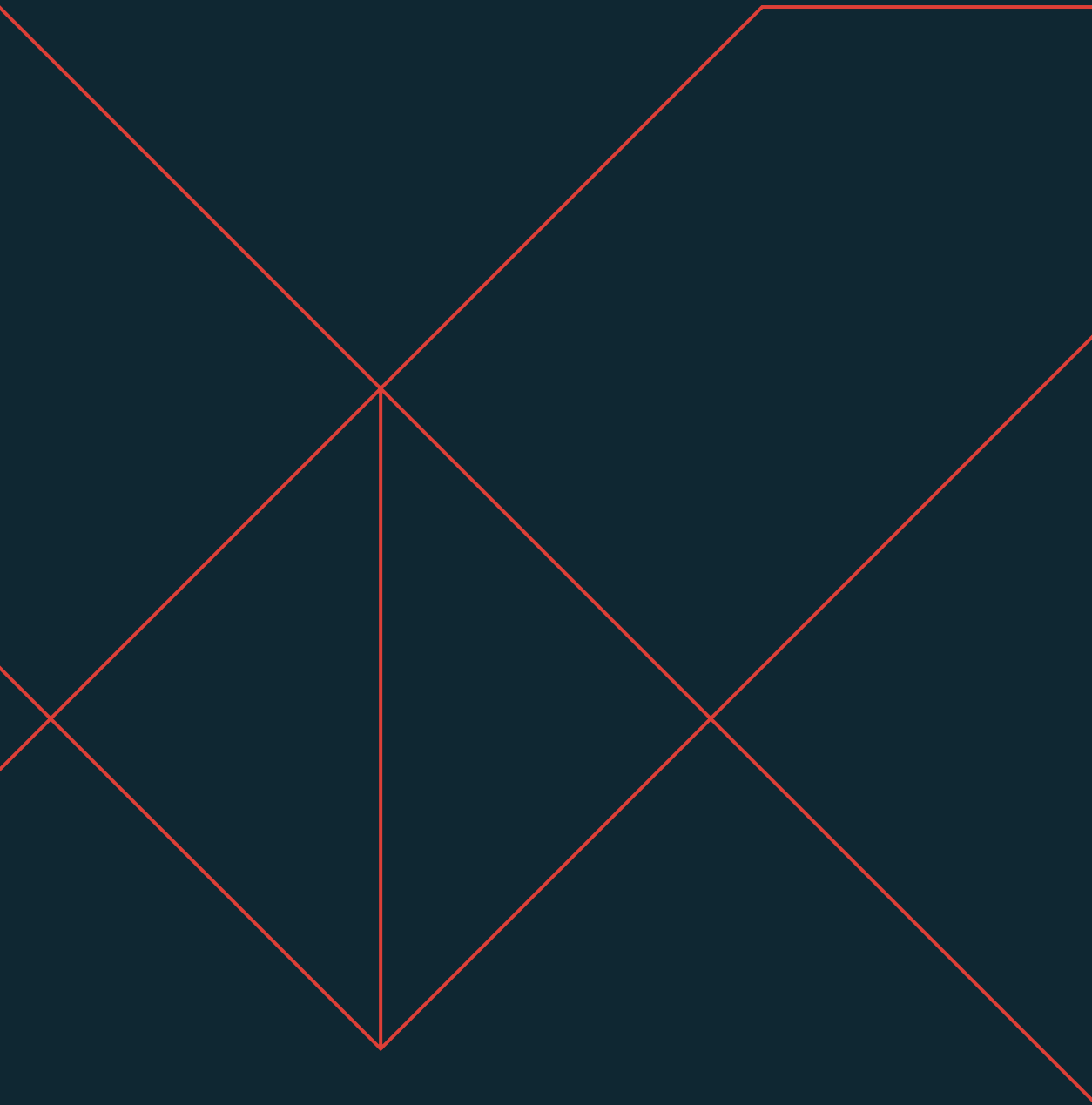




Moorfield
Group

Moorfield Group Net Zero Carbon Policy



Phase 1 - Pathway to Operational Net Zero Carbon

Introduction

About this pathway

In the United Kingdom, our built environment is a major contributor to emissions, representing 40% of the total carbon footprint. As a significant investor in real estate, Moorfield has an important part to play in bringing about positive change.

