

# Offsetting Strategy and Report 2022/2023

March 2024

## Clipstone's reporting segments

We will report carbon footprints separately for our management company (Clipstone Investment Management Limited), Clipstone Industrial REIT plc (the "REIT") and our segregated mandates.

### CIML

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.

The scope of CIML's carbon footprint extends to our staff and head office at 45 Albemarle Street. CIML's greenhouse gas inventory for 2022/23 can be found on our website.

### The REIT

Clipstone Industrial REIT plc (the REIT) is a Real Estate Investment Trust, investing in UK industrial property. The REIT owns in excess of 35 industrial estates, with over 200 individual units. These units tend to be let on a full repairing and insuring basis, with limited landlord controlled (scope 1 and scope 2) emissions. The REIT's carbon footprint includes both landlord and tenant-controlled emissions from operations at our estates. Our baseline carbon footprint was produced for 2019 and 2020 and can be found in the 2021/22 ESG report on our website.

### Segregated Mandates

CIML is also the Property Manager for a number of segregated mandates. These mandates function in much the same way as the REIT and the portfolios consist of industrial properties held as property rental businesses.

### Offsetting Strategy

CIML has committed to being a carbon neutral business as of 1 July 2020. The long-term strategies for the REIT and our segregated mandates is being developed as part of our net zero strategy. We will only look to use offsetting for emissions that cannot be reduced any further, save for CIML emissions where we are committed to being a carbon neutral business now. CIML is still committed to eliminating its emissions as far as possible over time and therefore minimising the requirement for offsetting.

## Sources of Offsetting

We intend that we use an overarching basket of offsetting schemes across all reporting segments. We are committed to only using verifiable and genuinely effective forms of offsetting. This will be targeted a long-term carbon capture projects which remove CO<sub>2</sub> from the atmosphere. To achieve this we will align our strategy with The EAUC Carbon Coalition ([eauc.org.uk/carbon\\_coalition](http://eauc.org.uk/carbon_coalition)). The EAUC Carbon Coalition is a consortium of UK and Ireland higher and further education institutions that have joined together to offset their emissions leveraging their combined buying power and knowledge. Their goal is to provide a robust offsetting menu of products that provides maximum value for money as well as providing confidence in those products. The EAUC is the Environmental Association for Universities and Colleges. Clipstone is fortunate to have a number of higher education institutions as key stakeholders, and our sustainability advisor, Professor John French is deputy chair of the EAUC. Following their principles on offsetting is therefore a natural fit for Clipstone and we hope will give all our stakeholders confidence in our strategy.

The For 2022/23 CIML's carbon emissions were 6.02 Tonnes CO<sub>2</sub>e. The carbon credits retired for CIML's offsets were as follows:

| Scheme       | Tonnes CO <sub>2</sub> e |
|--------------|--------------------------|
| Running Tide | 7                        |
| <b>Total</b> | <b>7</b>                 |

## Running Tide

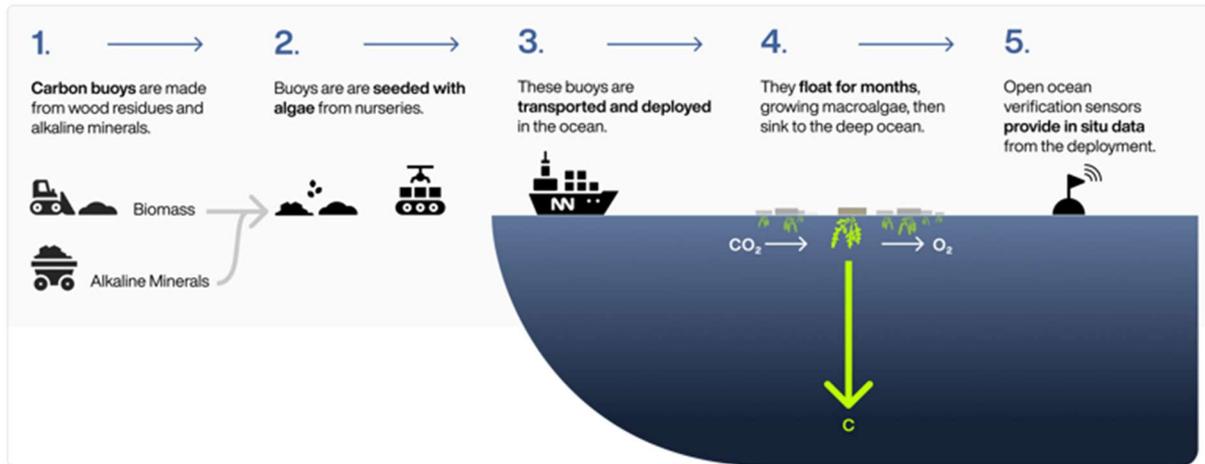
Running Tide removes carbon durably through natural pathways: Dissolving alkaline minerals into the ocean and combining photosynthesis and gravity to store carbon in the deep sea. In addition, their work aims to restore critical biodiversity through repairing natural process and rebalancing ocean chemistry. Running Tide processes sustainably sourced, carbon-rich forestry residues into carbon buoys: drifters on which to grow macroalgae. Carbon buoys are coated with calcium carbonate that stimulates a process known as enhanced alkalinity, a recognized carbon dioxide reduction approach to sequestering CO<sub>2</sub>. Macroalgae growing in the surface of the open ocean fixes carbon through photosynthetic growth, then sinks, transporting the embodied fast carbon from the atmosphere-ocean interface into the deep ocean, a slow carbon reservoir.

Running Tide has designed a system around the purpose of amplifying ocean-based carbon removal. Because carbon removal is the transfer of carbon from the fast to the slow cycle, we deploy our system far from coasts and focus on pathways which already remove carbon: ocean transport of terrestrial biomass, dissolution of CO<sub>2</sub> in surface waters, and photosynthetic fixation and sinking of marine biomass.

The core principle of Running Tide's architecture is the development of simple, modular, mass-producible components (carbon buoys) which can be placed in ocean currents, will remain buoyant for a period, disperse in ocean currents, and then rapidly switch buoyancy and descend to the seafloor.

While drifting, the carbon buoys deliver an intervention to the chemistry of the surface ocean: they either alkaline it through mineral dissolution or remove carbon from it by growing macroalgae. Upon sinking, they deliver both terrestrial and marine biomass to the ocean floor.

Roughly speaking the gross mass transfer ratio of terrestrial biomass sinking is about unity: a ton of forestry residue is a ton of CO<sub>2</sub>e.



Signed: RICHARD DEMARCHI, COO

Date: 23 April 2024