



Net Zero Carbon Pathway

November 2023



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Ian Hawksworth,
Chief Executive

Shaftesbury Capital's 2030 Net Zero Carbon Commitment

Both Capco and Shaftesbury had committed to be net zero carbon businesses by 2030 and had published detailed pathways setting out the commitment scope and key actions to be taken. Today we reconfirm our commitment to Net Zero Carbon 2030 as a merged business and report our progress to date.

We will update our pathway in two stages. This year, we recommit to Net Zero Carbon 2030 and confirm the scope, taking into account minor differences in pre-merger approaches, enhancements to best practice and changes in regulation. Our combined pathway has been developed in line with the Better Building Partnership Net Zero Carbon Pathway Framework and sets out how we will achieve Net Zero Carbon by 2030, supporting the Paris Agreement goal to limit global temperature rises to 1.5-degrees.

In 2024, we will disclose our first year of combined data as Shaftesbury Capital, improve the methodology that we use to measure scope three data, and revalidate through the Science Based Targets initiative (SBTi).

A commitment to sustainability is nothing new for Shaftesbury Capital. Over many years, both Capco and Shaftesbury have placed sustainability at the core of their businesses, future-proofing West End heritage buildings, focusing efforts on low-carbon retrofit and refurbishment which improves energy efficiency while minimising embodied carbon and pollution associated with new construction.

Our net zero carbon approach is to first reduce greenhouse gas emissions resulting from our buildings and operations and then offset any unavoidable residual emissions. This requires more innovative and sustainable ways of working and includes our supply chain partners across development and operational disciplines, our occupiers, as well as our corporate actions.

Net zero is a key element of our aspiration to be recognised as a UK leader in sustainability for heritage properties. Our net zero carbon commitment underpins the decisions and actions we take, across every aspect of our business.

We are at a critical point for action with only seven years remaining until 2030. We have made material progress in the decarbonisation of our portfolio, with reported emissions reducing by 15 per cent against our combined baseline of 77,412 tCO₂e to 65,705 tCO₂e for the most recent reported period for each legacy, pre-merger company (as set out on page 6).

Our ambitious targets will deliver long-term carbon efficient operations and buildings which drive sustainable value for all stakeholders. Our approach recognises that our heritage buildings represent a significant long-term store of carbon. We leverage the existing embodied carbon by making effective improvements to our buildings. In addition to energy efficiency, our improvements enhance climate adaptation and resilience.

Progress on our pathway is monitored by the Board and our Environment, Sustainability & Community ("ESC") Board and management committees. Day-to-day action and monitoring of progress is overseen by the Executive Committee.

We will continue to update stakeholders on progress against our milestones at least annually, with a clear commitment to transparency.

Ian Hawksworth

Chief Executive

27 November 2023

Delivering Net Zero Carbon by 2030

We will:

- Be net zero by 2030
- Phase out fossil fuels
- Reduce emissions at a rate consistent with a 1.5°C science-based target pathway
- Only offset residual emissions
- Report annually on carbon emissions within scope and progress against our milestones.

There are some minor differences in the pathways published by the pre-merger companies, which have been addressed:

- We have adopted the Capco target for 60 per cent reduction in operational carbon, which exceeds the 50 per cent commitment made by Shaftesbury
- We will be carbon neutral for scope 1&2 emissions by 2025 in line with the Shaftesbury objective
- We currently exclude the embodied carbon associated with occupier fit outs while we undertake more analysis on the associated emissions, recognising that we can influence but not control these





Embodied Carbon

50%

reduction

Actions to reduce embodied carbon:

- Prioritise low-carbon refurbishment using sustainable and recycled materials
- Encourage re-use of materials
- Use Whole Life Carbon assessments and circular economy principles in our projects
- Collect embodied carbon data for development and refurbishment projects to enhance our understanding
- Target an embodied carbon of below 350kg CO₂e per m² by 2030 for major refurbishments



Operational Carbon

60%

reduction

Actions to reduce operational carbon:

- Energy efficient retrofit including increased use of low carbon heating and cooling
- Use CRREM to develop individual asset energy reduction pathways
- Expand use of our enhanced green leases
- Electrify heating and cooking – phasing out fossil fuels
- Procure renewable energy from REGO-backed or certified sources
- Develop a complete, real time robust energy data model
- Broaden occupier engagement to reduce carbon and encourage net zero commitments



Innovation and On-site Renewables

Actions to prioritise innovation and renewables

- Work with supply chain partners with net zero ambitions and innovative approaches
- Maximise the number of buildings generating renewable energy through existing technology and innovation
- Trial and, where practical, implement new technologies and working practices



Residual Emission Offsetting

After taking all efficiency and carbon reduction actions, residual carbon emissions will be 100 per cent offset using the following principles:

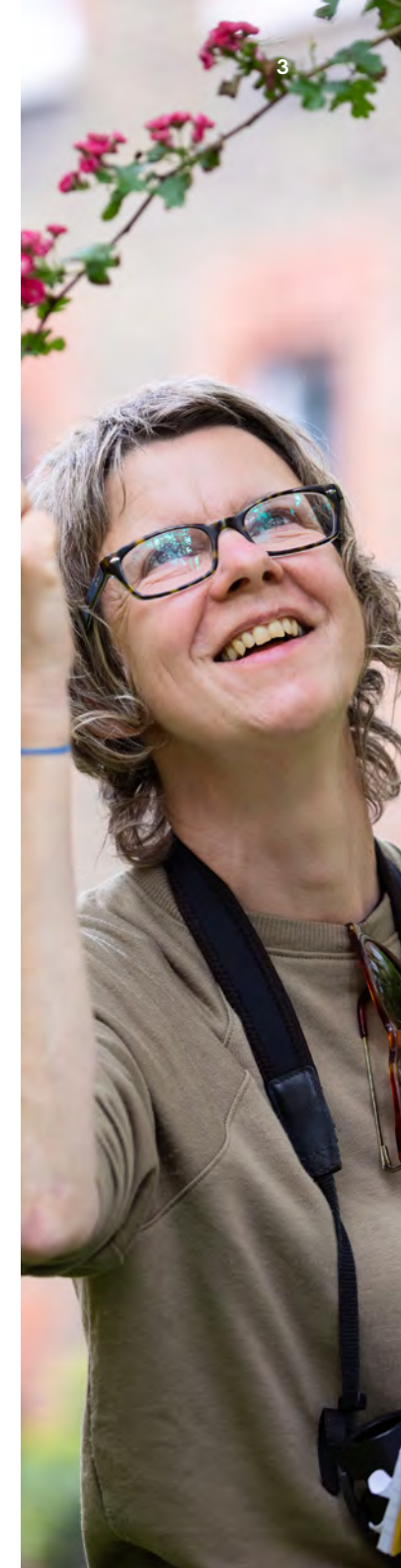
- Use of independently certified schemes eg – Gold Standard or VCS
- Follow prevailing UKGBC and BBP guidelines
- Prioritise nature-based and carbon removal solutions
- Support community projects that result in immediate carbon removal
- Follow the Oxford Principles for carbon offsetting projects



Adaptation and Resilience

Enhance climate adaptation and resilience:

- Scope and implement building adaptations to prepare for anticipated extreme weather associated with existing and anticipated climate change in Central London
- Innovate to improve building resilience to mitigate impacts of extreme weather across heat absorption, flash flooding and other conditions identified over time
- Improved climate impact modelling for our portfolio
- Increase local greening to cut peak summer temperatures and encourage biodiversity



Two-stage approach to our combined Net Zero Carbon target and pathway

This update adds together the published baselines from 2018 and 2019 for Shaftesbury and Capco respectively. We also include the total of the most recently reported data for the pre-merger financial years (Shaftesbury: year to 30 September 2022; Capco: year to 31 December 2022) to disclose a combined 2022 carbon footprint. In 2024, we will integrate our reporting and produce a single-year combined dataset (year to 31 December 2023).

Our two-stage approach is summarised in the table to the right.

The business has determined that this two-stage approach is the most practical and transparent way to update our commitment. This allows for a full 12-month period of combined data for Shaftesbury Capital to be presented alongside updates to align with the Transition Plan Taskforce and other emerging best practice including the UK Net Zero Carbon Building Standard.

Following sector best practice, we will republish our baseline and undertake formal verification with the SBTi in 2024. Achieving SBTi validation requires a full year of combined data.

The carbon estimation tool used by both legacy businesses in previous reporting, Quantis, was decommissioned in August 2023. The tool was used to calculate a significant portion of scope 3 emissions. A revised approach will, therefore, be adopted to calculate and report scope 3 emissions (see page 5).

Pre-merger, both businesses fully verified scope 1 & 2 performance and some scope 3 emissions using a limited assurance verification process

delivered by an independent third-party under the ISO14064-3 standard. We are broadening the scope of this activity to cover all relevant scope 3 data verification and are working towards full assurance in due course to meet the needs of stakeholders and the requirements of the International Sustainability Standards Board.

Summary of 2023 update

- Creation of a single interim baseline using previously published data
- Creation of a combined footprint for 2022 using published data for pre-merger financial years
- Decarbonisation targets confirmed for embodied and operational carbon
- Confirmation of 2025 target for scope 1&2 emissions
- Summary of minor changes to the scope
- Continued alignment with BBP Climate framework
- Confirm use of CRREM to derive individual asset pathways
- Update the governance process for the merged business

To be included in 2024 update

- Produce an updated combined baseline and Net Zero Carbon pathway using best practice and re-validation through SBTi
- Set out our approach to carbon offsetting (including removals)
- Revise and disclose scope 3 emissions methodology
- Prioritise use of actual emissions data from suppliers and refurbishments
- Review and update our current internal carbon pricing
- Incorporate the Transition Plan Taskforce ('TPT') framework and other sector best practice including UK Net Zero Carbon Building Standard
- Publish a longer-term (2040) ambition to further reduce our climate impact



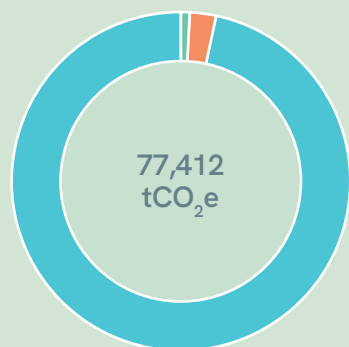


To improve the baseline, our ongoing reporting, and the decisions that we make to achieve net zero carbon, we will take the following actions in 2024:

1. Prioritise the use of actual emissions data to deliver a more accurate picture and reflect carbon reduction activity within our supply chain.
2. Prioritise energy consumption data collection from occupiers and reduce the proportion of estimated data year-on-year.
3. Prioritise calculating embodied emissions for refurbishment projects using a Whole Life Carbon ("WLC") approach, working with contractors, and using sector standard Life Cycle Assessment ("LCA") tools such as One Click.
4. Where direct emissions data is not available for specific products or services, we will use a proportion of the supplier's total emissions, determined by the proportion of their revenue generated from Shaftesbury Capital. When this data is also not available, Defra spend conversion factors will be used.

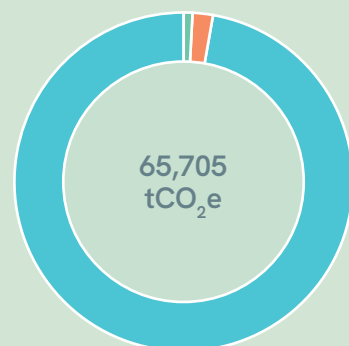
When calculating our carbon emissions, we will continue to report both our location-based and market-based emissions. We purchase Renewable Energy Guarantees of Origin (REGO) backed renewable energy for our own energy consumption and will encourage our occupiers to do the same.

Baseline



- Scope 1 – 866 tCO₂e (1.1%)
- Scope 2 – 1,756 tCO₂e (2.3%)
- Scope 3 – 74,790 tCO₂e (96.6%)

2022 Footprint



- Scope 1 – 713 tCO₂e (1.1%)
- Scope 2 – 1,222 tCO₂e (1.9%)
- Scope 3 – 63,770 tCO₂e (97.1%)

Current carbon baseline and 2022 progress towards Net Zero 2030

Our combined baseline is

77,412 tCO₂e

The baseline is based on 2018 (Shaftesbury) and 2019 (Capco) data. Both reflect pre-pandemic data and are considered to be more representative of the long-term business operations than a baseline derived in a year affected by the pandemic.

Both businesses applied the methodology set out in the GHG Protocol, the most widely used Greenhouse Gas accounting standard, to calculate the baseline. For this update, the originally published baseline of each company has been combined without adjustment.

Our combined 2022 footprint is

65,705 tCO₂e

This approach shows a combined reduction of 11,707 tCO₂e or 15 per cent against the baseline, exceeding the c.13 per cent required for a 1.5 degree pathway. Much of this reduction results from the reduction in scope 3 – Capital Goods & Services relating to the completion of Lille Square phase 2 and the associated drop in embodied carbon. This has been partly offset by the embodied carbon related to other projects, including the major refurbishment of 72 Broadwick Street, Carnaby (BREEAM Excellent).

Progress highlights:

- Reduction in scope 1 and 2 emissions by c.26 per cent – primarily due to ongoing energy efficiency improvements across the portfolio
- Improvements in EPC of the portfolio, with 78 per cent by ERV now EPC C or better as at November 2023, an increase of 10 percentage points from 2022
- Initiation of in-depth CRREM analysis of major assets across the portfolio
- A number of major low-carbon retrofits have been carried out across the business, including the recently completed office scheme at 72 Broadwick Street, Carnaby and the office refurbishment project on site at 27B Floral Street, Covent Garden
- Trialling of energy generation technology including PV roof tiles
- Continued roll out of smart meters and improving the quality of the scope 3 data
- Use of smart energy monitoring technology, e.g. a trial has identified carbon savings in excess of 20 per cent on a Covent Garden building. This will be rolled out to other suitable buildings
- Embodied carbon data collection using the LCA tool, One Click, indicates that the embodied carbon on all large refurbishment projects is within our 2027 limit of 425 kg/CO₂e/m²/GIA and for certain projects is ahead of our 2030 limit (see page 10)
- Ongoing gas removal programme

Confirming our scope and investment boundary

We take a Whole Life Carbon approach to carbon reduction. Whole Life Carbon comprises the embodied carbon required to bring a building into operation, much of which is already in our heritage buildings, the operational carbon through the lifecycle of the building and the end-of-life carbon associated with disassembly. We adopt circular economy principles to enhance our ability to address Whole Life Carbon.

The boundary for our net zero carbon target has been set following sector best practice and in line with the Greenhouse Gas (GHG) Protocol Corporate Standard and SBTi. In setting our scope, we have followed the methodology laid out in the Better Buildings Partnership (BBP) Climate Commitment, with a few limited exceptions which are explained below.

We have limited control over occupier-controlled space which contributes around a quarter of our baseline carbon emissions. We will continue to engage with our occupiers to drive down carbon emissions from this space in line with our Net Zero Carbon limits by 2030. In circumstances where operational control requires an extension to this timeline, we will aim to achieve Net Zero Carbon for such space by no later than end of 2035.

In respect of embodied carbon associated with occupier fit-outs, while this is not included in scope, we will engage through our sustainable fit-out guide and continue to work with occupiers to reduce the embodied carbon associated with their fit-out.

	 Operational Carbon	 Embodied Carbon
Our own operations	Office occupation: Energy, fuel, refrigerants, water, waste, purchased goods and services Business operations: Business travel, purchased goods and services, and employee commuting	Shaftesbury Capital office fit-out, furniture and IT equipment
Landlord-controlled (Shaftesbury Capital) areas and Shaftesbury Capital public realm	Common parts and vacant assets: energy, fuel, refrigerants, water and waste, purchased goods and services including public realm cleaning and maintenance	Common parts and vacant space: Common parts fit-out and refurbishment, transition from gas boilers, and white boxing
Occupier-controlled areas	Energy and fuels relating to occupiers' use of our buildings. We recognise that occupiers have the right to manage their demises in line with their leases and accordingly we will seek to influence the reduction of operational carbon but do not have control	Occupier fit-out to be monitored through green leases, which are standard on all new lease contracts and licences to alter
Projects & Development	Energy, waste and water utilised through the life of refurbishment schemes	Whole Life Carbon approach consistent with sector business practice (eg RICS) Embodied carbon impacts of refurbishments and new construction projects associated with goods and services from supply chain partners and contractors working on our refurbishment schemes

The boundary of our net zero carbon roadmap includes all properties within our portfolio directly managed by us or by appointed agents. Any acquisitions or disposals are included in/excluded from (as applicable) our carbon footprint from the date of ownership change.

We are committed to reducing carbon emissions outside of the scope defined in this roadmap and

have identified several initiatives and partnerships that can help us reduce emissions across London's West End, for example, supporting occupiers to consolidate vehicle movements and working with other stakeholders on zero emission vehicles.

Where space has been sold off as long leaseholds (mainly residential), we have little to no control

over the operation of the demises and, as such, they are excluded from the scope.

Technical details are set out in Appendix A.

Delivering Net Zero Carbon by 2030



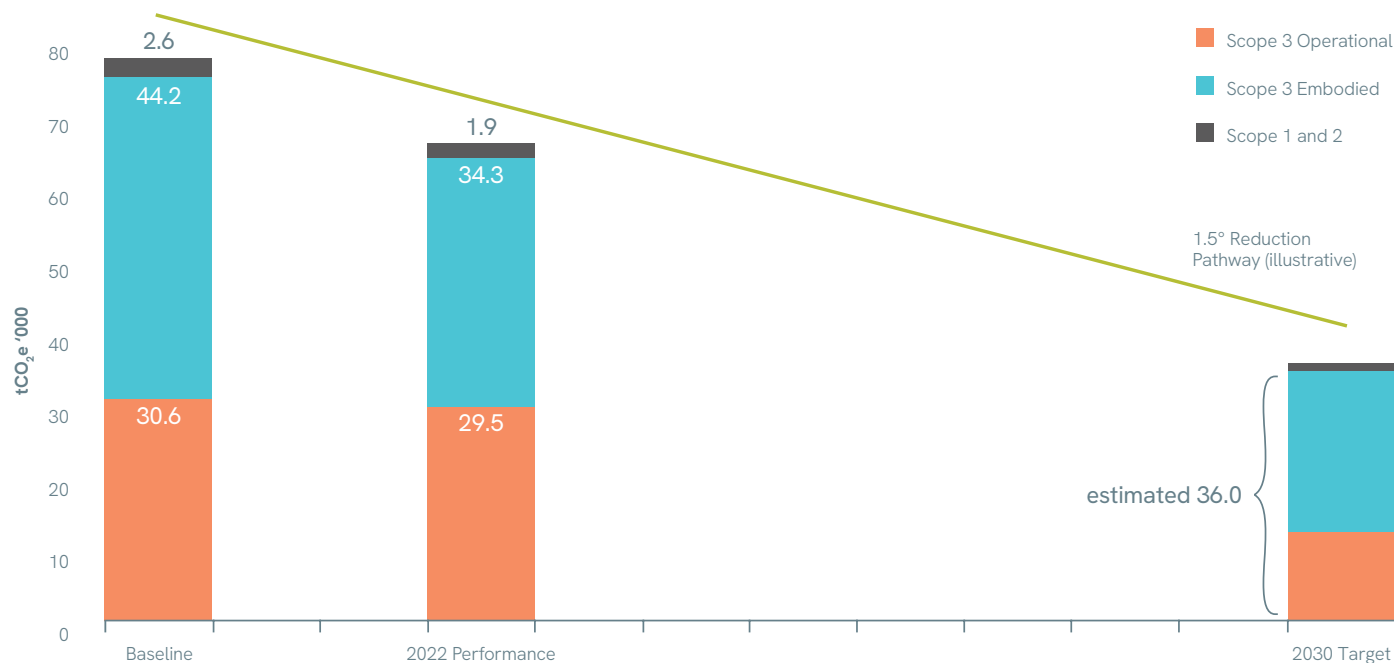
Scope 3 Embodied carbon:

taking a retrofit-first approach, and working with a low-carbon supply chain and materials together minimise embodied carbon associated with construction, as well as helping reduce air pollution

We will achieve Net Zero Carbon when we have reduced our carbon emissions in line with our science-based targets and there is a balance between the amount of GHG emissions produced and the amount removed from the atmosphere. Our focus is to reduce GHG emissions resulting from our buildings and operations as far as possible, then offset any unavoidable residual emissions.

To achieve our net zero carbon goal, we commit to following the established energy hierarchy, initially through fabric improvements and prioritisation of energy efficiency, then generation of renewable energy and finally utilisation of carbon offsetting. We will always consider the addition of renewable energy where appropriate. Our decarbonisation efforts will be supported by an ongoing commitment to improve the resilience of our places to mitigate climate change impacts.

Carbon reduction performance to date



Offset remaining emissions with high quality verified carbon removal schemes



Scope 3 Operational carbon:

removing gas heating and cooking, building occupier engagement to promote low-carbon behaviour and data sharing, and promoting green tariffs

Scope 1 & 2: implementing corporate energy efficiency measures across our head office and landlord-controlled areas

50-75%

of embodied carbon¹ can be saved by refurbishing compared with demolition and rebuild

1

50% Reduction in Embodied Carbon

¹ Depending on building type
source: Carbon Leadership Forum – University of Washington

50% Reduction in embodied carbon

Our long-established strategy is to preserve and improve our heritage buildings through refurbishment, which extends their useful economic life at relatively low levels of capital expenditure, whilst continuing to meet the evolving demands of our occupiers and consumers.

Studies show that a refurbishment approach saves between 50-75 per cent¹ of embodied carbon compared with demolition and rebuild, with the added benefit of avoiding air pollution, both from vehicles to site and construction activities.

Our buildings, many of which are at least 150 years old, are already long-term stores of carbon. In our refurbishment activities, we seek to minimise the introduction of new embodied carbon, and it is this which we are targeting to further reduce by 50 per cent by 2030, partly through the carbon intensity targets set out in the table below.

We will:

- Prioritise refurbishment using sustainable materials
- Retain building fabric/façade wherever possible
- Encourage reuse of materials and consider the end-of-life treatment of materials
- Prioritise recycled and reused materials
- Use Whole Life Carbon assessments and circular economy principles in our refurbishments and retrofits at milestone stages. This ensures that materials and products used can be reused or recycled whilst minimising waste and extraction of raw or virgin materials
- Track and report embodied carbon data for refurbishment projects to enhance our understanding of emissions and where to target future interventions
- Target an embodied carbon of below 350kg CO₂e per m² by 2030
- Enhance and expand our existing carbon pricing approach for the whole organisation including benchmarking

Embodied carbon targets kgCO₂e per m² GIA

Project		by 2024	by 2027	by 2030
Commercial	Minor Refurbishment	275	250	175
	Major Refurbishment	450	425	350
Residential	Minor Refurbishment	200	175	100
	Major Refurbishment	350	300	200

1. Depending on building type source: Carbon Leadership Forum – University of Washington



78%

of our estate by ERV is EPC rated A-C

2

**60% Reduction in
operational carbon**

60% Reduction in operational carbon

Operational carbon emissions arise from all on-site activities including energy consumption, waste and water consumption, deliveries, on-site consumables and employee commuting. It is, therefore, vital that a holistic approach is undertaken. As shown in the baseline on page 6, a significant proportion of these emissions arise from occupied space. This will, therefore, require a collaborative approach to reducing energy emissions with our occupiers.

We will:

- Deliver energy efficient retrofit including moving to low carbon heating and cooling. This focuses on design for reduced carbon emission performance by minimising absolute kWh energy consumption, and trialling new technology to manage and reduce carbon emissions
- Develop CRREM-aligned energy reduction pathways for our buildings
- Electrify heating and cooking – phasing out fossil fuels
- Procure renewable energy from REGO-backed or certified sources
- Explore feasibility both of Power Purchase Agreements which can demonstrate additionality (new renewable energy generation capacity), and innovative value chain collaboration to further reduce operational carbon
- Develop a complete, real-time robust data model through use of green leases, smart meters and technology
- Broaden occupier engagement including a collaborative best practice engagement programme, and year-on-year growth in data sharing leases as part of our green lease renewals
- Explore data sharing agreements with existing occupiers where there is no near-term renewal date
- Engage with occupiers to support the development of their own carbon targets and deliver on their own carbon reduction plans

Operational Energy use targets kWh/m² GIA per annum

Asset type	by 2024	by 2027	by 2030
Commercial	120	110	90
Residential	75	60	35



3

Prioritise innovation and renewables



Prioritise innovation and renewables

Innovation across all our activities is one of the pillars of our ESC Strategy. We will continue to seek out and prioritise innovative partners and approaches to monitor, measure, reduce carbon and deliver our Net Zero Carbon ambition.

Renewable energy generation is core to the transition to a low carbon economy and as UK-wide electrification rises, there will be rising demand for renewable energy. We will continue to procure REGO-certified energy and investigate the potential for onsite renewable energy generation and storage throughout the estate.

We will:

- Trial and implement new technologies and working practices that support our carbon goals
- Publish case studies to share knowledge on technologies and working practices to accelerate and support overall sector knowledge
- Prioritise working with supply chain partners who want to transition to net zero carbon
- Maximise the estate renewable energy generation capability
- Identify opportunities which enable smarter use of grid electricity, including the potential for battery storage
- Develop a KPI to report on the proportion of renewable energy generated



4

Residual emission offsetting



Residual Emission Offsetting

Whilst we are yet to fully develop our offsetting strategy, we recognise that there are a broad range of offsetting approaches, some of which are not having the impact that they claim. We will ensure that any scheme that we support aligns with our own values and industry best practice.

We will:

- Only use independently certified schemes
- Follow prevailing UKGBC and BBP guidelines
- Prioritise nature-based and removal solutions
- Where practical support carbon offsetting projects in our local area
- Follow the Oxford Principles for carbon offsetting projects
- Share our carbon offsetting learnings with our occupiers through our occupier engagement programme



5

Creating resilient Places

Creating resilient places

We recognise the importance of climate adaptation and resilience. While the first four activities in our pathway address carbon reduction, mitigation and removal, we recognise that the impacts of climate change are already being felt.

Our approach to climate risks and opportunities was disclosed by both companies within their Task Force on Climate-Related Financial Disclosures (“TCFD”) reporting in 2022 and this will be updated in our upcoming 2023 results. We are resolved to implement climate-resilient adaptations which allow buildings and occupiers to continue to operate effectively in the face of increased extreme adverse weather which may occur. Over the long-term, adverse weather in London is expected to primarily manifest in either extreme heat or flash flooding.

We will:

- Scope and implement building adaptations which prepare for the extreme weather associated with existing and anticipated climate change in Central London through modelling where appropriate
- Innovate to improve building resilience and mitigate anticipated extreme weather such as extreme heat, flash flooding and other conditions identified over time
- Increase green space and biodiversity
- Consider the impacts of climate change on any new acquisition

- Invest in research and development to maximise climate resilience of heritage buildings
 - Increase in local greening to cut peak summer temperatures and encourage biodiversity
 - Follow the BBP climate resilience guide which requires a strategy to mitigate, adapt and disclose:
1. **Mitigate:** we are committed to becoming net zero carbon by 2030 and have set out in this roadmap a range of actions that we will take to deliver the carbon reductions that are required
 2. **Adapt:** we have set out the risks and opportunities from climate change in our TCFD reporting and are adapting the design of our places to meet the challenges we have identified. This includes the ongoing greening of our portfolio
 3. **Disclose:** we have a TCFD disclosure and continue to report our progress against our Net Zero Carbon targets



Pathway Timeline

A formal pathway progress review will be published externally at least every three years, and we will publish progress updates at least annually within our corporate reporting.

● In Progress ● Not yet started

2024

- Shaftesbury Capital controlled supplies on Automated Meter Reading/smart meters
- Secure Science-Based Targets Initiative validation that our combined Net Zero Carbon targets align to 1.5° C trajectory
- Publish Carbon offsetting policy and sustainable fit-out guidance
- Benchmark and update our internal carbon pricing approach
- Develop and cost plan for removal of all gas boilers (under Shaftesbury Capital's control)
- Engage with key suppliers to commence transition to net zero carbon
- 80 per cent of estate EPC C rated or above
- Publish Whole Life Carbon targets
- Undertake whole life carbon audits on any major (above £250k capital value) refurbishments
- Determine feasibility of Power Purchase Agreements
- CRREM pathways for individual assets
- Commence formal occupier engagement including on transition from gas
- Implement first cooking electrification projects

2025-2027

- First zero carbon refurbishment completed
- Net Zero Carbon pathway audits and plan for major assets covering all asset classes
- Reach 100 per cent carbon data coverage, other than occupier emissions where the target is >75 per cent coverage
- Achieve 75 per cent (by spend) of supply chain commitment to Net Zero Carbon
- Implementation of further renewable energy schemes
- First battery storage
- Aim for EPC B on 75 per cent of commercial units by ERV
- Enhance occupier engagement programme to increase proportion of occupiers implementing net zero carbon strategies including procuring renewable energy
- Promote occupier and operational vehicle consolidation and develop appropriate reduction targets
- Design all retrofit and refurbishment projects to include fossil fuel free carbon heating and cooling
- Incorporate Net Zero Carbon commitment into our leasing process

2028-2030

- Net Zero Carbon achieved across Shaftesbury Capital by 2030
- All development and refurbishment projects are Net Zero Carbon
- Achieve 100 per cent of occupier carbon data coverage
- Achieve 100 per cent supply chain commitment to Net Zero Carbon for major suppliers
- Reach embodied carbon limit of 350kg CO₂e/m² on major commercial refurbishments
- Reach commercial operational carbon target of 90 kwh/m²
- Removal of all gas boilers (under SHC's control)
- Full estate MEES best practice (EPCs: Commercial B, Residential C)
- Continued occupier engagement programme on use of renewable energy and best practice implementation
- Determine and report on approach to any scope 3 occupier emissions not able to be covered and requiring 2035 extension including interim, offsetting approach.

Governance, Monitoring & Reporting

Our commitment to being Net Zero Carbon by 2030 is core to our business strategy. To support this, we have a robust governance framework to ensure that progress against our Net Zero Carbon Pathway is closely monitored and reported to the Board regularly.

Day-to-day implementation is the responsibility of our Sustainability team, supported by the ESC Management Committee – a management level committee, which reports and co-ordinates the sustainability, environmental management, community engagement and charitable activities of the business. The Committee reports to the Executive Committee (“ExCo”) and the Board ESC Committee.

The Board ESC Committee, which is chaired by me, and includes three other Non-executive Directors, monitors implementation of our ESC Strategy on behalf of the Board. The committee meets at least three times a year and reports directly to the Board, receiving formal reports from the Sustainability team with whom I meet regularly. Climate-related disclosures in our statutory reporting are considered by the Audit Committee.

Our Net Zero Carbon Pathway is a live plan and progress against the actions outlined on pages 9 - 19 will be monitored by the ESC Management Committee on a quarterly basis with updates to the ExCo and the Board ESC Committee. We

monitor and report against both operational and project sustainability plans.

Our overarching targets and specific actions required to achieve the necessary decarbonisation are set out in various internal policies, contractual requirements with our supply chain and in our lease agreements.

We participate in GRESB and CDP and have achieved EPRA Gold for sustainability reporting. We are a formal supporter of TCFD. Our climate change risks and opportunities are set out in our annual TCFD report.

We will report externally on progress against our targets at least annually. A formal review of the Pathway against changes to the portfolio and sector practice will be conducted at least every three years. Our Net Zero Carbon commitment will continue to be incorporated into our existing sustainability frameworks and policies.

Our talented and committed team has a vital role to play in achieving our ambitious target. We will continue to provide support to allow them to gain the skills and knowledge they need to deliver against the Pathway. All employees have sustainability targets within their annual reward metrics.

Charlotte Boyle

Independent Non-executive Director and
Chair of Board ESC Committee



Appendices



Appendix A: Detailed Investment Boundary

Area	Inclusions	Exclusions	Comments
Commercial Assets	<ul style="list-style-type: none"> Assets directly managed by Shaftesbury Capital Refurbishments and developments Asset classes, other than residential (see below) This will include activities across our estates including Shaftesbury Capital managed indoor, and outdoor public areas 	<ul style="list-style-type: none"> Assets where Shaftesbury Capital has a minority interest and/or voting rights, or does not exercise operational or management control 	<ul style="list-style-type: none"> Where Shaftesbury Capital does not exercise operational or management control, such emissions may not be able to be reduced in line with our targets. There are currently no such assets. In such circumstances, Shaftesbury Capital will seek to influence both through choice of partner and engagement
Residential Assets	<ul style="list-style-type: none"> Newly developed or refurbished residential units whether for sale or rent Residential units for rent 	<ul style="list-style-type: none"> Residential units held under long leases 	<ul style="list-style-type: none"> Shaftesbury Capital has limited control or influence over residential units held under long leases. We will engage with long leaseholders on projects intended to improve carbon efficiency of common parts or their demises towards net zero carbon with a menu of potential improvements and by sharing our experience
Owner & Occupier	<ul style="list-style-type: none"> Energy consumption in owner and occupier controlled areas Incorporation of Net Zero Carbon commitment to occupier selection criteria 	<ul style="list-style-type: none"> Occupier supply chain and business model Embodied carbon of occupier fit-outs 	<ul style="list-style-type: none"> Shaftesbury Capital has limited control over the carbon impact of occupiers' business models. We will seek over time to support, influence and work with our occupiers to help them leverage our own experience and collaborative estate best practice to reduce their carbon footprint
Acquisitions & Disposals	<ul style="list-style-type: none"> Acquisitions will include Net Zero Carbon in the due diligence with an assessment of costs to implement transition. New acquisitions will be immediately included in our footprint, with an intention to have a full net zero asset plan within 12 months 	<ul style="list-style-type: none"> Disposals made during the course of any financial year 	<ul style="list-style-type: none"> A transitional period of up to 12 months from the date of acquisition will be allowed to determine a net zero asset plan

Appendix B: Scope of Commitment and Alignment with the GHG Protocol

The table below sets out the scope of the SHC Net Zero Carbon commitment in alignment with the BBP Climate Commitment and GHG Protocol.

Business area	Sub-Area	GHG Protocol Reporting Category	Carbon Scope	Inclusion in BBP Commitment	Inclusion in Shaftesbury Capital's NZC Commitment
Corporate	Head office energy use	Company facilities	1 & 2	x	✓
	Company vehicles	Company vehicles	1	x	✓
	Business travel (excluding commuting)	Business travel	3	x	✓
	Purchased goods and services	Purchased goods and services	3	x	✓
	Operational waste generated	Waste generated in operations	3	x	✓
	Operational water use	Purchased goods and services	3	x	✓
	Employee commuting	Employee commuting	3	x	✓
Direct Real Estate Holdings (including JVs with management control)	Landlord purchased energy (electricity & fuels)	Purchased electricity, heat and steam	1, 2 & 3	✓	✓
	Occupier purchased energy (electricity & fuels)	Downstream leased assets	3	✓	✓ ¹
	Landlord refrigerants	Purchased goods and services	1	✓	✓
	Occupier refrigerants	Occupier Scope 3	3	x	x
	Landlord purchased water	Purchased goods and services	3	✓	✓
	Occupier purchased water	Occupier Scope 3	3	x	x
	Landlord managed operational waste	Waste generated in operations	3	✓	✓
	Occupier managed operational waste	Occupier Scope 3	3	x	x
	Occupier transport emissions	Occupier Scope 3	3	x	x
	Occupier supply chain emissions	Occupier Scope 3	3	x	x
	Landlord purchased capital goods & services (M&E & property management services) ²	Purchased goods and services	3	✓	✓

1. Excluding long leasehold

2. This relates to services procured by the landlord to service and maintain the space e.g. property management, service charge recoverable items and minor capital expenditure.

Appendix B: Scope of Commitment and Alignment with the GHG Protocol continued

Business area	Sub-Area	GHG Protocol Reporting Category	Carbon Scope	Inclusion in BBP Commitment	Inclusion in Shaftesbury Capital's NZC Commitment
Investments (Indirect Real Estate Holdings, e.g. where investments are managed by a third party such as JVs with no management control or investments in other real estate investment vehicles) ¹	Landlord purchased energy (electricity & fuels)	Investments (proportional to the investment)	3	✓	Not Applicable
	Occupier purchased energy (electricity & fuels)	Investments (proportional to the investment)	3	✓	Not Applicable
	Landlord refrigerants	Investments (proportional to the investment)	3	✓	Not Applicable
	Occupier refrigerants	Occupier Scope 3	3	×	Not Applicable
	Landlord purchased water	Investments (proportional to the investment)	3	✓	Not Applicable
	Occupier purchased water	Occupier Scope 3	3	×	Not Applicable
	Landlord managed operational waste	Investments (proportional to the investment)	3	✓	Not Applicable
	Occupier managed operational waste	Occupier Scope 3	3	×	Not Applicable
	Visitors transport emissions	Occupier Scope 3	3	×	Not Applicable
	Occupier supply chain emissions	Occupier Scope 3	3	×	Not Applicable
	Landlord purchased capital goods & services (M&E & property management services) ²	Purchased goods and services	3	✓	Not Applicable
Development	New development (including those where funding is being provided)	Purchased goods and services	3	✓	✓
	Refurbishments	Purchased goods and services	3	✓	✓
	Fit-out (landlord controlled)	Purchased goods and services	3	✓	✓
	Fit-out (occupier controlled)	Occupier Scope 3	3	✓	×
	End of life	End of life treatment of sold products	3	×	×

1. For indirect investments carbon emissions are attributed as a % ownership of the investment.

2. This relates to services procured by the landlord to service and maintain the space e.g. property management, service charge recoverable items and minor capital expenditure

Appendix C: Detailed Delivery strategy

The table below sets out how Shaftesbury Capital will deliver and report against the outcomes and aims that we have set out to achieve.

Topic	Outcomes / Aims	Delivery / Management Strategy	Reporting Metric
Embodied carbon	<ul style="list-style-type: none"> Reduce the embodied carbon of all developments, refurbishments, retrofits and corporate activities by 50% by 2030 Incentivise delivery of low carbon schemes through design and decision-making process 	<ul style="list-style-type: none"> Implement Whole Life Carbon Assessments for projects in excess of £250,000 and a continued low carbon approach on smaller projects Incentivise carbon saving through project life cycle and allocate funds for future retrofit and offsets Work with suppliers who share a commitment to net zero carbon and are able to measure embodied carbon, using enhanced supply chain management Innovate through circular economy principles using recycled and re-used materials designed for end of life recoverability and material tracking Engage with occupiers on embodied carbon of fit-out using sustainable occupier fit-out guide and green leases, establishing ways to support occupiers to reduce fit-out carbon and offset where appropriate Identify and implement opportunities for additional energy capture at source such as heat recovery systems 	<ul style="list-style-type: none"> Carbon intensity (kgCO₂/m²/GIA) Proportion of materials reused or recycled through projects
Operational carbon (energy, water and waste)	<ul style="list-style-type: none"> 60% reduction in operational energy carbon intensity by 2030 (kgCO₂/m²/GIA/year) All units to comply with MEES and future In-use requirements by 2030 Embed net zero carbon through supply chain Full occupier carbon coverage and reduce occupier operational carbon by 60% on our baseline year 	<ul style="list-style-type: none"> Identify and implement replacement technologies for gas heating throughout the portfolio Specify low carbon heating and cooling on applicable developments, refurbishments and retrofits Enhance completeness and granularity of operational energy and water consumption data across landlord and occupier space by modernising all meter and installation of AMR (Automated Meter Reading) or additional sub-metering where required Prioritise working with supply chain partners who are committed to net zero carbon, incorporating this into contracts and monitoring Develop and establish tailored energy efficiency five-year asset management and maintenance programmes for our properties Enhance occupier engagement programme to prioritise energy, waste and water data through use of green leases, including through use of the Community Charter where appropriate Work with occupiers to drive reduced on-estate vehicle movements through delivery and waste consolidation Through regular review of the waste production and recycling figures, set reduction targets and monitor ongoing performance 	<ul style="list-style-type: none"> Energy intensity (kWh/m²/year) Carbon intensity (kgCO₂/m²/GIA/year) Proportion of suppliers with Net Zero targets Proportion of occupiers on green leases and with net zero carbon targets Reduction in m³/m² water used % waste recycled
On-site generation	<ul style="list-style-type: none"> Maximise estate renewable energy generation New technologies identified for renewable power generation in heritage environment 	<ul style="list-style-type: none"> Complete in depth feasibility study to identify assets or public areas with practical renewable energy generation potential Leverage learnings from existing renewable energy generation trials Engage with innovators to identify, trial renewable energy technologies which increase proportion of on-site energy generation reducing reliance on grid 	<ul style="list-style-type: none"> kWh of on-site generation Location and market-based emissions (tCO₂e)

Appendix C: Detailed Delivery strategy continued

Topic	Outcomes / Aims	Delivery / Management Strategy	Reporting Metric
Renewables Procurement	<ul style="list-style-type: none"> Ensure all energy procured by Shaftesbury Capital is renewable in line with UKGBC guidance Maximise proportion of occupier energy procurement through REGO suppliers 	<ul style="list-style-type: none"> Mandate the use of 100% REGO-backed electricity from additional sources, and source Renewable Gas Guarantee of Origin ("RGGO") backed gas for residual gas requirements Investigate the potential of PPA-style agreements with UK-based renewable energy supplier for use across the estate and occupiers Engage with occupiers to encourage and incentivise use of REGO and RGGO-backed renewable power 	<ul style="list-style-type: none"> Proportion of Shaftesbury Capital portfolio on REGO and RGGO renewable energy contracts Proportion of occupier portfolio on renewable energy contracts
Adaptation and Resilience	<ul style="list-style-type: none"> Maximise asset resilience by design to identified climate resilience scenario risks 	<ul style="list-style-type: none"> Complete climate adaptation and resilience scenario stress testing analysis for developments and refurbishments Identify and implement resilience measures focusing initially on extreme heat and flash flooding Develop a core skillset to identify and cost any incremental resilience measures through building acquisition due diligence 	<ul style="list-style-type: none"> Proportion of buildings with assessments undertaken and measures implemented
Offsetting	<ul style="list-style-type: none"> All residual emissions are offset through certified scheme Carbon capture opportunities identified and implemented 	<ul style="list-style-type: none"> Quantify and offset all residual development, operational and corporate emissions in line with the offset criteria of UKGBC and sector best practice Innovate on carbon offsetting opportunities in a heritage built environment Encourage and incentivise use of carbon offsetting through occupier engagement programme 	<ul style="list-style-type: none"> Proportion of carbon offset Reducing total year-on-year on both location- and market-based bases
Third-party verification; industry standards and certification	<ul style="list-style-type: none"> Incorporate robust third-party verification of carbon emissions and offsets Secure approval from the Science-Based Targets initiative that our targets are aligned with the 1.5°C trajectory required by SBTi Regular review and monitoring of Net Zero Pathway against UKGBC and BBP standards Reporting transparency using EPRA sBPR, and through GRESB, CDP and other indices 	<ul style="list-style-type: none"> Work with external auditors to incorporate measurement and verification of Net Zero Carbon work into our non-financial assurance process Incorporation of Net Zero Carbon and carbon reporting into our rolling internal audit programme Developments to achieve an appropriate sustainability certification through SKA, BREEAM (Building Research Establishment Environment Assessment Method, published by the Building Research Establishment) or others Enhanced reporting of MEES (Energy Performance Certificates, EPCs) asset status and increase proportion of estate covered by In use certification (e.g. BREEAM In use) Commitment to work with existing and major indices to improve visibility 	<ul style="list-style-type: none"> Verification certificates Proportion of verified buildings Reported Index scores

Appendix D: Glossary / Key Terms

BBP	The Better Buildings Partnership is a collaboration of the UK's leading commercial property owners who are working together to improve sustainability of existing commercial building stock.
CO₂e, Carbon Dioxide equivalent	A measure used to compare the emissions from different greenhouse gases on the basis of their global-warming potential (GWP).
Carbon Efficient	A process, building or operation designed to operate with reduced or no associated carbon emissions.
Carbon Emissions	The release of carbon and carbon equivalents into the atmosphere associated with any form of activity.
Circular Economy	A design and manufacturing approach which targets minimal waste through reuse, repair and recycling of materials and may include reuse of existing assets in development, designing new buildings for eventual recoverability of materials upon disassembly, or a construction process which designs out waste.
CRREM	The Carbon Risk Real Estate Monitor is the leading global standard and initiative for operational decarbonisation of real estate assets.
Embodied Carbon	The total carbon emissions generated during the creation of a product. Including the extraction, manufacture, transportation, processing, assembly, replacement and deconstruction of the materials required to create the product.
ESC	Shaftesbury Capital has an Environment, Sustainability & Community strategy as set out on our website which is overseen by the Board ESC Committee.
FRI Lease	A Fully Repairing and Insuring lease in which the occupier bears responsibility for the cost of repair, maintenance and insurance of the property.
GHG Protocol	A widely recognised corporate accounting and reporting standard published by the World Resources Institute, pursuant to which organisations report their greenhouse gas emissions.
GRESB	Global Real Estate Sustainability Benchmark.
LCA	Life-Cycle Assessment is defined as the systematic analysis of the potential environmental impacts of products during their entire life cycle.
LETI	The London Energy Transformation Initiative, a network of built environment professionals working to put London on path to Net Zero Carbon.
MEES	Minimum Energy Efficiency Standard, required to be met pursuant to the Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015 (SI 2015/962).
Net Zero Carbon	Shaftesbury Capital will achieve Net Zero Carbon when there is a balance between the amount of GHG emissions produced and the amount removed from the atmosphere. Our approach aims to first reduce GHG emissions resulting from our buildings and operations, then offset any unavoidable residual emissions. This will mean we have achieved Net Zero Carbon.
Oxford Principles for offsetting	The Oxford Offsetting Principles report is an essential resource to guide the design and delivery of voluntary net-zero commitments by government, cities and companies.
PPAs	Power Purchase Agreements, which are contracts for the purchase of electricity from one or more generation projects, typically between 5 and 20 years in length.
Residual Carbon	Remaining carbon, which after all mitigating activities continues, to be associated with a particular activity or asset.
Renewable Energy Guarantees of Origin (REGO)	A certification scheme administered by Ofgem, which certifies that power supplied to the consumer comes from a renewable source.
Renewable Gas Guarantee of Origin (RGGO)	A certification scheme administered by Ofgem, which certifies that gas supplied to the consumer is from an authentic green source and has not been sold to anyone else.
Science Based Targets initiative (SBTi)	The Science Based Targets initiative drives ambitious climate action in the private sector by enabling organisations to set science-based emissions reduction targets.
Scope 1 emissions	Direct GHG emissions from an organisation's building, vehicles and plant, including the combustion of fuel.
Scope 2 emissions	Indirect GHG emissions from the generation of purchased electricity or other energy.
Scope 3 emissions	Other indirect emissions consequential to the activities of the business, which occur from sources not owned or controlled by the business, including energy use by occupiers, embodied carbon of materials used in developments and refurbishments, third-party procured goods and services.
SKA	The SKA rating is a Royal Institute of Chartered Surveyors (RICS) environmental assessment method, benchmark and standard for non-domestic fit outs. It helps landlords and occupiers assess fit out projects against a set of sustainability good practice criteria known as good practice measures.
Task Force on Climate-Related Financial Disclosures (TCFD)	The TCFD developed a framework to help companies more effectively disclose climate-related risks and opportunities through existing reporting processes.
UK Green Building Council (UKGBC)	A charitable organisation within the property sector, which campaigns for a sustainable built environment.
White boxing	The refurbishment process of returning a commercial demise to readily lettable state following the expiry of an existing lease.
Whole Life Carbon	The total embodied and operational emissions that occur over the lifetime of a building, including the carbon associated with decommissioning at end of life.