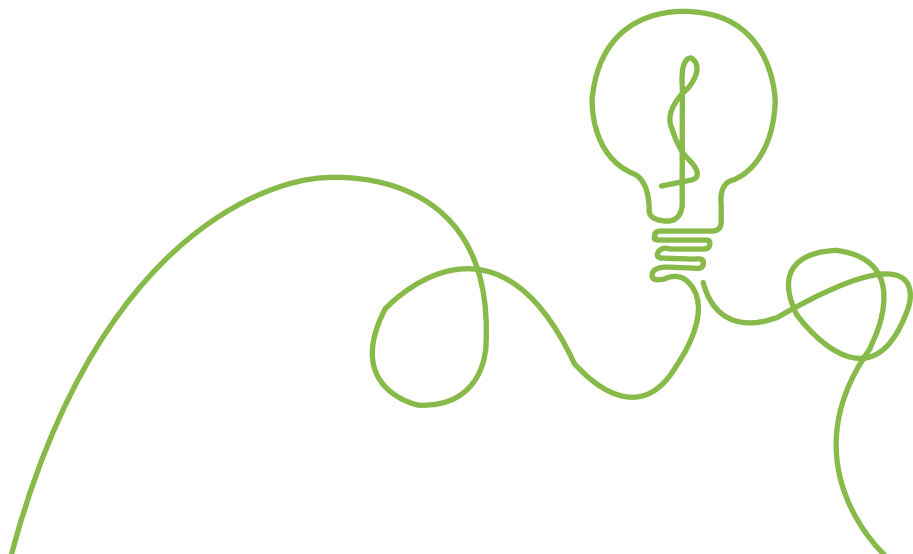
The purpose of this work was to:

1. Develop a carbon emission baseline and map our climate related risks
2. Set targets to reduce the impacts
3. Identify solutions and develop a roadmap to achieve our targets

Our carbon emission baseline is 1 October 2018 to 30 September 2019. The baseline included over 340 assets located in South East England and Glasgow. The inventory included all assets fully or jointly owned during the baseline year. No development, refurbishment or fit out data was collected during the baseline year and no assets reached end of life. There were no indirect real estate holdings during the baseline year. Since the baseline year of data ended, several refurbishments have occurred and we're looking into how to best collect emission data for future reporting.

Our commitments and roadmap implementation will be overseen by the sustainability team, and our cross-functional Sustainability Working Group. The Sustainability Working Group reports to the CEO and meets quarterly.

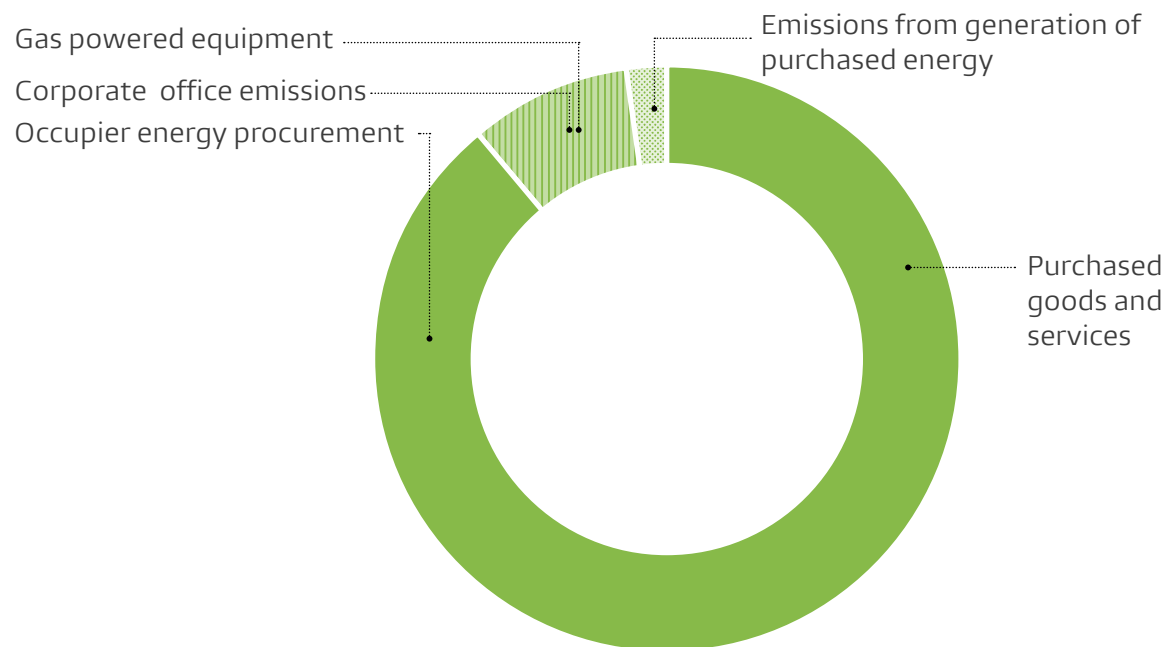
Our roadmap to zero carbon



Our carbon footprint

Measuring our carbon footprint enables us to identify the most significant emission sources in our value chain and focus on strategies which reduce emissions in across the largest categories. As a landlord, we have an important role to play to influence the reduction of emissions across areas within our direct control (Scope 1 and 2 sources of emissions), as well as emissions indirectly within our control (Scope 3 sources of emissions).

Detailed analysis showed that direct Scope 1 and Scope 2 emissions account for 11% of total emissions, 9% and 2% of emissions respectively. The remaining 89% of emissions are known as Scope 3 emissions, which are generated through our value chain.



