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INTRODUCTION



A WORD FROM OUR PARTNERS

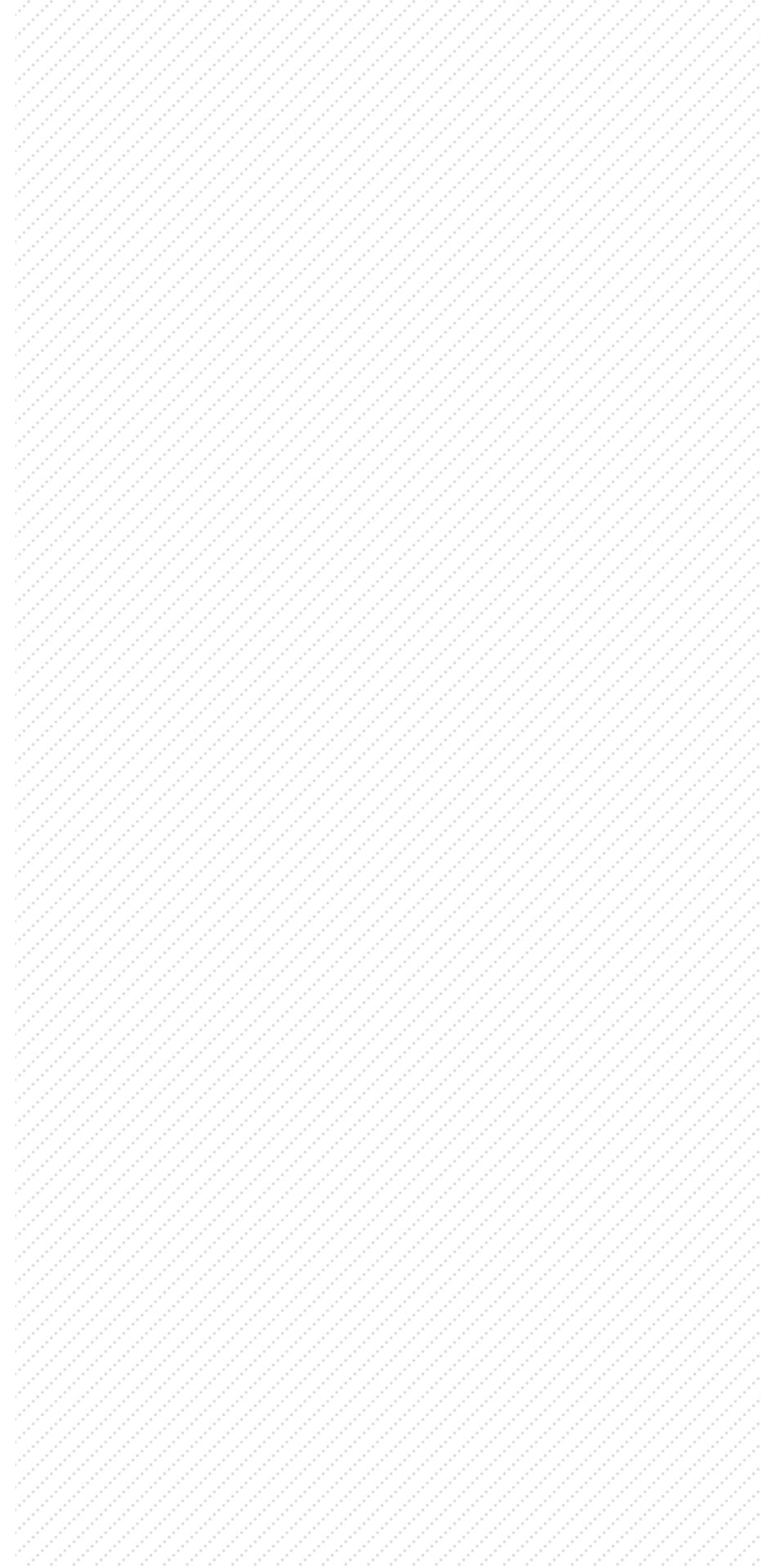
Welcome to our 2022 Environmental, Social, and Governance (“ESG”) report, which outlines our ongoing commitment to adopt sustainable and responsible business practices. At Castleforge, we put our capital to work to promote significant transformation, driving positive, sustainable change to the way people interact with the built environment. This report details our efforts to integrate ESG considerations into all facets of our environmental footprint; to improve our social impact; and to optimise governance structures. We recognise that this is a journey with much work to be done and so we are publicly outlining our targets through this report to ensure transparency and accountability in meeting our commitments.

This has been an exciting time for Castleforge. From the acquisition of Winchester House, where we will trailblaze a new class of amenity-rich sustainable offices; to securing planning permission at 1 Golden Lane, where we are making use of the most cutting-edge construction techniques in line with our Net Zero Carbon commitment; ESG is at the heart of our investment strategy, design, management, and operation of our buildings.

We are delighted to have launched our first Article 8 Fund under the EU’s Sustainable Finance Disclosure Regulations to actively promote environmental and social characteristics through all investments. This has long been a requirement for investments to meet our criteria, however formalising this is vital from a transparency and governance perspective.



Cathedral Square
Bristol



Bromley Old Town Hall
London

The next step for us will be to meet our ambition of setting up an Article 9 Social Impact Fund with the purpose of investing in property which has a significant positive social impact. This journey has already begun, as our residential platform, managed by Ocasa, is grounded in social principles, and provides a high-quality affordable residential product to lower- and mid-market renters in an underserved and under-institutionalised market. On an ongoing basis, through the operation of our residential investments, Ocasa creates positive social impact and stewardship by engaging with local councils and residents' groups to assist in safety initiatives within the local communities where we invest.

We recognise that there is a climate emergency which we have a moral and fiduciary duty to respond to. As part of this, we have committed to adopt a formal net zero strategy in the next 12 months. This will initially focus on how we can achieve carbon-neutral, and ultimately carbon-negative, developments and this report talks about some of the pioneering construction techniques that we are already implementing to achieve this. Across all asset classes, we target assets which are approaching obsolescence and implement various improvements with the aim of achieving the highest possible ratings under the Building Research Establishment Environmental Assessment Method ("BREEAM"). BREEAM is the leading standard for best practice in sustainable design and assesses the performance

of buildings over a wide range of environmental issues to produce a compliance rating. Investing in assets and improving their BREEAM rating enhances resource efficiency and encourages responsible sourcing, reuse and recycling of building materials. In turn, investing in assets with the aim of achieving a high BREEAM rating should result in reduced greenhouse gas emissions and the effects of climate change.

