

ESG Policy

1.1. Clipstone's vision and purpose

Our vision is to secure superior property returns through responsible, long-term investing. Clipstone is known for its hands-on, customer-focused approach. We aim to be a leader for investors seeking responsible investment options in the industrial sector. 'ESG' for Clipstone means collaborating with shareholders, tenants, and other stakeholders to improve long-term financial returns, while increasing environmental and social value and minimising harm. We actively engage with key stakeholders to encourage change and ethical business practice. We will provide an enhanced impact investment approach for individual investors seeking positive options for sustainable assets or ethical criteria and provide transparent, measurable reporting.

1.2. Who we are

Clipstone Investment Management Limited (CIML) is a real estate investment management firm specialising in UK industrial investments. CIML operates solely within the UK industrial real estate market, focusing on assets in the South of England, particularly the South East and around London and the M25. We believe this specialist approach gives us advantages over our larger, more generalist competitors.

1.3. Scope of this policy

This ESG policy covers all Clipstone Investment Management Limited's operations and those of the funds and segregated mandates which we manage, collectively referred to as Clipstone in this policy. We operate solely in the United Kingdom.

1.4. Material ESG issues

Environmental, social and governance issues are constantly evolving and can be complex. We actively monitor macro and other ESG trends to assess their impact on our business and investment portfolio. The Board annually reviews the ESG issues most material to us. ESG is an agenda item at every quarterly board meeting. In 2020, Clipstone undertook a robust review of the market context, legislative drivers, investor expectations and management team's perspectives to identify the ESG issues that are most important to Clipstone. The outcomes of this review enabled Clipstone to tailor its ESG policy to effectively manage its material risks and opportunities and form a set of commitments. The most material issues from our 2020 review are:

- 1. Energy & carbon** – We recognise that property is a key contributor to carbon emissions and accordingly maximising energy efficiency with our property assets is of primary importance to use. As the UK progresses toward its Net Zero Carbon strategy, we anticipate that energy from alternative renewable resources as well as EPC and other energy efficiency measures will be critical to maintaining and enhancing asset value.
- 2. Building labels and standards** – Building certification is a material issue for us as regulatory compliance and improving the quality of our assets are of utmost importance throughout our ownership and management of an asset.

- 3. Pollution and chemical use** – Minimising and eliminating the use of products that contain toxic and long-lived substances is a material issue in the industrial sector. Our responsible procurement policy addresses these issues.
- 4. Climate change adaptation, mitigation, and resilience** - Safeguarding against risks posed by climate change is a fundamental part of our responsible business strategy, and therefore a material issue for us. We know that the impacts of climate change are likely to affect our assets and corporate value (e.g. flooding, overheating, subsidence, and weather damage). We have a robust acquisition policy designed to avoid assets at high risk from climate change where there is no economically viable way to effectively mitigate that risk. We carry out risk assessments for our existing assets, with improvement plans for at risk estates.
- 5. Health and safety** - We have a health and safety policy, risk assessments and incident reporting procedure in place.

1.5. ESG Strategy and Commitments

We have developed nine headline commitments and a five-year roadmap to guide our ESG activities. These will ensure that we manage the risks and opportunities of our material ESG issues across each of our businesses and segregated mandates in the acquisition, asset management and property management of industrial assets. We are also committed to strong governance procedures within our own corporate operations.

Our strategy, based on our material issues, is organised in four pillars. We set targets in each of these areas:

- 1. Being a Responsible Employer** – This means valuing our employees and supporting them in the professional development. We are committed to being a Living Wage employer.
- 2. Environment** – We are committed to being responsible landlords. This means understanding the impact of our buildings on the environment and putting in place processes to measure and reduce our carbon footprint and improve the sustainability of our properties, with an ultimate goal to be a Net Zero Carbon business. Developing a Net Zero Carbon strategy is key for determining how and when we will achieve this goal. Clipstone Investment Management will also calculate the carbon footprint for our office, which we will offset and aim to reduce. We will also implement incentive schemes for staff to encourage greener choices and to achieve ESG targets.
- 3. Social Responsibility** – We recognise that our responsibilities go beyond our own organisation and therefore we will require our contractors and suppliers to comply with our Code of Conduct. We are committed to ensuring that our business, our suppliers, and our properties have no part in supporting Modern Slavery and take action to enable our staff, managing agents and suppliers to recognise and report any suspicions of Modern Slavery.
- 4. Good Governance** – We are committed to improving the diversity and inclusion of Clipstone. We acknowledge that the property industry in general suffers from the underrepresentation of women, lower socio-economic groups, and ethnic minorities, and will aim to do our bit to improve this through community outreach and educational programs. We will be transparent and report our performance against our targets.