Moorfield has a track record of incorporating sustainability into real estate strategy. Moorfield launched a Sustainability Statement and Action Framework in 2009, followed by implementation of an Environmental Management System in 2013. In 2014, Moorfield initiated annual participation in the Global Real Estate Sustainability Benchmark (GRESB) and the production of stand-alone sustainability reports published on our website. In 2022, we became signatories of the UN PRI and in 2023 launched our first article 8 SFDR investment vehicle. The next phase of our journey involves adopting a net zero carbon approach by designing, creating and managing high quality, energy efficient buildings operating on renewable energy and achieve strong building accreditations such as EPCs B or above or BREEAM very good or its equivalent. Management of this data will enable us to be as transparent as possible and report on our progress to our stakeholders. By doing this, we can reduce our own emissions and impact, alongside demonstrating the benefits to inspire and influence others to do the same.

This pathway has been put together to explain our proposed plan for the upcoming years to 2030, including the targets we have set and the metrics we will be using to track our progress. This is the first phase on our journey to net zero carbon and it will focus on operational carbon (Scopes 1 and 2). The second phase will involve a plan to achieve Net Zero Carbon by 2040 for Scope 3 emissions including tenant energy and embodied carbon from our developments. Details of Phase 2 will be released in due course. It is important to us that we share our plans openly, giving our stakeholders the opportunity to be involved in the journey, track our progress and provide feedback.

Moorfield recognise the benefits of developing a net zero carbon strategy. By making an early transition to a lower carbon economy, we can combat rising energy costs, minimise future regulatory risk, create greater security for our stakeholders, retain tenants, and minimise vacancy rates. With policy reforms on the horizon aligned to the UK Government's target of net zero emissions by 2050, we will also be ahead of the curve when it comes to compliance.

Through our net zero carbon initiative and wider programme addressing climate change and societal risks, we can protect the value of our assets while helping to safeguard the integrity of our natural environment, on which the future of our society depends.

Please note that this policy will be reviewed annually and updated when appropriate.

We welcome feedback, which can be directed to: sadie.malim@moorfield.com

A Word from our CEO

Commitment to sustainability has been an integral part of our corporate culture since Moorfield's inception in 1996. Throughout the organisation, our people are passionate about developing new solutions to sustainability challenges and growing our business both successfully and responsibly.

The next ten years will be decisive, both on a global level and for us as a company. We need to make sure that we are on the right track to limit global warming. As a company, we need to pursue fundamental change and transformation. Our Net Zero Carbon (NZC) target (aligned to a 2-degree global warming science-based trajectory) will now become the centrepiece of our commitment to long-term sustainability. Phase 1 entails our efforts to eliminate the same amount, or more, of carbon than we emit, from our own purchased electricity and gas (Scope 1 and Scope 2) sources by 2030. Phase 2 will encompass tenant energy and embodied carbon (Scope 3) emissions. By splitting our commitment into two phases, we will be able to focus on areas where we have direct control. Our experiences in Phase 1 will also inform progression in Phase 2. We will also be cognisant of our Phase 2 objectives throughout. For example, we will focus on establishing leases that require tenants to share their data with us.

We are confident that our new carbon target makes long-term business sense. As our climate becomes more volatile, so too does the potential disruption to our activities. We are acutely aware of the need to manage risks that weather-related incidents can cause, such as construction delays and damage to property, losses in productivity, impacts to our supply chain, increases in energy and water costs and insurance costs, and the interruptions caused by power supply failures. This net zero carbon strategy aims to minimise those risks, maintain profitability, and takes responsibility for our own impact on the environment.