This year saw the establishment of a formalised ESG Committee at Castleforge which has been a fantastic step in coordinating our ESG activities, ensuring that our priorities are clear, that responsibility for ESG is included within our employee appraisal process, and that we have a transparent pathway to report against the various commitments that we have signed up to. Everyone at Castleforge is responsible for ESG and we are excited to continue to take further steps to ensure our actions continue to drive positive, sustainable change.

We hope that you find this report informative and we welcome questions and feedback, which can be directed to esg@castleforge.com.

Best wishes

Julian Feldman, Michael Kovacs and Adam MacLeod

INTRODUCING THE CASTLEFORGE ESG COMMITTEE

Our dedicated ESG Committee is made up of representatives from across the business to ensure that ESG is rooted in all Castleforge activities.



Nnesochi Ajukwu
Associate,
Investor Relations



Lauren Brownlow
Head of People



Thomas Conneely
Senior Asset Manager



Kirstin Dunn
Legal Counsel



Julian Feldman
Partner



Michael Kovacs
Founding Partner



Adam MacLeod
Partner



Matt Reid
Head of Development
and Asset Management



Laura Ruthven
Head of Investor
Relations

2022: THE HEADLINES



Completed 52 hours of ESG training across the firm.



Worked with Government to provide accommodation to Ukrainian refugees in Cardiff.



Achieved Gold & Silver WiredScore and ActiveScore certification for all assets in the Isambard portfolio.



All staff completed employee engagement and Diversity Equity and Inclusion ("DEI") surveys.



Provided keyworker accommodation through our residential portfolio.



Overall satisfaction scores increased from 7.5 to 7.8 out of 10 within our regional office portfolio.



Placed 1st cohort from 10,000 Black Interns programme.



Joined the Net Zero Asset Managers initiative.



Registered all UK regional offices with local Safe Places schemes where in operation (a network providing refuge and support for anyone at risk).



Green Tourism certification assessments commissioned at all hotels.



BREEAM assessments underway on all assets in the Isambard portfolio.



Registered defibrillators installed across all of our UK regional office portfolio.



Launched our first Article 8 Fund.



Visual metering surveys completed at all UK office properties.



Published first Castleforge Culture Deck, to reiterate our purpose, vision and values.

THE CASTLEFORGE ESG PILLARS

We want to ensure that our ESG commitments have teeth. At Castleforge ESG is more than a general commitment to be greener, more sustainable and implement best practice.

Our ESG Committee has looked at what we do as a business and developed a strategy aligned to the way we operate, which will enable us to make the most meaningful impact.

We have established three pillars which underpin all ESG activity across our business:

 BUILT ENVIRONMENT

 COMMUNITY

 PEOPLE



The Generator Building
Bristol

THE CASTLEFORGE ESG PILLARS

Accountability, or governance, underpins all three of our pillars. For us, this means the reporting regimes and frameworks that we sign up to as part of our commitments under each pillar; our relationships with third party operators; as well as the internal measures that we implement to monitor progress and measure performance against our objectives.



This report looks at each pillar in detail and sets out the specific commitments that we have made in each area; our objectives in line with these commitments; and our pathway to achieve and maintain these objectives. Full details of the basis on which this report has been prepared are set out in Appendix 2, together with the relevant performance data at Appendix 3 and 4.

Our ambition is clear. By 2030 we want to be one of Europe's most trusted real estate investment managers, and one who takes bold steps to set market precedent. We will get there by building the strongest foundations, creating standout tenant experiences, and leading the way to a bright, sustainable future. The pillars of our ESG strategy derive from this ambition and the commitments we have made to achieve our goal.



ACCOUNTABILITY

We want to ensure that all our stakeholders have visibility on our ESG commitments as well as our progress towards achieving and maintaining them as part of our commitment to adopt the highest standards of governance and accountability.

We make three overarching commitments here: we will track and report annually on the commitments made under each pillar in this report; we will collaborate with like-minded organisations to ensure adherence to the highest sustainability practices; and we will submit to external standards and reporting regimes to undertake an independent assessment of our efforts in line with our peers.

Annual ESG Report

The objective of this report is to outline our ongoing commitment to adopt sustainable and responsible business practices. We will publish this report annually to update on our ESG activities and progress towards meeting, achieving and maintaining our goals. By publicly disclosing our targets, we are prioritising transparency and accountability in fulfilling our commitments. We recognise that setting clear targets and tracking our progress is essential to achieve real impact and demonstrate our dedication to sustainability.

Third party collaboration

We are proud to be a member of the UK Green Building Council, an industry-led network that aims to create a built environment that is sustainable, efficient and healthy. As a member, we have access to valuable resources, such as research, events, and best practice guidance to support our efforts in developing and managing



“It is vital that we not only ensure compliance with all legal requirements and voluntary frameworks to which we are aligned, but also that we have an eye to the future so that we are in the best possible position to adapt our business to comply with best practice in the evolving ESG landscape.”

Kirstin Dunn
Legal Counsel

sustainable real estate projects. We recognise that buildings are a significant contributor to global carbon emissions, and we are committed to reducing our impact by promoting the highest sustainability standards across all aspects of our operations.

We further recognise that we have an important role to play to encourage sustainable and responsible business practices which align to our own ESG commitments as part of our procurement process. In 2023 we will adopt a Supplier Standards Policy to formally set out the requirements that must be met by third parties who want to work with us as detailed at pages 28 and 38 of this report.

External Commitments

As a declaration of our ESG commitment, Castleforge is a signatory to the United Nations Principles for Responsible Investment (“PRI”) and is a member of Net Zero Asset Managers initiative. Castleforge has aligned its ESG objectives with the UN-backed Sustainable Development Goals (“SDG”) and will report its activity against these indicators going forward as detailed at pages 11 to 12. We are also seeking to align reporting with the Task Force on Climate-related Financial Disclosures (“TCFD”) and are making efforts to report on these disclosures in future. All new funds will be required to be classified under the Sustainable Finance Disclosure Regulations (“SFDR”) and report accordingly. Certain funds will also submit assessments under the Global Real Estate Sustainability Benchmark (“GRESB”). We provide details of our efforts to date in the following sections.



PRINCIPLES FOR RESPONSIBLE INVESTMENT

Castleforge has been a UN PRI signatory since 2019. We completed our first marked assessment in 2021, where we scored 4 out of 5 stars for our Investment and Stewardship Policy and 3 stars for Direct Real Estate.

Following the relaunch of UN PRI's reporting framework we will be completing the assessment again in 2023. In the meantime, we have significantly improved our own ESG framework and capabilities and so hope to demonstrate this advancement in the next assessment.



Investment and Stewardship Policy



Direct Real Estate

NET ZERO ASSET MANAGERS INITIATIVE

In 2022, we became a member of the Net Zero Asset Managers initiative, joining a group of leading asset managers committed to achieving net zero greenhouse gas emissions for investments under management by 2050 or sooner.

The Net Zero Asset Managers initiative is a formal partner of UNFCCC's Race to Zero Campaign and a Network Partner of PRI, among others. In addition to disclosing its decarbonisation interim and long-term goals, Castleforge also commits to publishing TCFD disclosures, including an annual climate action plan.

We recognise that this is a critical step towards achieving global climate goals and we are excited to work alongside other industry participants to accelerate the necessary transitions towards a more sustainable future.

The Net Zero Asset Managers initiative





GLOBAL REAL ESTATE SUSTAINABILITY BENCHMARK

In 2022 we participated for the first time in the annual GRESB benchmarking process, providing comparable and reliable data on the ESG performance of our investments under our Isambard office portfolio.

Even though this was our first submission, we scored 72 points against a peer average of 73 out of 100. The assessment has helped drive decision-making by identifying priority actions for our business such as how to improve our green certifications. Following the assessment we have obtained a further eight green certifications, with a further four in assessment.



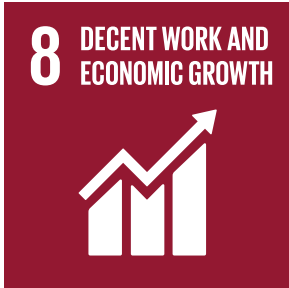


UN SUSTAINABLE DEVELOPMENT GOALS

The SDG are an international standard developed to support global change and sustainable growth.

The SDG contain 17 goals which we have reviewed to identify those which align with our business and the pillars on which our ESG strategy is based. The below table sets out the relevant goals together with our progress to date and priorities for 2023.

Goal	Applicable Targets	Applicable Indicator	Our Efforts
 <p>3 GOOD HEALTH AND WELL-BEING</p>	3.4 Reduce mortality from non-communicable diseases and promote mental health.	Promote mental health and wellbeing.	<p>Through our employee benefits, Castleforge proactively provides mental health support to all employees. This includes:</p> <ul style="list-style-type: none"> • Mental health workshops • Mental health support • Wellbeing budget • Health Cash Plan and Employee Assistance Program • Companion Approach (Cognitive Behavioural Therapy App) • Cycle to work scheme • Private Medical Insurance including full mental health cover and digital GP <p>Furthermore, across the assets containing flexible workspaces, Clockwise publishes a monthly wellness newsletter for occupiers.</p>
 <p>5 GENDER EQUALITY</p>	5.5 Ensure full participation in leadership and decision-making.	Proportion of women in managerial positions.	<p>Beyond any legislative requirement we are active in ensuring meaningful gender equality in our business. Examples of business policies include:</p> <ul style="list-style-type: none"> • Enhanced family friendly policies. • Recruitment practices that are based on objective criteria, technical assessment and panel review in order to remove potential for bias. • Women occupy 50% of the leadership positions in our business (below partner level) (compared with an average of 31% in senior non-investment roles in PE and VC).
 <p>7 AFFORDABLE AND CLEAN ENERGY</p>	7.2 Increase global percentage of renewable energy.	<p>Energy consumption within the organisation.</p> <p>Energy consumption outside the organisation.</p> <p>Expand infrastructure and upgrade technology for supplying modern and sustainable energy.</p>	<ul style="list-style-type: none"> • We endeavour to purchase renewable energy for our portfolio via green electricity contracts of increasing quality, Renewable Energy Guarantees of Origin (“REGO”) certification is available for audit. We will also continue to investigate the potential to deploy virtual power purchase agreements across specific assets and portfolios to further positively influence the UK grid mix towards renewable energy sources. • Achieved eight new Green certifications in 2022, all scoring Gold or Silver ratings. • Establish ESG meetings within all our UK office assets to better engage customers and positively influence procurement strategies. • Where vacant spaces are refurbished consider retaining procurement control of electricity and recharging occupiers to increase scope 2 emissions and reduce scope 3 emissions, bringing greater control over quality of energy contracts within our assets. • Investigate the implementation of green lease clauses which work to better measure and reduce energy consumption. • Undertake metering surveys across all UK office assets to understand the current state, create a best practice paper for future state and begin to map improvement programmes support smart metering and dashboard presentation of consumption data to further support analysis and reduction efforts.