1.6. Stakeholder engagement

We regularly review ESG issues in relation to our business activities and update our strategy accordingly. We commit to engaging with our key stakeholders on ESG issues to ensure our performance and ambitions meet their expectations.

1.7. ESG Governance

To ensure that our ESG strategy is implemented successfully, we have robust governance procedures in place. Our ESG related governance operates at the Corporate and Investment Portfolio level.

Board: The Board of CIML is responsible for overseeing the impact of ESG issues in relation to the corporate activities of CIML. This includes, but is not limited to, understanding the impact of physical and transitional risks associated with climate change as well as emerging risks in relation to other social, environmental, and economic related risks. The Board is also responsible for ensuring that Clipstone meets all regulatory obligations in relation to ESG matters and contributes to industry and/or other initiatives designed to mitigate ESG risks for the firm and its key stakeholders. The Board meets at least quarterly.

REIT Board: Clipstone Industrial REIT is currently our only Alternative Investment Fund, listed on The International Stock Exchange. Its Board is made up of two non-executive directors, Toby Dean (CEO of CIML) and Richard Demarchi (Clipstone's Finance Director). The REIT Board is responsible for assessing the viability of investment opportunities for the REIT identified by the Investment teams. As part of investment proposals, investment teams are required to identify any relevant ESG issues that might make a particular investment attractive (e.g. taking advantage of a particular opportunity such as energy efficiency within buildings to associated risks that will need to be addressed, in order to realise value from the investment e.g. refurbishing a building to increase energy efficiency). The ESG Committee is responsible for assessing ESG risks and opportunities as part of the due diligence phase on an investment deal. The assessment will be included in the Investment Proposal provided to the REIT Board. The REIT Board is chaired by Nicholas Lyons (non-executive director) and, in addition to the other directors, is attended by at least one member of the Clipstone property team and meets at least quarterly. Further details are set out in the REIT's Listing Document and articles of association. Significant ESG risks that cannot be mitigated may result in an investment proposal being rejected.

Segregated Mandates: Where we manage a property portfolio as part of a segregated mandate, the client will have its own Governance structure, into which we report quarterly and in addition any potential investments which we identify must be approved by the client. We will review annually our ESG strategy with each of our segregated mandate clients and put in place a bespoke policy for each client where required. This will be overseen by the ESG Committee.

ESG Committee: The ESG Committee owns the ESG Policy and is responsible for reviewing the policy at least annually to ensure it continues to meet the objectives of the firm in relation to ESG. The committee reviews all investment portfolio assets periodically to ensure all assets continue to meet the specific ESG targets / objectives set for the asset. It is chaired by the CEO and its members include Richard Demarchi (Finance Director), Marc Cowley (Investment Director) and Paul Priestley (Head of Asset Management). This committee meets at least annually and measures progress against targets at asset level, portfolio level and at corporate level in relation to our key material ESG issues. The ESG Committee also reviews client reporting and corporate reporting to ensure our ESG reporting is complete, accurate and supportive of our broader

responsible investment strategy. Where appropriate, the committee will propose changes to Clipstone's ESG strategy where it considers that ESG issues could have a material impact on the firm performance, portfolio performance and/or is misaligned to Clipstone's broader corporate purpose.

1.8. Reporting

We are committed to providing clear and transparent reporting that is regularly updated with evidence of progress and shows how our ESG policy is being implemented and the effectiveness. This commitment extends to both internal management reporting as well as reporting to our clients and key stakeholders. The Board is responsible for ensuring that reporting is effective and for ensuring that any changes to reporting and/or the ESG policy are made, communicated, and implemented throughout the organisation in a timely manner.

Clipstone is also committed to periodically reviewing its affiliation with industry bodies and organisations aligned to investing responsibly in property and other real assets. Where Clipstone is required, we will report to such stakeholders and/or industry bodies in a timely, accurate, complete, and transparent manner.

1.9. Annual review and approval

This policy has been approved by Clipstone's Board and will be reviewed on an annual basis. Chief Executive Officer Toby Dean is responsible for implementing this policy and ensuring compliance for all business operations.

A handwritten signature in black ink, appearing to be 'Toby Dean', with a long, wavy tail extending to the right.

Signed: TOBY DEAN, CEO

Date: