Net zero pathway

Our strategy to achieve net zero by 2040

December 2020

This document is for professional clients/qualified investors only. It is not to be distributed to, or relied on by retail clients.

Please don't print this document unless you really need to.
## Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Our real assets platform</td>
<td>2</td>
</tr>
<tr>
<td>Our role in the climate transition</td>
<td>3</td>
</tr>
<tr>
<td>Our net zero commitment</td>
<td>4</td>
</tr>
<tr>
<td>Our 2025 interim goals</td>
<td>4</td>
</tr>
<tr>
<td>Scope and boundary of this net zero pathway</td>
<td>4</td>
</tr>
<tr>
<td>Supporting our clients</td>
<td>5</td>
</tr>
<tr>
<td>Our 2025 goals in detail</td>
<td>6</td>
</tr>
<tr>
<td>Offsetting residual emissions</td>
<td>12</td>
</tr>
<tr>
<td>Governance</td>
<td>12</td>
</tr>
<tr>
<td>The scope of our commitment in detail</td>
<td>13</td>
</tr>
<tr>
<td>Disclosing financed emissions</td>
<td>14</td>
</tr>
<tr>
<td>Disclosures in real assets</td>
<td>15</td>
</tr>
</tbody>
</table>

## Our real assets platform

Aviva Investors is the global asset management business of Aviva plc. We are an active manager, with £355 billion of assets under management, as of June 30, 2020, of which £47 billion are invested in real assets.

We manage a range of strategies that invest in real estate debt and equity, infrastructure debt and equity, private corporate debt and structured finance. Our platform invests directly in and finances buildings and infrastructure that play a crucial role in shaping our evolving society and economy.

We recognise, the unconstrained delivery of buildings and infrastructure has been a major contributor to the climate crisis. Direct emissions from buildings, power and transport are responsible for 60 per cent of UK emissions*, with emissions from supporting industries further contributing to the problem. The climate crisis now presents catastrophic risks for our clients and society.

In response to this challenge, the Better Buildings Partnership (BBP) launched an historic Climate Change Commitment in September 2019. Signed by 23 of its members, including Aviva Investors, and covering over £300 billion AUM in real assets globally, the commitment will see 1.2 million tonnes of carbon emissions per annum reduced to net zero by 2050.

In November 2019, our parent company Aviva plc joined the United Nation’s Net Zero Asset Owners Alliance. The Alliance brings together the world’s biggest pension funds and insurers to commit to net zero emissions in their investment portfolios by 2050. Aviva plans to align its investment portfolios with the 1.5°C target set out in 2015 at COP 21 summit in Paris. Since November 2019, several more of our clients have made similarly ambitious commitments.

In this document we outline how we intend to meet the changing needs of our clients and the terms of the BBP commitment, demonstrating the action we will take to invest in low-carbon solutions, whilst decarbonising existing assets across our platform. Through these actions, we believe we can better protect our clients’ interests, whilst reducing the negative impacts of our investments on the environment and society.

* Department for Business, Energy & Industrial Strategy provisional UK emissions 2019
Our role in the climate transition

For the UK and Europe to reach net zero emissions by 2050, extensive changes will be required to our economy and society. The rapid decarbonisation of the built environment, achieved through collaboration between government, investors and society, will be critical to success. Real asset investors share four major challenges with government and society, as the investments we make touch every aspect of the built environment.

Although the challenges laid out below may seem insurmountable, we believe the transition to a low-carbon economy represents an opportunity comparable in scale to the Industrial Revolution. Several of the technologies needed to achieve this transition are technically proven, but do not make commercial sense in the current market. This is the environment we must navigate as we align our clients’ investments with the climate transition. It will impact every portfolio decision; the type and location of the assets we acquire; the ongoing management of those assets; and what we choose to divest from. This document constitutes what we believe is a detailed and robust pathway that will help protect our clients’ investments and evidence how we will achieve net zero by 2040, ten years ahead of the UK’s target.

### Tackling energy demand

There is an urgent need to reduce demand for energy. This can be delivered by improving the systems that control existing buildings and infrastructure, and developing new, more energy efficient solutions to heat, power and transportation, as well as energy efficient buildings. The projected increase in electricity demand will also require reinforcing the power grid, as well as demand response and storage. This will require us to invest in energy and carbon-efficient plants, including heat pumps and onsite renewables in real estate, as well as engaging our existing occupiers, borrowers and supply chain to improve the operation of existing assets.

### Mass electrification

Mass electrification of transport and heating, supported by increasing renewable energy generation capacity and energy storage, is needed to meet society’s growing need for power. This constitutes a complete redesign of power generation and transportation infrastructure, as well as a rapid shift toward the provision of heat from heat pump technology. We will respond through retrofitting existing assets, as well as continuing to improve our origination strategy to favour all-electric solutions. These will include continued investments in the electrification of rail, as well as electric vehicle charging infrastructure.

### Driving investment in renewables

As the UK and Europe phase out coal and gas power generation and move to renewable sources, we expect to see continued growth in wind and solar, supported by storage and interconnector technologies. We will continue to support our clients to invest in these technologies, as well as low-carbon energy centres, such as energy-from-waste technology, which are critical to creating base load power to complement the intermittent power from renewables.

### Emerging technologies

In the next decade we expect low-carbon hydrogen infrastructure will be needed to meet demand from industry, as well as replacing fossil fuels in logistics and heating. As this is not currently economically viable, it will need incentives and research and development from governments to attract our investment. To support this, we will continue to research low-carbon hydrogen and seek opportunities for investment once this technology becomes commercially viable for institutional investors. Carbon capture, utilisation and storage will also need to be developed, requiring government support in the form of penalties for emissions, or further subsidies to support adoption.
We will support our clients to transition their real asset investments to net zero emissions by 2040

This means we will support our clients to reduce greenhouse gas emissions from their directly owned and financed real asset investments in line with limiting warming to 1.5 degrees. By 2040, we will support our clients to balance any remaining emissions by offering financing or direct ownership of carbon removals, such as forestry or carbon credits. Our commitment extends to clients’ assets across our entire real assets platform, comprised of real estate, infrastructure, and private debt.

Our net zero commitment

Scope and boundary of this net zero pathway

Direct investments – directly owned and managed equity assets

Real estate and infrastructure assets that are owned by our clients and directly managed by us and our suppliers.

Our 2025 interim goals

1. Invest £2.5 billion in low-carbon and renewable energy infrastructure and buildings by 2025
2. Increase low-carbon and renewable energy generation capacity to 1.5GW by 2025
3. Deliver £1 billion of climate transition-focused loans by 2025
4. Create at least 50 per cent of new pooled strategies with sustainable or impact labels until 2025
5. Reduce real estate carbon intensity by 30 per cent and energy intensity by 10 per cent by 2025

Financed emissions – loans and other debt instruments

Real estate and infrastructure assets that are owned by third parties, where all or part of the financing for the asset is provided by us on behalf of our clients. This is typically in the form of loans, where we act as a single lender or act as part of a group of lenders.
We are committed to be a responsible asset manager, acting as long-term stewards of our clients’ assets. This means helping to protect their assets from devaluation and illiquidity in a world that is already rapidly transitioning to net zero.

Where we own an underlying asset, but the operation of that asset is not controlled by us, or where we lend against an asset and do not own it, there are limitations on our ability to influence. For this reason, the process of transitioning our clients’ assets, both financial and the underlying real assets, will in some cases attract short-term costs.

These could be trading costs incurred through divesting from assets that are not economically viable to decarbonise, or engagement costs to influence occupiers and borrowers to reduce their energy demand. The deployment of these resources on behalf of our clients will be required to achieve the goals set out in this document and achieve net zero by 2040.

"We are committed to be a responsible asset manager, acting as long-term stewards of our clients’ assets."

We fully commit to supporting our clients by:

1. Originating new assets that are aligned to a 2040 net zero pathway, relevant to their location and sector. To do this we will assess climate transition risk and impact at the point of origination, and make a balanced decision based on the assessment of any short-term transition costs versus long-term transition risks. We will align our origination strategy to national net zero strategies and sectoral pathways as appropriate.

2. Decarbonising legacy assets through engagement with underlying borrowers and occupiers, where both the client and the counterparty agree to financing and undertaking the measures we propose. We commit to exhausting all reasonable resources to decarbonise these assets where our clients support us, but will need the support of occupiers and borrowers to achieve tangible results.

3. Encouraging our occupiers and borrowers to reduce and offset their emissions within the value chain of their asset or operations. We envisage in the lead up to 2040 that the ‘polluter pays’ principle will become increasingly important, and companies will become responsible for both reducing and offsetting their scope one and two emissions. Where third parties do not offset their emissions, we will offer our clients the ability to offset a proportional amount of their emissions from their financing of the underlying asset.
Our 2025 goals in detail

To deliver on our net zero commitment, we have adopted five supporting investment goals spanning equity and debt investments in real estate and infrastructure. For our direct investments in buildings and infrastructure, we will apply short-term carbon and energy reduction targets to guide the decarbonisation of our clients’ real estate assets on a rolling five-year basis. For financed investments, where no emissions baseline is available, we commit to investment and product-led goals and intend to form our emissions baseline in 2021.

To deliver on our net zero commitment, we have adopted five supporting investment goals spanning equity and debt investments in real estate and infrastructure.

**Invest £2.5 billion in low-carbon and renewable energy infrastructure and buildings by 2025**

**Definition**
Support and enable our clients to secure debt and equity assets comprising solar photovoltaic (PV), offshore and onshore wind, energy centres, energy-from-waste, hydrogen generation, battery storage, low-carbon public transport, electric vehicle charging infrastructure, and energy efficient buildings (certified LEED, BREEAM).

**2019 Baseline**
In 2019, we originated £452 million of low-carbon and renewable energy infrastructure on behalf of Aviva plc, and an additional £169 million on behalf of external clients. This took our total to £621 million and surpassed the original £500 million per annum target set by Aviva in 2015. Our 2025 target will mirror our £500 million per annum aspiration and includes assets originated in 2020.

**How we will achieve this goal**
We will continue to prioritise low-carbon and renewable energy infrastructure, and sustainable buildings, through our origination process in line with our Responsible Investment Policy. We will support this with ongoing research and engagement with government to locate and realise investable opportunities that meet our clients’ needs. This goal may increase significantly where client aspirations, particularly those indicated in Aviva’s upcoming climate strategy, commit to allocating capital to green assets.

**Supporting metrics**
Capital invested in solar PV, offshore and onshore wind, energy centres, energy-from-waste, hydrogen generation, battery storage, low carbon public transport and electric vehicle charging infrastructure. Value of energy efficient buildings, certified LEED Silver or BREEAM Very Good or above, or to the EU Taxonomy real estate definition of sustainable activities, measured at the point of acquisition.
Our 2025 goals in detail (cont’d.)

2. Increase low-carbon and renewable energy generation capacity to 1.5GW by 2025

**Definition**
Installed energy generation capacity from solar PV, offshore and onshore wind, energy centres, energy-from-waste, hydrogen generation and any other low-carbon and renewable sources. This includes assets that are directly owned and managed, as well as financed activities where we act as a lender, and refinancing where our lending is contributing to a project that has already been delivered. We will account for our generation capacity and avoided emissions from these investments on a proportional basis, taking into account the guidelines of the GHG Emissions Protocol and the principles of the Partnership for Carbon Accounting Financials.

**2019 Baseline**
0.73 GW

**How we will achieve this goal**
We will continue to grow our installed energy generation capacity from debt and equity investments, which at the time of writing is 773MW. We intend to grow this to 1.5GW by 2025 through prioritising investments in solar PV, offshore and onshore wind, energy-from-waste, hydrogen generation and any other low-carbon and renewable sources. In addition, we are actively seeking solar PV opportunities in our real estate portfolio where vacant land or roof space is available.

**Supporting metrics**
Avoided emissions measured in tCO2e, and calculated using the WRI Comparative Emissions methodology.
Zero emissions assets: The percentage of assets that have no operational emissions.
Our 2025 goals in detail (cont’d.)

3 Deliver £1 billion of climate transition-focused loans by 2025

<table>
<thead>
<tr>
<th>Direct investments</th>
<th>Financed emissions</th>
</tr>
</thead>
<tbody>
<tr>
<td>✗</td>
<td>✓</td>
</tr>
</tbody>
</table>

**Definition**

Increase our volume of transactions focused on climate transition, meeting the Loan Market Association’s green or sustainability linked lending criteria. Our focus areas include decarbonisation of heat, energy reduction, renewables and reduction of carbon emissions. Initially this goal will focus on real estate finance, and we hope to broaden it to include all private debt asset classes in 2021.

**2019 Baseline**

In 2019, we originated a single £151 million sustainability-linked loan transaction.

**How we will achieve this goal**

To deliver on this goal, we have built a sustainable origination framework based on the Loan Market Association’s sustainability-linked loan (SLL) accreditation. The framework provides us with a climate strategy for lowering emissions and improving the environmental performance of our borrowers and assets.

To encourage adoption by borrowers we will provide financial incentives based on environmental performance. This will be in the form of margin ratchets that reduce the cost of debt to the sponsor and allow our clients to become more competitive in winning lending opportunities with organisations keen to invest in becoming sustainable.

Our transition-focused lending will provide these financial benefits to sponsors, delivering tangible impacts on the decarbonisation of heat, energy intensity reduction, onsite renewables, recycling waste and reducing carbon emissions.

Where sustainability linked loans are not possible, we will seek opportunities to engage potential borrowers and sponsors that are materially exposed to the climate transition on their decarbonisation performance and encourage forward-looking alignment against our net zero pathway.

Where our financing is indirect or we act as part of a consortium of lenders or refinancing, we often have a limited window of opportunity to directly engage with the underlying sponsors and borrowers. This means we must first originate climate transition-aligned opportunities, then engage through the transaction process. This is the only viable option to encourage borrowers to minimise the carbon emissions associated with the asset or activity against which the loan is placed. For secondary debt, we may not be able to influence the transaction, which means we must focus our efforts on originating transition-aligned assets.

Please find more information on this goal at: [https://www.avivainvestors.com/en-gb/capabilities/real-estate-debt/sustainable-transition-loans/](https://www.avivainvestors.com/en-gb/capabilities/real-estate-debt/sustainable-transition-loans/)

**Supporting metrics**

We will incentivise our borrowers to undertake initiatives and projects that include, but are not limited to:

- Alignment to the Science-Based Targets initiative;
- Achieving sustainable building certification;
- Commitment towards the RE100 Initiative;
- Energy efficiency projects;
- Installation of on-site renewable energy systems.
Our 2025 goals in detail (cont’d.)

4 Create at least 50 per cent of new pooled strategies with sustainable or impact labels until 2025

Definition
Volume of new pooled strategies we launch meeting Aviva Investors’ ‘sustainable’ or ‘impact’ criteria, with explicit climate transition or related ESG objectives. Achieving this goal will require over 50 per cent of any new pooled AUM to be placed in sustainable strategies until 2025. This goal does not include bespoke client mandates that invest in our existing strategies.

How we will achieve this goal
From 2021, we will focus our product strategy on sustainable and impact products which allow our clients to finance the transition to a low-carbon economy. We believe there are opportunities to generate positive financial and non-financial outcomes for clients through accelerating the climate transition. We will look to grow our pipeline of sustainable and impact strategies, engaging with clients to design solutions that meet their needs. We will determine ‘sustainable’ strategies as those that have ESG integrated, have binding ESG criteria embedded in asset selection and management, and meet the Sustainable Finance Disclosure Regulations Article 8 category. We view ‘impact’ strategies as having an explicit and durable ESG objective, and will be strictly aligned to a 1.5 degree carbon reduction pathway.

“From 2021, we will focus our product strategy on sustainable and impact products which allow our clients to finance the transition to a low-carbon economy.”
Our 2025 goals in detail (cont’d.)

Reduce real estate carbon intensity by 30 per cent and energy intensity by 10 per cent by 2025, measured against a 2019 baseline

Direct investments ✔ Financed emissions ✗

Definition
Reduce directly owned and managed real estate carbon emissions (kgCO2e/m²) by 30 per cent and energy intensity (kWh/m²) by 10 per cent by 2025 compared to the 2019 baseline. This target is underpinned by supporting strategies and metrics throughout the real estate lifecycle; encompassing acquisitions, developments, asset management, disposals and occupier engagement. Assets are to be included in this target after being under our management for a period of two years.

2019 Baseline
Carbon intensity 64 kgCO2e/m²
Energy intensity 288 kWh/m²

How we will achieve this goal

Acquisitions
Our real estate acquisition process will be improved through additional due-diligence and net-zero aligned decarbonisation planning. Every acquisition will benefit from a third-party appraisal of decarbonisation options and we will factor those into our underwriting. We will target and prioritise assets that perform well against the Better Buildings Partnership’s REEB benchmark, or European equivalents. Post-acquisition, we will follow an asset onboarding plan to ensure the recommended decarbonisation interventions are carried out during redevelopment or asset management.

Developments
For direct developments where we employ the design team and contractor directly, we will target energy use intensities in line with the UKGBC Advancing Net Zero Energy Use Intensity Pathway. To complement this, we will, where appropriate, follow design for performance processes and target NABERS certification. For funded developments in real estate long income, we will engage external development managers and mandate them to deliver schemes that exceed planning requirements.

Asset management
We will continue to procure 100 per cent renewable energy for all landlord-controlled areas in our real estate portfolio. We will use the refurbishment cycle to seize opportunities to refurbish assets where we see value opportunities, focusing on lighting, glazing, insulation, plant and building control systems. This will be appropriately budgeted and delivered through our annual business planning process.

Disposals
Where we do not see opportunities to decarbonise our assets whilst protecting the interests of our clients, we may choose disposal. Our priorities for disposal will be based on scope one and two emissions, and energy use intensity. Assets that underperform the Real Estate Energy Efficiency Benchmark will be considered for disposal, except assets selected for refurbishments or other decarbonisation interventions. The disposals process will be managed on an individual strategy basis through our Portfolio Review Forum meetings, which review risks in our funds on an annual basis.

continues over
Our 2025 goals in detail (cont’d.)

5 Reduce real estate carbon intensity by 30 per cent and energy intensity by 10 per cent by 2025, measured against a 2019 baseline (cont’d.)

How we will achieve this goal (cont’d.)

Occupier engagement
We will continue to operate our smart buildings programme, focused on addressing the performance of the assets in our portfolio with the highest carbon intensity. To support this, we will establish an additional occupier engagement programme in 2021 that will focus on our FRI and long income occupiers who control their own assets, encouraging them to switch to renewable energy tariffs and highlighting opportunities for energy and carbon savings through retrofit and behavioural interventions. Where appropriate, we will offer financial incentives to occupiers through green leases to address energy and carbon intensity.

FRI leases
In 2021, we will use the MSCI Climate Value at Risk and Real Estate Energy Benchmarking service to establish the impact from our FRI leaseholders. We will use this insight to prioritise occupiers to engage with across our portfolio, focusing on where there are opportunities to agree energy performance improvements in a structured way, through green leases or incentives. Through this programme, we will encourage the sharing of energy data and offer energy procurement and efficiency benefits that will allow occupiers to reduce their emissions.

Supporting metrics

**Acquisitions**
Energy intensity of new acquisitions (kWh/m²) compared to the REEB sector benchmark and portfolio performance.

**Developments**
Energy intensity of completed developments (kWh/m²) compared to the UKGBC Advancing Net Zero Energy Use Intensity Pathway.

**Asset management**
Asset, sector and fund level energy intensity (kWh/m²) compared to the REEB sector benchmark.

**Disposals**
Climate Value at Risk expressed in percentage of the total value of the asset.

**Occupier engagement**
Energy intensity of occupier demises, based on estimated performance or consumption data where available.

**FRI leases**
Energy and carbon intensity of FRI leased assets, based on MSCI sector benchmark proxies.
**Offsetting residual emissions**

Where our efforts to decarbonise our clients’ assets are not successful, or where there are residual emissions from the use of fossil fuels, we may choose to support our clients or counterparties to offset the emissions from their investments.

Whilst an overall portfolio offsetting programme is not considered within our net zero pathway currently, we will establish fund-specific and/or transaction-specific strategies to offset or ‘inset’ emissions. As such, the level of carbon offset required will be assessed on a deal-by-deal basis.

This can be deployed in two ways depending on our financing structure:

**Direct investments**

We will directly make investments into nature-based solutions that provide carbon removals through protecting, transforming or restoring natural ecosystems. For example, we will invest in sustainable forestry, including afforestation, to remove carbon from the atmosphere and thereby balance emissions from the fund. We believe investing in carbon removals from within our own value chain offers us the maximum amount of control and impact over offsets provided by a third party.

**Indirect investments**

We may choose to purchase carbon removal credits and certificates from the third-party offset market, where led to do so by our clients. These can be structured to be fund-specific or transaction-specific offsets. Where we use carbon offsets, these will be verifiable and correctly accounted for and uphold the principles of additionality. They will also maintain a high level of transparency as to the type of offsets we employ and verified to industry best practice standard (e.g. VCS, CCBS, Label Bas Carbone and Gold Standards). We intend to position our platform to be able to offset or inset solutions to any client by 2025 at the latest.

**Governance**

Our governance structure and processes ensure our approach to decarbonisation is embedded throughout our real assets platform. This is led by our Real Assets Stewardship Forum, which is chaired by the chief investment officer, real assets, with additional members from our senior leadership team as well as the chief responsible investment officer. Our Real Assets Investment Oversight Committee retains oversight of our investment activities and is supported by our Origination Forum, which guides ESG integration into our investment strategy.

We encourage a culture of team and individual accountability through integrating ESG in asset planning and review meetings. Our reporting on ESG metrics through these meetings allows us to hold our teams to account for delivering on our net zero goal. The integration of ESG factors in investment decisions is part of the remuneration criteria of our main investment desk heads.

In addition, through our compensation model, all investment employees are expected to support responsible investment and integrate ESG issues into their investment processes.

“We encourage a culture of team and individual accountability through integrating ESG in asset planning and review meetings.”
The scope of our commitment in detail

The scope of this commitment extends to our real assets platform, which is comprised of directly and jointly owned pan-European real estate equity, debt and long income, and financed emissions in infrastructure equity and debt, and structured finance and private corporate debt.

For jointly owned investments, we will attribute our carbon emissions on a proportional share basis relative to ownership. Scope one, two and three emissions from operations and developments will be included in direct real estate and infrastructure, excluding forward-funded developments where we do not have control of the design process. Occupier emissions from our direct real estate investments are included, as well as the additional emissions or emissions avoidance generated by our infrastructure assets.

The scope of our target is defined as annual greenhouse gas emissions, reported in line with the Greenhouse Gas Protocol and verified to ISO14064-3, including Scope 1, 2 (market-based and location based) and 3 (factoring market and location-based variations for tenant emissions). Emissions from financing activities will be reported as separate line items in our GHG reporting as Scope 4 or financed emissions. Measurement and verification of our energy management programme is carried out in accordance with the International Performance Measurement and Verification Protocol (IPMVP).

The scope of this commitment does not include real estate equity strategies that are domiciled in France, around 18 per cent of our total AUM. For these strategies, we intend to set a 2020 carbon and energy baseline in 2021. We are working towards this with our energy reporting partners and intend that by the end of 2021 all real estate strategies will join this net zero commitment.

Scope and Boundary of this Net Zero Pathway

<table>
<thead>
<tr>
<th></th>
<th>Scope One</th>
<th>Scope Two</th>
<th>Scope Three (Occupier)</th>
<th>Water, Waste, Refrigerants</th>
<th>Scope Three (Supply Chain, Developments)</th>
<th>Scope Three (Occupier Refurbishments)</th>
<th>Financed / Avoided Emissions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real Estate Equity</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>N/A</td>
</tr>
<tr>
<td>Real Estate Long Income</td>
<td>N/A</td>
<td>N/A</td>
<td>✔</td>
<td>X*</td>
<td>X*</td>
<td>X*</td>
<td>N/A</td>
</tr>
<tr>
<td>Infrastructure Equity</td>
<td>✔</td>
<td>✔</td>
<td>N/A</td>
<td>X*</td>
<td>✔</td>
<td>X*</td>
<td>N/A</td>
</tr>
<tr>
<td>Real Estate Debt</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Infrastructure Debt</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Structured Finance</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Private Corporate Debt</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

* This data is not available for real estate long income and infrastructure equity asset classes. Where it is practical to do so, we will report on these emissions from 2022 onwards.

Scope and what it means:

- **Scope One**: Direct emissions from buildings and infrastructure linked to landlord/owner-controlled energy consumption, for example fuel, gas and refrigerants.
- **Scope Two**: Emissions from landlord/owner energy consumption, for example electricity, heating and cooling networks.
- **Scope Three (Occupier)**: Emissions from the real estate occupier energy use, for example electricity and gas.
- **Water, Waste, Refrigerants**: Other emissions from water use, waste management and refrigerants.
- **Scope Three (Supply Chain, Developments)**: Emissions from purchased goods and services, and manufacturing and construction, measured as parts A1 to AS of the RICS Whole Life Carbon methodology.
- **Scope Three (Occupier Refurbishments)**: Emissions from the fit-out activities of real estate occupiers.
- **Financed / Avoided Emissions**: Emissions from the activities of our borrowers, linked to the assets financed by us on behalf of our clients.
Disclosing financed emissions

Currently, a common understanding of the methodology for carbon accounting in private debt has not yet been reached. This is due to the nature of the asset class, whereby very little data is provided between parties at the point of origination. Furthermore, the vast number of variances in the underlying sectors and asset typologies has led to a lack of commonality between measurement protocols and reporting capabilities. As we develop improved processes to measure, forecast and report our emissions in these asset classes, we will construct and disclose our net zero pathway. We will not let the lack of a common reporting standard hold us back from making progress and will take the following actions to address this:

1. Join and adopt the principles of the Partnership for Carbon Accounting Financials
   In 2021 we will join the PCAF and adopt its principles and accounting methodologies to report emissions associated with our portfolio of loans and investments.

2. Pushing for greater coverage of GRESB in infrastructure debt
   We will use our role on the GRESB Infrastructure Advisory Board and the Infrastructure Debt Industry Working Group to drive the GRESB scheme and its members to disclose and scrutinise financed emissions from infrastructure investments.

3. Driving better understanding of emissions in real estate debt
   We will improve our own processes and capabilities to report financed emissions, and share our learning with peers in real estate debt through the Commercial Real Estate Finance Council (CREFC).

4. Establishing a baseline and targets in real estate long income
   We will use the MSCI Climate Value at Risk and Real Estate Energy Benchmarking service to establish a 2020 baseline for energy performance and carbon emissions. We will use this to set 2025 carbon and energy targets to complement our core targets disclosed in this document.

5. Engaging real estate long income occupiers
   We will engage with occupiers in our real estate long income portfolio to encourage adoption of renewable energy tariffs, improvements in energy performance and the sharing of energy data. We believe where we have something to offer our occupiers, this will lead to successful relationships where data is openly shared and building performance can be improved.
Disclosures in real assets

Third-party assurance and verification
Emissions from our real assets equity investments will be measured and disclosed in line with ISO 14064-3 and the 2015 GHG Emissions Protocol, using both market-based and location-based emissions.

Certification schemes and industry standards
We will continue to invest in BREEAM, LEED and HQE certification standards for newly developed or refurbished assets, targeting Excellent/Gold or above. In addition, we intend to target NABERS and Design for Performance certification and processes in 2021.

Client reporting
We will report energy use intensity, GHG emissions, EPC ratings and other relevant emissions data to our clients and consultants where we publish quarterly investment reports, and on request where appropriate resourcing is in place.

Climate Value at Risk
We will use the MSCI CVaR tool to assess real estate assets prior to acquisition and on a portfolio management basis, disclosing to our clients both the transition and physical risks, as well as the warming potential of the asset.

BBP Real Estate Environmental Benchmark (REEB)
We will continue to disclose our UK real estate assets to the annual REEB process and measure the performance of our assets against this on a quarterly basis to guide our refurbishment and divestment decisions.

Compliance and mandatory disclosures
We will continue to disclose emissions to all mandatory, regulatory and legislative bodies including SECR, Aviva plc to support its annual TCFD submissions, and an annual disclosure to BBP to meet the requirements of the Climate Commitment.

EU Taxonomy
From January 2022, we will disclose the percentage alignment of each of our clients’ direct and financed assets to sustainable activities. This will be at both house and asset class level for all real assets investment asset classes, with client reporting provided on request.

Global Real Estate Sustainability Benchmark (GRESB) and Label ISR (France)
We will disclose all relevant real estate equity strategies and operational infrastructure equity assets to GRESB on an annual basis. For strategies in run-off, we do not expect to enter GRESB unless requested to do so by our clients. For those strategies where GRESB is not the preferred standard we may use local benchmarks (e.g. ISR Label in France).