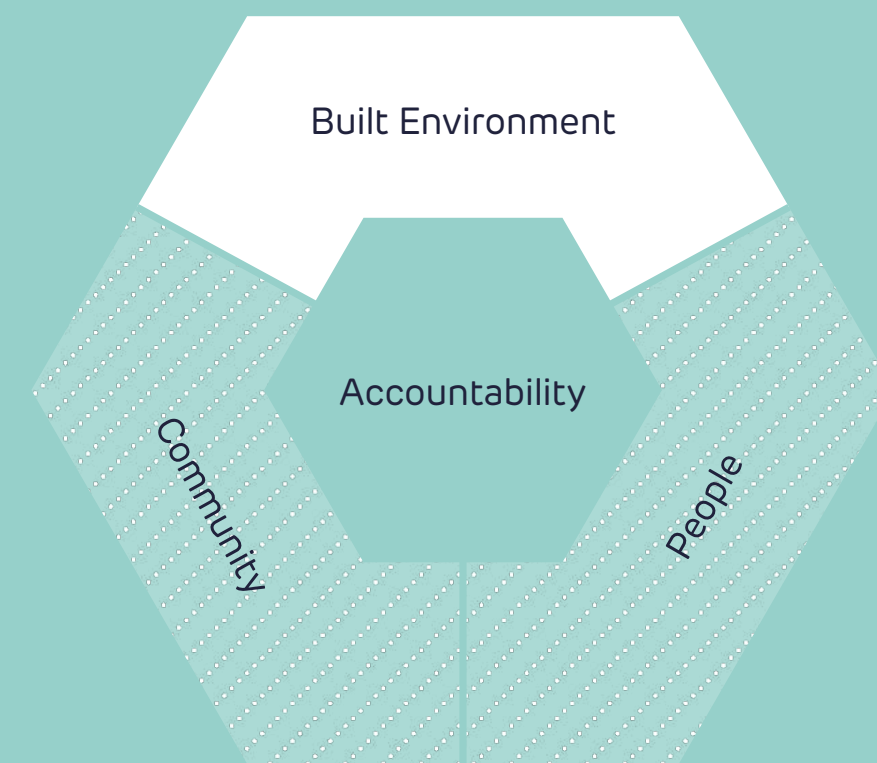
UN SUSTAINABLE DEVELOPMENT GOALS

Goal	Applicable Targets	Applicable Indicator	Our Efforts
	8.3 Promote policies to support job creation and growing enterprises.	Indirect economic impact on job creation, promotion of local businesses and SMEs.	<ul style="list-style-type: none"> Through our flexible workspace operating business, Clockwise, we provide space for SMEs that is otherwise not available in the market and also work closely to help promote local businesses and improve the neighbouring community. Annual provision of work experience to university candidates to support their development and experience in joining the work force. All employees and interns are paid London Living Wage. Hilton Cardiff, Bruntsfield and Abbey hotels have all secured Silver Green Tourism accreditation with a plan in place to achieve Gold.
	8.6 Promote youth employment, education, and training.		
	8.9 Promote beneficial and sustainable tourism.		
	11.1 Safe and affordable housing.	Estimated number of individuals with improved access to housing. Estimated number of affordable housing units improved or refurbished. Sustainability certification, rating and labelling schemes.	<ul style="list-style-type: none"> Across the residential portfolio we provide safe and affordable key worker accommodation, with more than 75% let to people on average and below average incomes. Our hotel in Cardiff had a contract with the Welsh Government to accommodate 34 Ukrainian refugees. Regenerated Bromley Old Town Hall and transformed the space into flexible offices, a hotel and restaurant. Bringing the Grade II-listed building back into use after being unused for more than a decade. Contribute to the sustainable refurbishment and use of cities through our commercial activities making existing buildings fit for future use, retaining existing structures wherever possible and supporting economic growth and wellness through good design.
	11.4 Protect the world's cultural and natural heritage.		
	11.6 Reduce the environmental impacts of cities.		
	12.5 Substantially reduce waste generation.	Tracking of water, energy and waste consumption data.	<ul style="list-style-type: none"> Proactively reuse steel and material in construction. Recycling efforts encouraged at buildings. Implementation of monitoring and reporting for energy, water and waste. Reduce waste and implement sustainable and circular economic policies within our hotels.
	12.6 Encourage companies to adopt sustainable practices and sustainability reporting.		
	13.2 Integrate climate change measures into policy and planning.	Net zero carbon monitoring	<ul style="list-style-type: none"> Net zero carbon strategy to be formally adopted in 2023-2024. Committed to reducing our carbon emissions and making sure our portfolio is climate resilient. Reviewing these targets and will disclose in 2023.

OUR PILLARS

OUR PILLARS:

BUILT ENVIRONMENT



Across all asset classes in which we invest, our aim is to create places, products and platforms that transform the experience of the built environment while increasing prosperity, opportunity, and sustainability.

We work hard to ensure that every building, business, and community that we are responsible for becomes more valuable for everyone, from our investors to local stakeholders, and from enterprises to end-users.

OUR PILLARS: BUILT ENVIRONMENT

Castleforge work across a variety of real estate asset classes through each of our investment strategies. As a result, we have tailored a specific sustainability approach for each of our investment strategies.

Our Strategies

Gateway City Offices

Sustainable development is at the core of our Gateway City Office Strategy. The thesis behind this strategy is to acquire office buildings in desirable locations that are no longer fit for purpose and convert them to best-in-class, highly sustainable buildings fit to operate long into the future. In line with our other strategies, we take a retrofit-first approach to our gateway city developments. Significant amounts of diligence are required to determine if a building is fit for conversion. In general, we seek to limit the carbon expenditure embodied in the materials used in these conversions by re-using existing structure and foundations. Further, by sensitively upgrading the building's fabric and internal infrastructure, we create a highly efficient, fully electric, building in operation. Any carbon consumed through the construction process is offset and the building is placed on a green energy tariff, creating a truly carbon neutral project.

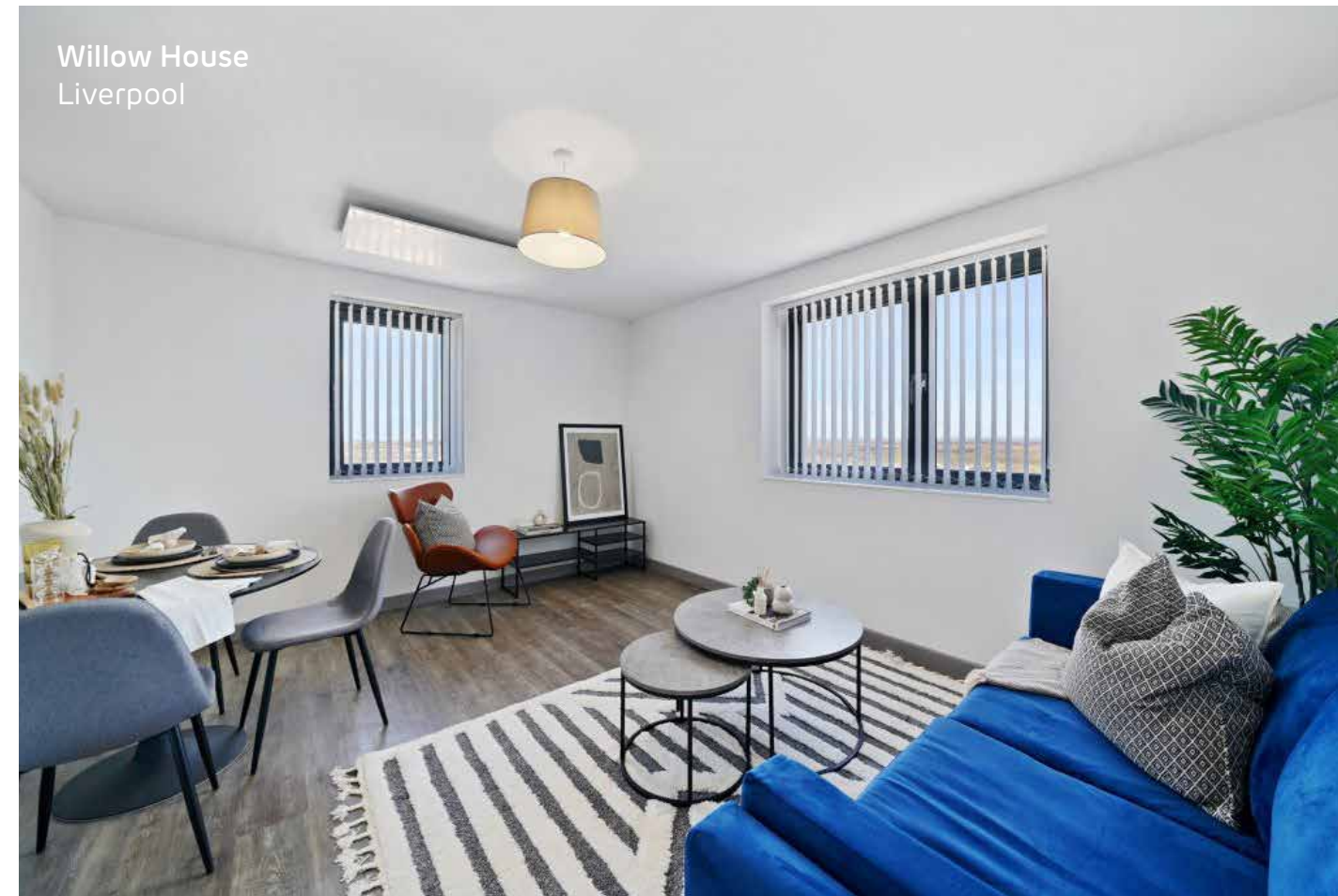
Secondary City Offices

Our Secondary City Office Strategy portfolio focuses on sustainable conversions of ageing office stock, sometimes through a rolling refurbishment where the building remains partially occupied throughout its business plan. Over our hold period, the building's energy infrastructure is typically overhauled and converted to a fully electric solution. By the end of the business plan, all available space is refurbished to create a building able to stand the test of time.

Central to this strategy line is adding Clockwise, our flexible workspace operating business, to the property as the operator of our flexible workspaces. All Clockwise spaces are governed by the Clockwise Positive Impact Strategy, which includes a roadmap to achieve a positive impact on climate change, circular economy, health and wellbeing and socio-economic factors in line with the Castleforge pillars.



OUR PILLARS: BUILT ENVIRONMENT



“ESG criteria form an integral part of our underwriting criteria when assessing suitable investments for development which align to the goals and commitments of Castleforge and our investors.”

Matt Reid
Head of Development and Asset Management

Our Strategies

Residential

In the residential sector, we invest in existing distressed stock to provide high-quality, affordable, private rented accommodation within commuting distance to specifically targeted and materially under-supplied secondary cities. We set up Ocasa, our residential management business, to provide best-in-class property management services and to ensure high standards are maintained consistently across the portfolio. Our objective is to deliver socio-economic improvements through increased access to good-quality, affordable modern housing in close proximity to transport links, key facilities, and employment hubs to those who would previously have been excluded from this market.

Hotels

Our hotel strategy involves a light touch refurbishment to bring dated hotels back to life. We look to minimise the amount of intervention on these assets as we focus on purchasing operational assets with quality infrastructure. The embodied carbon in our refurbishment programmes is therefore very low, and we focus on transferring our hotels onto a green energy tariff to bring down our operational carbon spend in relation to electricity.

All hotel space within our portfolio will secure a Silver Green Tourism accreditation by Q3 2023, with an action plan implemented thereafter on each asset to improve ratings and achieve Gold status.

The certification scheme provides a third-party assessment of the hotel’s environmental and sustainable practices. Assessment criteria covers over 70 indicators across 15 sustainability goals including carbon, waste, biodiversity, local produce, ethical purchasing, and equality. Seeking a path of continued improvement in how we operate hotels supports objectives across our priority UN Sustainable Development Goals.

THE CASTLEFORGE ROAD TO NET ZERO

Climate change is the most material environmental issue for our stakeholders and our business. This year our primary objective is to develop a Castleforge Net Zero Carbon Strategy which is tailored to each asset class and its location.

This strategy will set out a clear roadmap detailing the level of reductions in carbon that we need to achieve, both at asset level and in our corporate operations, to achieve net zero by 2030. We can then target under-performing assets and implement accelerator strategies (such as solar roof panels, green lease terms and programmes of upgrade works) to ensure that end-to-end emissions are reduced by sufficient increments each year to keep us on track to achieve our commitment by 2030.

By prioritising less efficient assets, we have the potential to make the greatest impact. Improvements to our residential portfolio will be a priority given that residential uses account for 73% of global energy and 63% of energy-related carbon emissions¹. As we expand our residential offering through Ocasa, we look forward to having an increased opportunity to make a real difference through our high level of control over the refurbishment and operation of these assets.

We are working with our third-party sustainability consultants, EVORA Global Limited (EVORA), to develop our understanding of climate-related risks. Initially we are focusing on our Isambard secondary city office portfolio, where we have mapped the climate related transitional and physical risks which impact our assets to ensure that our ESG Strategy focuses on the right priorities.

Our mapping exercise is set out at Appendix 1 of this report. These assessments included Net Zero Carbon assessments and pathway recommendations. Net Zero pathways split the carbon intensity of an asset under a ‘business as usual’ scenario until 2050, alongside a sector-specific carbon reduction pathway based on science-based targets. The pathways are calculated using a market-based approach for grid decarbonisation and align with a 1.5°C warming scenario as per the Paris Agreement. The pathways are created using the Carbon Risk Real Estate Monitor (“CRREM”). The pathways give an indication of the energy performance of an asset against market expectations for that sector and determine the year of stranding – the year in which the emissions intensity is above the target value. Stranded assets will experience a negative impact on value where they do not meet future efficiency standards or market expectations. Example outputs are summarised in the table on the right and the graph on the next page.

Asset	Carbon Intensity	Stranding Year	Comments and Primary Physical Risks
Broadwalk House, Exeter	4.8 kg CO ₂ e/m ² per year	2048	<ul style="list-style-type: none"> Renewable electricity contract in place. Ongoing refurbishment of centralised plant to increase energy efficiency. Storms rated as Medium Risk, all other categories low or no risk.
Linley House, Manchester	2.9 kg CO ₂ e/m ² per year	Beyond 2050	<ul style="list-style-type: none"> Renewable electricity contract in place. Water Stress and Flooding rated as Medium Risk, all other categories low or no risk.
Yorkshire House, Leeds	0.0 kg CO ₂ e/m ² per year	Beyond 2050	<ul style="list-style-type: none"> All electric building powered by Renewable electricity. Flooding rated as Medium Risk, all other categories low or no risk.
Mountbatten House, Southampton	2.4 kg CO ₂ e/m ² per year	Beyond 2050	<ul style="list-style-type: none"> Renewable electricity contract in place. Ongoing refurbishment of centralised plant to increase energy efficiency. Water Stress rated as Medium Risk, all other categories low or no risk.

THE CASTLEFORGE ROAD TO NET ZERO

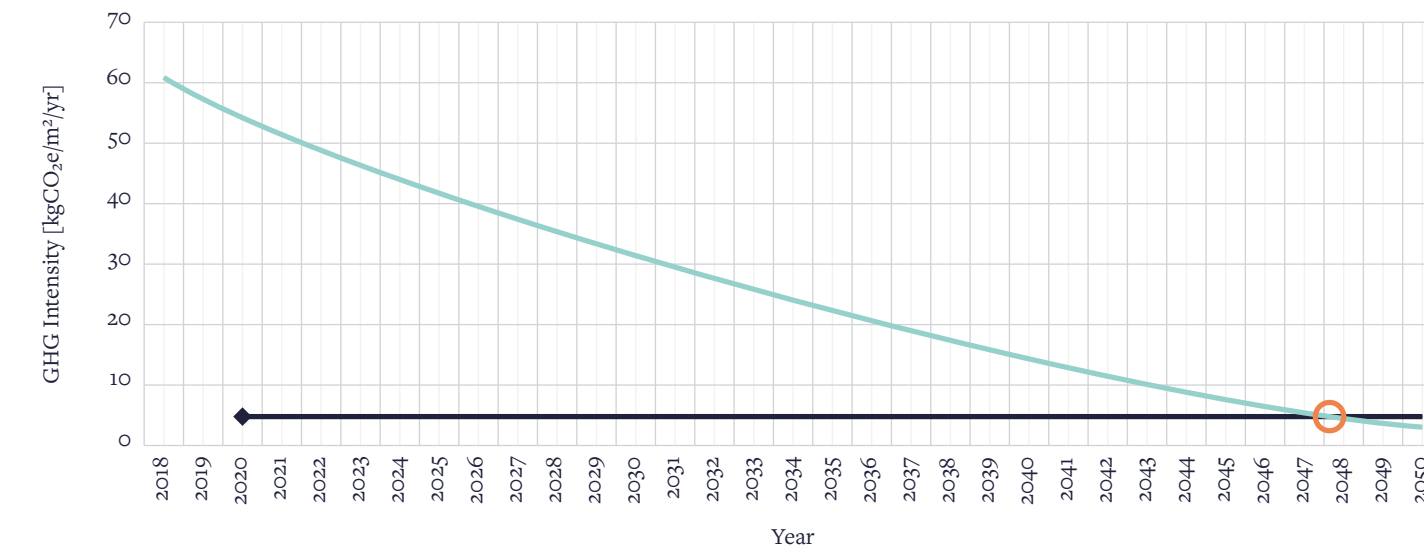
Data is central to developing and implementing a successful Net Zero Carbon strategy. Since 2021, we have used a net zero carbon pathway tool (integrated with CRREM) to provide us with carbon reduction pathways for properties we have exposure to, based on a specific property type aligned with a 1.5°C scenario (in line with the Paris Climate Accord).

This clearly shows us which assets are likely to be at risk. This has been of great benefit as the information also allows for better understanding of why certain assets have higher intensity rates, whether additional capital expenditure is needed or whether this is due to other items like tenant behaviour or data gathering issues. We have piloted this for the Isambard portfolio and intend to roll this out to other portfolios as we develop our Net Zero Carbon strategy.

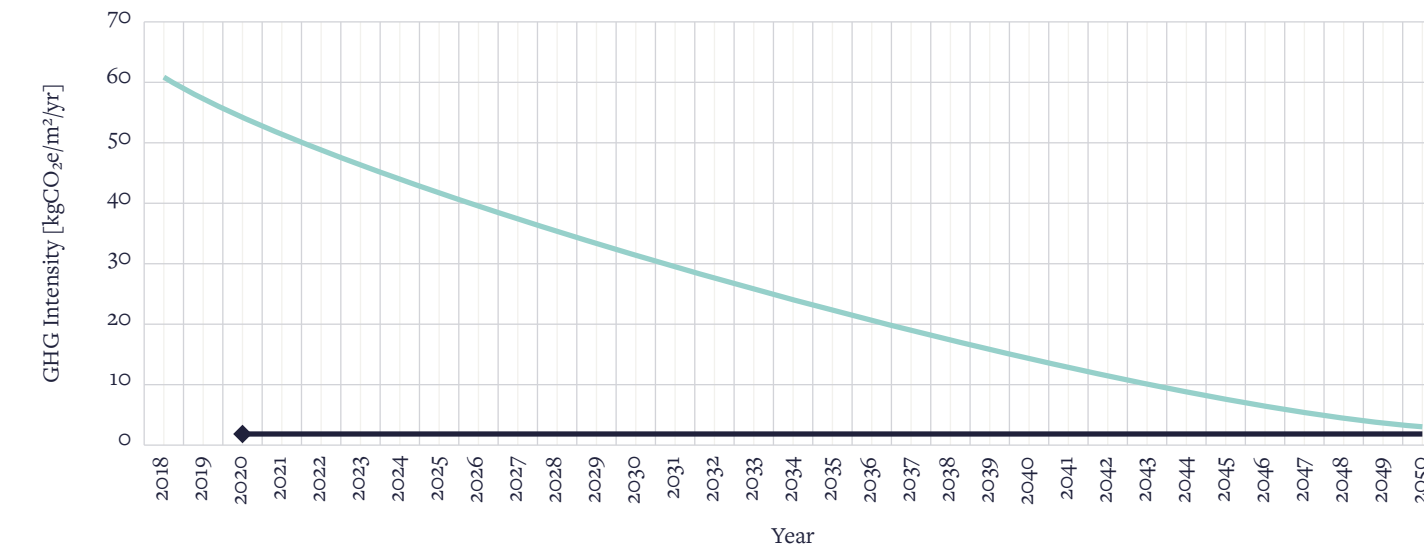
Opportunities for improvements are being fed into asset level ESG action plans. We continue to use the services of a data management platform, SIERA, to enable better data management and also the ability to track ESG actions on a shared system. Internally we are working on integrating this ESG data with our own data warehouse in recognition of the fact that holding high-integrity data stored in alignment with our other company data in a manner suitable for analysis will be fundamental to achieving our Net Zero commitment.

- Decarbonisation target
- Climate and grid corrected asset target
- Stranding
- ◆ 2021 Performance

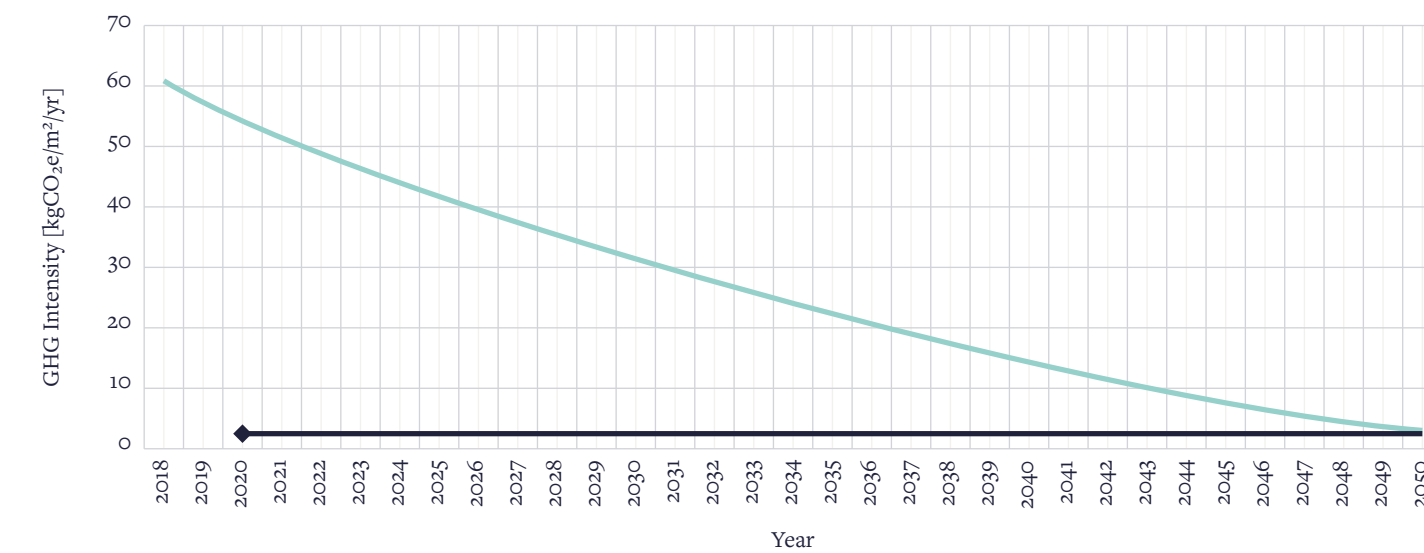
Broadwalk House



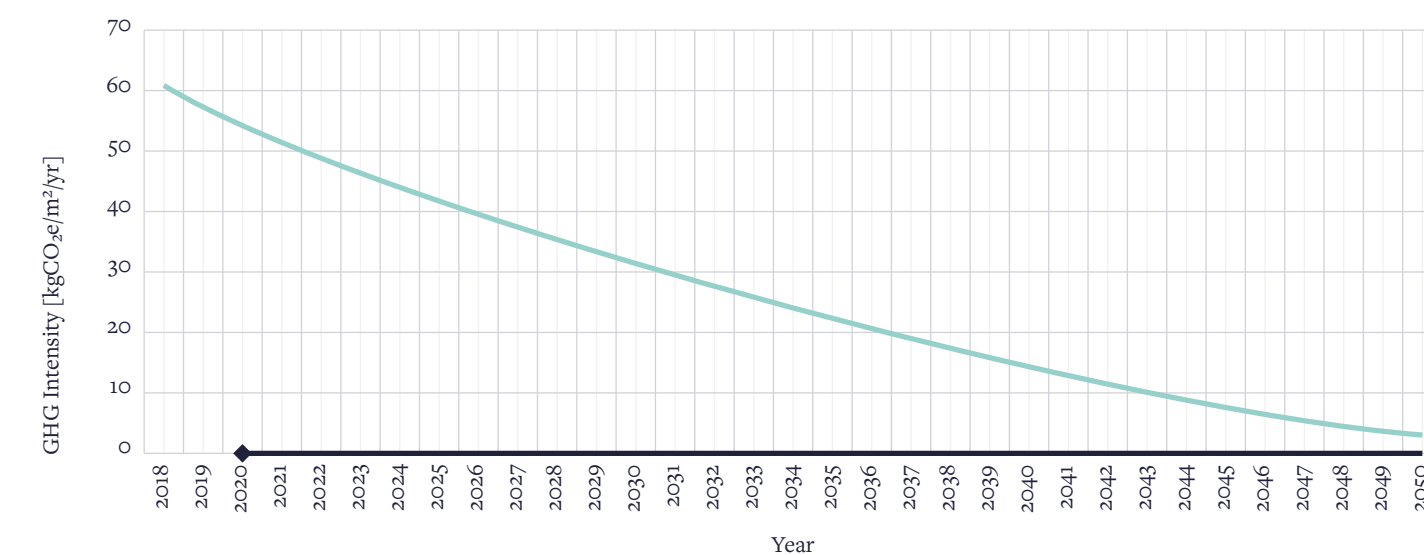
Linley House



Mountbatten House



Yorkshire House



BUILT ENVIRONMENT IN ACTION: 1 GOLDEN LANE

Sustainable principles set at the outset of this project have informed decision making throughout delivery. Establishing our redevelopment plan at acquisition stage ensured the project would become one of the most sustainable developments in Central London.