This document outlines our approach to reaching operational net zero carbon under Phase 1. It explains the strategies we will adopt to achieve operational net zero within our portfolio by 2030, even as our business and property portfolio grows.

We are looking forward to building on the knowledge and engagement of our people, the strength of our assets, and successful partnerships in all areas of our business activities. As we progress towards net zero carbon, we are committed to being transparent for our investors and will be sharing our progress every step of the way through our annual ESG reports. We welcome any comments or feedback you have.

Marc E.C. Gilbard

CEO

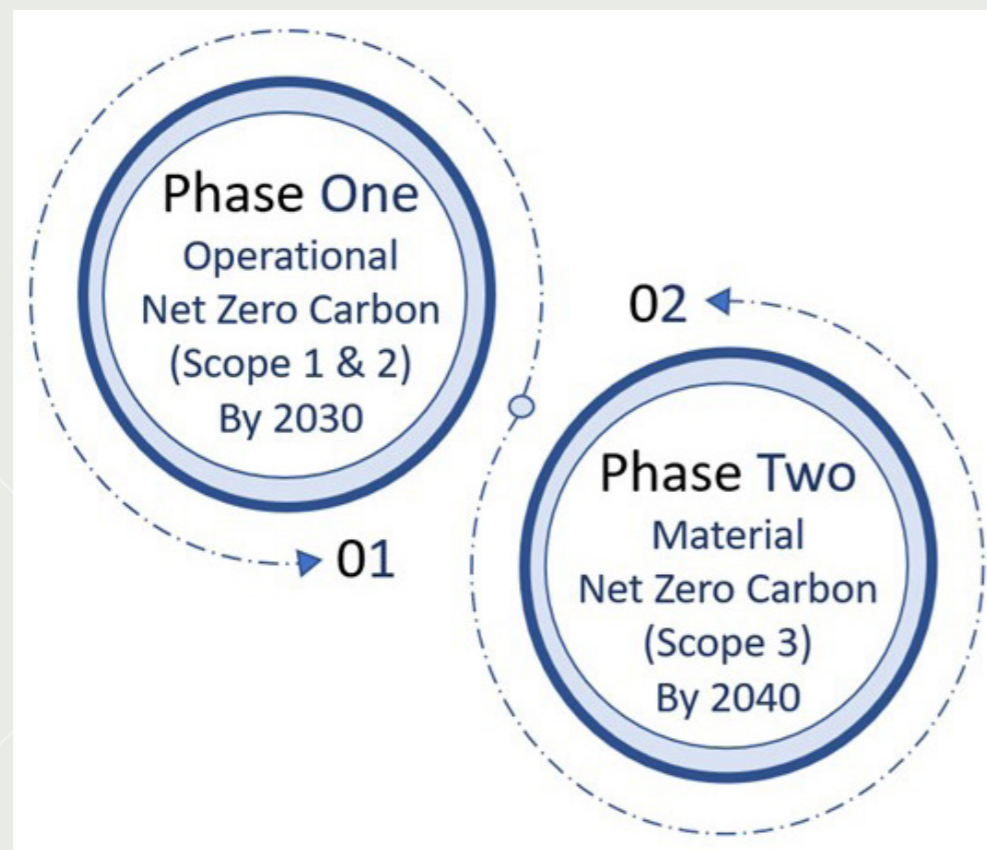


Our Approach

Operational Net Zero Carbon Defined

We define operational net zero carbon as Moorfield’s commitment to eliminate the same amount, or more, of carbon than we emit, from Scope 1 and Scope 2 sources by 2030.

We target net zero carbon in our material Scope 3 emissions by 2040 and will communicate detailed plans, under Phase 2, in due course.



Target Investment Scope

Currently, our NZC commitment applies to operational carbon emissions of buildings over which we have direct control. We are including all Scope 1 and 2 greenhouse gas (GHG) emissions from our investment portfolio, wherever we have operational control and a direct ability to impact energy and refrigerant use and associated emissions.