Scope 1= 9%

Direct emissions from owned or controlled sources e.g. gas for heating

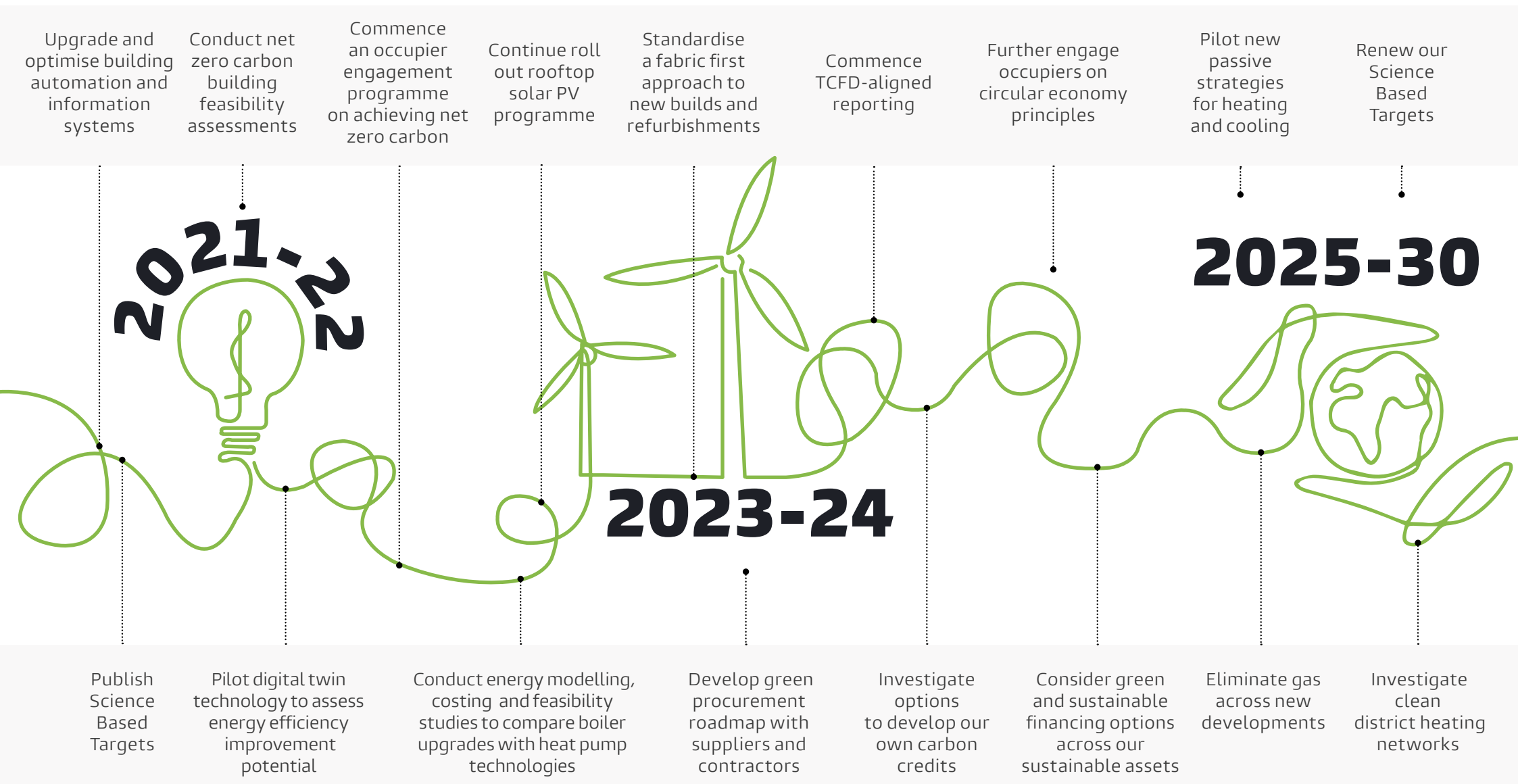
Scope 2= 2%

Indirect emissions from the generation of purchased electricity, steam, heating and cooling consumed

Scope 3= 89%

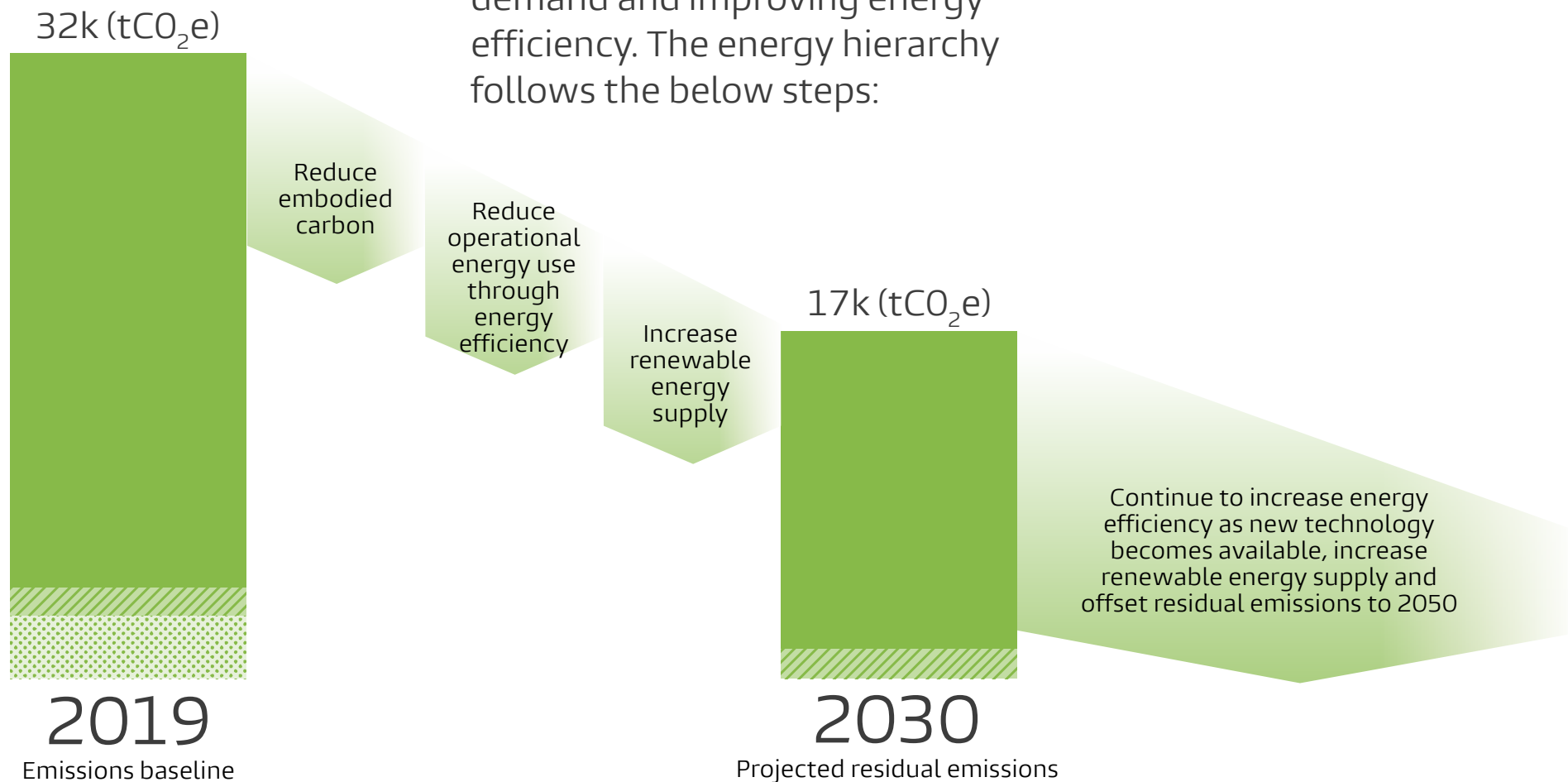
All other indirect emissions that occur in throughout the value chain e.g. services purchased for each building such as plant equipment maintenance, and electricity of occupiers