Scope 1 (Direct GHG Emissions)

These are emissions associated with our direct consumption of: fossil fuels, specifically natural gas (which we mainly use for heating and domestic hot water) and diesel (used in some assets for emergency back-up power); and refrigerants used in commercial air conditioning.

Scope 2 (Indirect GHG Emissions)

These are created by other facilities during the generation of electricity which is then purchased and used by sites under Moorfield’s operational control. In our investment portfolio, this electricity is generally used for things such as heating, ventilation and air conditioning (HVAC), lighting, and lifts.

Scope 3 (Indirect GHG Emissions)

Scope 3 emissions are all indirect emissions (not included in Scope 2) that occur in the value chain of Moorfield, including both upstream and downstream emissions.

There are some assets where Moorfield cannot control the energy choices of tenants – specifically, the individual apartments within our build-to-rent residential investments, and the majority of our industrial portfolio where existing FRI leases prevent us from enforcing change. Since we have limited ability to control emissions from these assets, we have excluded them at this stage from our Phase 1 net zero carbon commitment but will be seeking to influence our tenants where possible.

Phase 1 Delivery Strategy

Net zero carbon means that our positive actions (energy efficiency, renewable energy, transitioning away from fossil fuels, and either minimising or offsetting other emissions) outweigh the carbon emissions from our buildings.

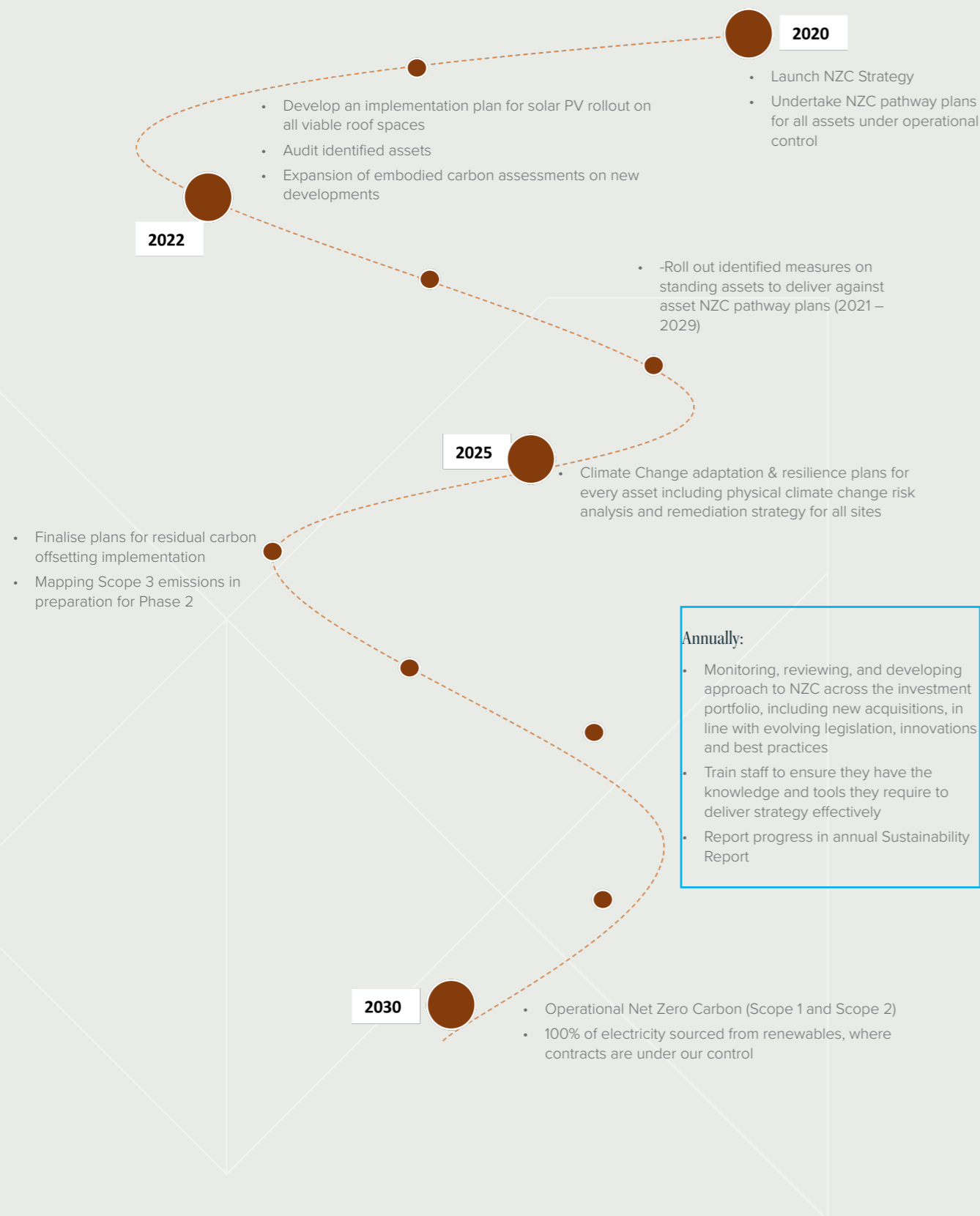
Below we present an overview for our route to operational net zero carbon:

Topic	Description	Actions
Operational Carbon (from energy)	Being energy efficient means using less energy to achieve the same outcome. There are many routes to reduce a building’s energy demand and consumption, including use of high-performance building materials, incorporation of innovative plant and equipment and monitoring energy consumption at half hourly intervals.	<p>Metering & Monitoring Strategy</p> <ul style="list-style-type: none"> Increase the granularity of operational energy consumption data (landlord and occupier) by: (1) ensuring the accuracy of existing meters, (2) upgrading to half-hourly meters with AMR technology that feed into software platforms automatically, (3) the installation of additional sub-metering where considered valuable Enhancing the existing quarterly monitoring process with net zero carbon target oversight Assure data using third-party provider Undertake NZC pathway plans for all assets under operational control; these will be at whole building level so acquiring tenant data is important or else estimations have to be made (last resort) <p>Property Management Strategy</p> <ul style="list-style-type: none"> Identify priority assets for net zero carbon audits and implement auditing schedule if/where required Set out energy efficiency measures in the asset management plans and maintenance programmes for all properties, including new acquisitions Review the energy demand of occupied buildings, set operational energy intensity targets and monitor ongoing performance Identify properties in the investment portfolio for retrofit to all electric heating and cooling systems <p>Refurbishment Strategy</p> <ul style="list-style-type: none"> Specify all-electric heating and cooling systems for major refurbishment projects Ensure net zero operational design strategies are addressed from the outset for all new developments/designs Consider embodied carbon although, focus will be placed on this approach in Phase 2

Topic	Description	Actions
Operational Carbon (from energy) Continued		<p>Acquisition Strategy</p> <ul style="list-style-type: none"> Enhance our due diligence processes to understand the net zero carbon risk of any assets under consideration for acquisition. Aim to only acquire assets where we have the confidence that they can be decarbonised in time Upon acquisition, we will develop net zero pathways for each asset to ensure they support our overall commitment <p>Disposal Strategy</p> <ul style="list-style-type: none"> Utilise CRREM tool as a factor within long-term investment strategy. Aim to dispose of those assets that are not being managed in line with our pathway to net zero. <p>Tenant Data Collection Strategy</p> <ul style="list-style-type: none"> Develop an approach to understanding the carbon impact of the unmanaged portfolio which includes a methodology for estimating energy consumption where actual data is not readily available (due preparation for Phase 2)
On-site generation via renewables	Our on-site renewables refer to the installation of renewable energy at Moorfield assets, for use by that asset. This responds to the increasing demand for renewable energy, adds value to our assets, and improves our sustainability credentials (such as EPC and BREEAM ratings at asset level and GRESB score at corporate level). This supports our desire to attract and retain premium tenants. We have already made progress with on-site renewables, having installed solar energy on several assets, with plans to roll out more across portfolio where feasible.	<p>On-site Renewables Strategy</p> <ul style="list-style-type: none"> Specify on-site renewables for new developments to their maximum potential, assess their feasibility for major refurbishments and throughout the standing portfolio Develop an implementation plan for solar PV rollout on all viable roof spaces by 2022
Renewables procurement	Power purchase agreements (PPAs) are long term arrangements that provide up to 100 per cent renewable energy, price security, balanced risk and the flexibility to accommodate future growth in the form of development and acquisition. Moorfield have already been pursuing green tariffs for many years and have a current target in place to source 100% of renewables by 2030, where contracts are under our control.	<p>Procurement Strategy (renewable tariffs and PPAs)</p> <ul style="list-style-type: none"> Procure 100% of electricity from Renewable Energy Guarantees of Origin (REGO) backed sources for the managed portfolio Independent certification and industry standards will be used when procuring renewable energy. We will seek third-party advice for best practice. <p>Tenants Own Procurement</p> <ul style="list-style-type: none"> Engage with tenants on procurement of energy from renewable sources
Embodied Carbon	Our 2030 target tackles operational energy only. However, we are continually pursuing building design that enables net zero carbon for operational energy. We are exploring whole life carbon assessments, undertaken and disclosed for all our construction projects to drive carbon reductions. This is part of our developing strategy as part of Phase 2, where embodied carbon impacts from the product and construction stages are measured and offset at practical completion.	<p>Embodied Carbon Targets</p> <ul style="list-style-type: none"> Set appropriate embodied carbon reduction targets for new developments and refurbishments <p>Requirements for new development / refurbishment briefs</p> <ul style="list-style-type: none"> Develop a process for including carbon accounting in scheme appraisals

Topic	Description	Actions
Influence others' emissions	While our boundaries for net zero carbon currently cover Scope 1 and 2 (direct) emissions, we are committed to support the improvement of energy efficiency and performance of the assets that we don't retain operational control of. The main way we can do this is by influencing the emissions of our industrial tenants and residential occupiers. By installing solar panels on these assets, we will reduce their demand for grid delivered electricity, which will indirectly reduce emissions. Similarly, we can help them reduce their energy consumption by better passive design, by the installation of more energy efficient appliances and LED lighting and also having appropriate tenant engagement practices.	<p>Tenant Data Collection Strategy</p> <ul style="list-style-type: none"> Continually improve green lease obligations and subsequent data capture processes to accurately measure tenant emissions <p>Tenant Engagement Strategy</p> <ul style="list-style-type: none"> Engage with tenants on energy efficiency measures in fit out and operational practices <p>On-site Renewables Strategy</p> <ul style="list-style-type: none"> Explore opportunities for renewables on our FRI assets
Carbon Offsets	Until it's cost-effective to move to 100 per cent renewable sources – and to replace current refrigerants with those of lower or no global warming potential – we will continue to support high-quality carbon offsets for residual emissions. While offsets can provide important environmental, social and economic benefits for reducing emissions, we are mindful that they do not address the systemic causes of GHG emissions and should be our last option in the hierarchy of reaching net zero carbon. We will continue to monitor and review the role of offsets for residual GHG emissions as part of our plan. We will report any offsetting activities within our annual Sustainability Reports.	<p>Offsetting Strategy</p> <ul style="list-style-type: none"> Appoint an appropriate provider to support the implementation of a carbon offsetting strategy for emissions that cannot be eliminated. This strategy will include a timeframe for when offsetting purchase will commence – this will be once carbon emissions have been minimised as far as possible. Independent certification and industry standards will be used when procuring carbon offsets.

Phase 1 Timeline



FAQs

Are Moorfield accounting for Scope 3 emissions?

Scope 3 emissions (such as those associated with things like tenant emissions, business travel, employee commuting) are not initially part of this Phase 1 plan. However, we recognise the holistic importance of these, and will continue to collaborate with our supply and value chains to help reduce these emissions. Due to the lease structures we have in place at a number of our assets, we do not have operational control. These emissions are considered Scope 3 and outside the boundaries of our 2030 target. We target net zero carbon in our material Scope 3 emissions by 2040 and will communicate a Phase 2 plan in due course.

What are the implications for acquisitions?

Given that our net zero carbon target is an absolute target, we have no criteria excluding newly acquired assets. We are responsible for emissions from these assets regardless of how long we've owned them, or what our future plans may be. Effectively the 'clock starts' at the date of acquisition.

As part of minimising the risk of non-attainment of the target, we are enhancing our due diligence processes. We will develop processes to understand the net zero carbon risk of any assets under consideration for acquisition, and upon acquisition we will develop net zero pathways for each asset to ensure they support our overall commitment.

What about newly developed assets?

Again, our net zero carbon target is an absolute target, as such we have no criteria excluding developed assets. We are responsible for emissions from these assets from the point of practical completion. As part of our strategy, we will develop minimum requirements for newly developed assets to ensure that operational emissions from these buildings will be minimised (for example through highly efficient building envelopes, low demand equipment and fully electrified building systems). Any remaining energy consumption and associated emissions will be managed through purchase of off-site renewables or lastly, offsets.

Does the target include emissions associated with the construction of buildings?

Embodied carbon emissions are the greenhouse gas emissions associated with the non-operational phase of a project, including supply chain emissions arising from extraction of resources, manufacture of products, transportation and assembly of a building. As our building operations become cleaner, the impact of our low carbon design and construction methods will become proportionally bigger.

Our 2030 Phase 1 target tackles operational energy only. However, emissions related to construction is part of our developing strategy, which will come under Phase 2, but will be explored over the upcoming decade.

At the beginning of the design stage, an embodied carbon assessment will be undertaken by a qualified carbon consultant. Each project will be set a specific embodied carbon target reflecting project-specific opportunities such as retention of existing structures. We expect each project to demonstrate embodied carbon reductions throughout the construction process and will produce an embodied carbon report at project completion.

We are already reducing our construction impacts by maximising re-use of any existing assets to reduce the extent of construction or demolition required and using fewer materials to drive down both cost and carbon emissions. We are also avoiding use of materials with high carbon intensity, such as traditional steel and concrete, instead using locally sourced materials with high recycled content as far as possible.

What is the impact on the BTR portfolio?

Build to Rent (BTR) enables us to retain ownership and running of the residential apartment buildings we create. As with our commercial assets, we will be able to influence the Scope 1 and 2 emissions associated with the base building of BTR assets, so they will be included in our net zero carbon ambition. However, the emissions created by tenants are Scope 3 and will be outside our direct control. We will be progressing energy monitoring of these domains via green leases clauses encouraging energy data share, using estimations where required. Scope 3 emissions will be covered under Phase 2.

How much carbon is required to be eliminated?

The exact quantities of emissions that we eliminate beyond what we emit, has been challenging to determine. We have created a model which has determined how much we need to reduce by under a 'business as usual' scenario. We will now proceed with developing net zero carbon pathway plans for all assets under our direct control to enable us to accurately define our starting point and the measures which can be put into place to reduce the total portfolio emissions towards our target. We will continually review and adjust as we learn from our net zero carbon initiatives as new innovations become available, and as broader circumstances such as regulations and societal expectations continue to change. Updates will be provided in the annual Sustainability Report.

What will power Moorfield's new developments?

For us to operate with 100% renewable energy, our newly developed assets will need to be 100% electric and thereby eliminate Scope 1 and 2 emissions.

Already, several Moorfield assets use electricity alone for heating and hot water supplies. The Forge in Newcastle is one of these assets, with an EPC rating of C, demonstrating the energy performance is not compromised by electric heating.

What are the impacts to the business by moving to renewable PPAs?

By moving to renewable power purchase agreements (PPAs), Moorfield can procure the remainder of electricity requirements from renewable energy, effectively eliminating the Scope 2 emissions that comprise the vast majority of the emissions under operational control. This procured energy will be Renewable Energy Guarantees of Origin (REGO) backed. The REGO scheme provides transparency about the proportion of electricity that suppliers source from renewable generation. The scheme is administered by Ofgem (the Energy Industry Regulator) who act on behalf of the Department for Business Energy and Industrial Strategy (BEIS).

What role does on-site renewable energy generation play?

Moorfield is targeting 100 per cent renewable energy to eliminate Scope 2 emissions associated with operations. On-site generation is the production of energy at the point of use – the site where it is to be consumed. It is a form of decentralised energy, enabling Moorfield to make and use its own energy at a particular location, rather than buying that energy through the grid. In some cases, we may be able to sell any surplus energy exported back to the grid and this will also factor into our overall emissions reductions. While on-site generation, such as photovoltaic electricity and heat pumps, alongside energy storage technologies, do require up-front financing, they will allow us to reduce reliance on the National Grid and increase climate resilience in the event of power-cuts.

How will performance against targets be audited?

We utilise a third-party advisor for all our sustainability support requirements, to offer us advice, best practice guidance and a superior support structure to enable good quality, rigorous data collection processes and quantification. Further to this, we will seek third-party assurance to ensure the reliability and robustness of our data and our commitment to the principles of sustainability.

How will Moorfield assure any offsets purchased?

Once carbon emissions have been minimised as far as possible, we will direct funds to carbon offset projects which actively take carbon out of the atmosphere, such as carbon sequestration from tree planting. We will also consider the prevention of further emissions from being released into the atmosphere, for example by launching a forest conservation project or subsidising a renewable energy project that allows a move away from fossil fuels.

We will engage an established carbon offset project developer to purchase such options and importantly, to ensure that each credit is independently verified, transparent and traceable. Our development projects will be expected to make an allowance in their budgets for the cost of offsetting related to the project activities.

How will this commitment be governed?

Ultimate accountability for achieving our commitment will sit with the main Board.

The commitment will be implemented, developed and tracked by the Sustainability Committee who meet on a quarterly basis. At asset level, progress against actions will be monitored through the Sustainability Asset Management Plans.

Along with the formal governance structure, all of Moorfield's direct and indirect employees have a role to play in achieving net zero carbon. That is why we will provide full support and training to ensure they have the skills and knowledge required to deliver the pathway. Our commitment to net zero carbon will be incorporated in our existing sustainability framework, policies and procedures.

Is the commitment a Science Based Target?

Our target has been developed to respect the Science Based Target (SBT) initiative. The objective of the SBT initiative is to encourage businesses to 'do their share' of emission reduction to avoid more than 2 °C of global warming.

We believe our target is even more ambitious than this, both in terms of the percentage reduction in Scope 1 and 2 emissions we're targeting, and the date by which we aim to achieve this (2030 as opposed to 2050).

Is Moorfield doing anything else to tackle climate change?

Yes, we are. As announced in our latest Sustainability Report, we have set out an extensive roadmap of objectives. Most applicable, we are producing climate change adaptation and resilience plans for every asset including physical climate change risk analysis and remediation strategy for all sites by 2025 and extended to cover broader resilience issues analysis for all sites by 2030. Beyond these objectives, the upcoming years will involve the Sustainability Committee to review internal climate risk governance, integrate climate resilience into our in-house minimum design guidelines, maintain employee engagement in climate-related subjects and be advocates for industry ESG growth and understanding.

Final Word

Operational net zero carbon is achievable for Moorfield by or before 2030. We are in a strong position to leverage and build on the work we have done to date, including our energy efficient assets and on-site renewables.

By 2030, all our electricity will be supplied by a combination of on-site and off-site renewable energy.

Whilst we are confident in our ability to reach this target, we recognise that this will be affected by a number of factors, such as our ability to transition away from gas, and the degree to which we can implement on-site solar in the next few years.

That said, regardless of what happens, we will remain flexible and responsive to market conditions, and we will share our progress transparently.