Our roadmap to net carbon zero by 2030



Roadmap strategy

- Scope 1
- Scope 2
- Scope 3



Roadmap detail



Operational carbon

Aim:

Reduce operational energy use across the portfolio in line with the Science Based Targets initiative, target aligned to Well-below 2°C.

Delivery:

- Deliver a 61% reduction in carbon emissions by 2030 for Scopes 1 and 2, against a baseline of 2018/2019, aligned with SBTi Sectoral Well Below 2 °C.
- Deliver a 46% reduction in carbon emissions by 2030 for Scope 3, against a baseline of 2018/2019, aligned with SBTi Absolute 1.5 °C.
- Upgrade Building Management Systems
- Upgrade all lights in common areas to LEDs
- Conduct a gas boiler inventory and plan a replacement programme
- Continue to ensure that all new leases are 'green' and include clauses for utility data provision
- Improve metering and sub-metering of spaces
- to ensure the accurate collection of data
- Implement water and waste standards across all new development and refurbishments
- Engage with occupiers to increase energy efficiency within single-let buildings
- Investigate the development of internal carbon pricing and the methodology of application
- Ensure all business parks are certified with ISO 14001 (Environmental Management System)

Measurement metrics:

- Increased data coverage of GHG emissions
- % reduction in operational carbon emissions (tCO₂) compared with baseline year 2018/2019



On-site generation and renewable procurement

Aim:

Achieve 2MW of on-site renewable electricity capacity by 2025, and 6MW by 2030, and increase occupier-procured renewable electricity

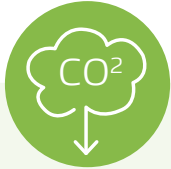
Delivery:

- Continue to procure 100% REGO-backed renewable electricity for all landlord-controlled areas
- Engage with our occupiers to increase renewable energy procurement for single-let occupiers
- Assess electricity capacity across all business parks and increase capacity to cater for increased electrification
- Conduct solar PV feasibility assessments across more multi-occupier buildings
- Explore direct purchasing of electricity through renewable energy projects through Power Purchasing Agreements (PPAs)

Measurement metric:

On-site renewable electricity capacity (MW)

Roadmap detail



Embodied carbon

Aim:

Reduce construction impacts through responsible and efficient design and procurement

Delivery:

- Set an embodied carbon reduction target once more data is obtained from construction projects
- Undertake whole life carbon assessments on all future new developments

Measurement metric:

Total embodied carbon for each new development (tCO₂)



Offsetting

Aim:

Develop a carbon offsetting strategy to offset remaining carbon which cannot be offset through efficient design, energy efficiency or renewable energy

Delivery:

- Use offsetting schemes that meet stringent requirements such as the UN Gold Standard or Verified Carbon Standard
- Explore opportunities to credibly offset carbon emissions within and around our own portfolio

Measurement metric:

- The number of offset projects
- Total offset and inset emissions (tCO₂)



Third-party verification; industry standards and certification

Aim:

Ensure assets are independently certified to meet existing standards

Delivery:

- All new developments and major refurbishments to achieve minimum a BREEAM 'Very Good' rating
- Pilot BREEAM 'Excellent' Refurbishment & Fitout rating
- Pilot NABERS UK
- Consider business park-wide external certification schemes
- Continue to certify existing assets with BREEAM In Use, or other operational certifications
- Ensure all buildings and spaces have a valid EPC, and will meet the Minimum Energy Efficiency Standards (MEES) requirements by 2023 and 2030

Measurement metric:

% of portfolio externally certified by floor area and value

Our approach to climate risk and resilience



Climate change risk assessment



In conjunction with our net zero carbon roadmap, a climate change risk assessment was undertaken across the portfolio. The assessment highlighted flooding and higher temperatures as the most material physical risks to the portfolio. The most material transition risk identified is carbon pricing.

Physical and Transition risk are described below:

1. Physical risks refer to the risks arising from climate events (acute risks) or longer-term shifts in climate patterns (chronic risks).

2. Transition risks refer to the risks arising from policy, legal, technology, and market changes, as well as reputational risks, in the process of transitioning to a lower carbon economy.

The efforts to mitigate climate change also bring about climate related opportunities through adoption of low carbon technologies, resource efficiency and building resilience in the supply chain.

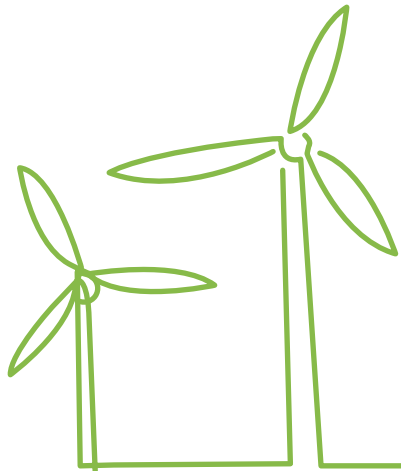
Financial impacts of these risks were also identified by two different scenarios of warming and timeframes. The two scenarios are well below 2 degrees Celsius of warming, and 4 degrees of warming. We found that

our transition risk cost was higher in the short term, and financial impact of physical risks increased in the long term.

Mitigation strategies against these risks have been incorporated into the net zero carbon roadmap, to produce a holistic view of actions.

We conduct detailed sustainability assessments on acquisitions as part of our due diligence process. Existing assets have also been subject to flood risk assessments and broader climate change risk assessments over time.

Better Buildings Partnership: Climate Change Commitment



Business area	Sub-area	GHG Protocol category	Carbon Scope	Commitment inclusion requirement (BBP)	FPUK commitment alignment	FPUK reason for omission
Corporate	Head office energy use	Company facilities	1&2		Yes	
	Company vehicles	Company vehicles	1		n/a	FPUK do not own company vehicles
	Business travel (excluding commuting)	Business travel	3		Yes	
	Purchased goods	Purchased goods and services	3		Yes	
	Operational waste generated	Waste generated in operations	3		Yes	Data was unavailable for FY2019. To be included in future GHG inventories as data becomes more readily available.
	Operational water use	Purchased goods and services	3		Yes	
	Employee commuting	Employee commuting	3		Yes	
Direct real estate holdings (including joint ventures with management control)	Landlord purchased energy (electricity & fuels)	Purchased electricity, heat and steam	1,2 & 3	Yes	Yes	
	Tenant purchased energy (electricity & fuels)	Downstream leased assets	3	Yes	Yes	Comprehensive data was unavailable for FY2019. To be included in future GHG inventories as data becomes more readily available.
	Landlord refrigerants	Purchased goods and services	1	Yes	No	
	Tenant refrigerants	Tenant Scope 3	3		n/a	*
	Landlord purchased water	Purchased goods and services	3	Yes	Yes	
	Tenant purchased water	Tenant Scope 3	3		n/a	*
	Landlord managed operational waste	Waste generated in operations	3	Yes	Yes	
	Tenant managed operational waste	Tenant Scope 3	3		n/a	*
	Tenant transport emissions	Tenant Scope 3	3		n/a	*
	Tenant supply chain emissions	Tenant Scope 3	3		n/a	*
Landlord purchased capital goods & services (M&E & property management services)	Purchased goods and services	3	Yes	Yes		

Business area	Sub-area	GHG Protocol Reporting Category	Carbon Scope	Commitment inclusion requirement (BBP)	FPUK commitment alignment	FPUK reason for omission
Investments (Indirect real estate holdings, e.g where investments are managed by a third party such as joint ventures with no management control or investments in other real estate investment vehicles)	Landlord purchased energy (electricity & fuels)	Investments (proportional to the investment)	3	Yes	n/a	**
	Tenant purchased energy (electricity & fuels)	Investments (proportional to the investment)	3	Yes	n/a	**
	Landlord refrigerants	Investments (proportional to the investment)	3	Yes	n/a	**
	Tenant refrigerants	Tenant Scope 3	3		n/a	**
	Landlord purchased water	Investments (proportional to the investment)	3	Yes	n/a	**
	Tenant purchased water	Tenant Scope 3	3		n/a	**
	Landlord managed operational waste	Investments (proportional to the investment)	3	Yes	n/a	**
	Tenant managed operational waste	Tenant Scope 3	3		n/a	**
	Visitors transport emissions	Tenant Scope 3	3		n/a	**
	Tenant supply chain emissions	Tenant Scope 3	3		n/a	**
Development	New development (including those where funding is being provided)	Purchased goods and services	3	Yes	Yes	
	Refurbishments	Purchased goods and services	3	Yes	Yes	
	Fit-out (Landlord controlled)	Purchased goods and services	3	Yes	Yes	
	Fit-out (tenant controlled)	Tenant Scope 3	3	Yes	No	Excluded for now due to lack of oversight
	End of life	End of life treatment of sold products	3		n/a	

* All tenant Scope 3 emissions were excluded from the inventory due to the level of control over curbing the emissions and the relevance to FPUK operations

** FPUK has no investment properties



Glossary



Glossary

BBP

Better Buildings Partnership

A collaboration of the UK's leading commercial property owners who are working together to improve the sustainability of existing commercial building stock. The Climate Change Commitment is a commitment for BBP members to achieve net zero carbon by 2050.

BREEAM

Building Research Establishment's Environmental Assessment Method is the UK's leading environmental assessment method and assesses the environmental performance of buildings at the design stage through to the operational stage.

CBA

Cost Benefit Analysis

EPC

Energy Performance Certificate

A UK energy efficiency rating for all properties built, sold or rented

EUI

Energy Use Intensity

EUI expresses a building's energy use as a function of its size or other characteristics (energy per square foot per year).

FPL

Frasers Property Limited (Group level)

FPUK

Frasers Property United Kingdom, including the entity Frasers Property International.

GHG

Greenhouse Gases

GRESB

Global Real Estate Sustainability Benchmark

A global environmental, social and governance benchmark for real estate assets and infrastructure.

NABERS UK

A rating system for the energy efficiency of office buildings across England, Wales, Scotland and Northern Ireland

PPA

Power Purchase Agreement

A contract entered into between a renewable energy generator and a customer which allows the customer to have a direct purchasing relationship with a generator without needing a direct physical connection to the generation plant

SBTi

Science Based Targets initiative

An initiative to set greenhouse gas emission reduction targets consistent with the level of decarbonisation required to limit warming to less than 1.5°C / 2°C compared to preindustrial temperatures

TCFD

Task Force on Climate-Related Financial Disclosures

A task force created by the Financial Stability Board to develop consistent climate-related financial risk disclosures

Get in touch if you have any questions or comments about our roadmap to achieving net zero carbon.

www.frasersproperty.com/uk/who-we-are/sustainability

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