Adding additional massing to increase the density of the site and utilise latent capacity within the existing substructure reinforces this trajectory. Further, pioneering innovative methods of construction minimises the upfront embodied carbon emissions associated with the new build element of the project. We obtained resolution to grant planning permission in 2022, enabling implementation of our scheme, which will provide an overall area uplift of c. 20% with minimal need for structural strengthening.

The project is targeting the re-use of five tonnes of steel from the existing building, making it the first project in the UK to deconstruct, de-fabricate, recertify, and refabricate steel sections for use in the redevelopment of the same site. The concept of urban mining steel sections has been put into practice previously, where steel demolished from a separate site has been re-used on others; however by re-using the same steel from the development site itself, we will be establishing an industry first and preventing carbon emissions due to transportation of construction materials.



To increase the potential amount of reusable sections, an innovative ribbon cutting algorithm was developed enabling the augmentation of steel sections to the required depths, allowing the ability to ensure uniformity of section heights regardless of the re-use stock available. This maximises the opportunity for steel re-use from stock generated from site demolition, significant in an aesthetic-driven market.

1 Golden Lane is a LETI Pioneer project². This means the project is included within a knowledge-share group focused on how to improve design for lower embodied and operational energy. As part of this, we will challenge current practice and promote best practice, sharing lessons learnt and resources to support advancements in sustainable development.

² leti.uk/leti-pioneers

OUR COMMITMENTS AND OBJECTIVES

The table below highlights our key commitments and objectives for the Built Environment Pillar for 2023:

Aspect (Topic)	Goals/Objectives (High Level - Target Outcomes)	Actions (Strategy)	Metrics (KPIs)	Comments
Commitments	Develop a Net Zero Carbon Strategy	Committed to Net Zero Carbon for Scope 1 & 2 by 2030.		Set as part of the Castleforge Net Zero Carbon Strategy.
		Set target Net Zero Carbon for Scope 3.		Set as part of the Castleforge Net Zero Carbon Strategy.
Operational Energy and Carbon (“OE&C”) - Overarching	Transition all our buildings to fully electric power by 2030	Develop asset-level plans for phasing out of gas by 2030.	Percentage of assets which achieve the goal.	Supports net zero operations.
	Develop better granularity on energy and water consumption data across the portfolio	Develop and implement a comprehensive metering strategy on all assets across the portfolio and different strategy lines.	Percentage of assets which achieve the goal.	This goal will allow us to set our baseline energy consumption level of an asset.
		Create a baseline energy consumption level on an asset level.	kWh/sq ft Litres.	Baseline energy consumption to be determined.
	Set targets for reduced energy and water consumption across the portfolio for 2023	Set targets to reduce energy and water consumption levels.	Percentage reduction.	Once the infrastructure is in place to accurately determine the baseline consumption metrics we can set targets for reduction.
	Develop better granularity on waste production and recycling data across the portfolio	Develop and implement a comprehensive waste strategy on an asset level.		
Set targets for reduced waste across the portfolio for 2023 and beyond	Set targets to reduce waste and move to zero landfill if possible.	Percentage reduction.	Once the infrastructure is in place to accurately determine the baseline consumption metrics we can set targets for reduction.	
OE&C - Gateway City Strategy	Deliver projects sustainably, considering the amount of intervention appropriate	All developments to be fully electric power.	Percentage of assets which achieve the goal	
		All developments to be EPC A.	Percentage of assets which achieve the goal.	
		All developments to be BREEAM Outstanding or equivalent.	Percentage of assets which achieve the goal.	
		All developments to be WELL Platinum or equivalent.	Percentage of assets which achieve the goal.	
		Install on-site renewable power generation.	Percentage of assets which achieve the goal.	

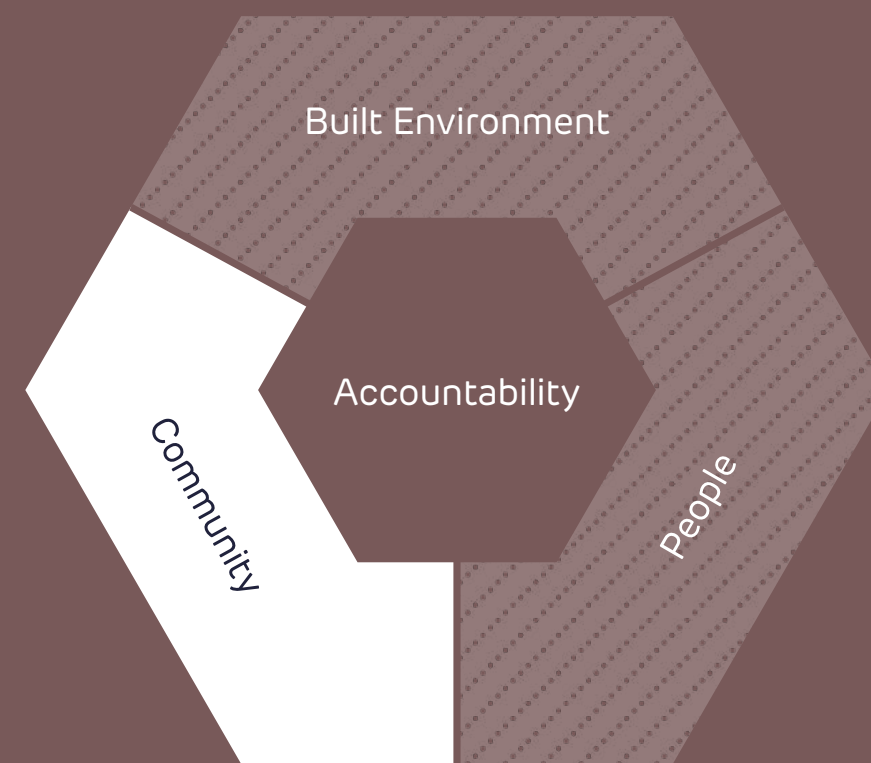
OUR COMMITMENTS AND OBJECTIVES

Aspect (Topic)	Goals/Objectives (High Level - Target Outcomes)	Actions (Strategy)	Metrics (KPIs)	Comments
OE&C - Secondary City Office Strategy	Deliver projects sustainably, considering the amount of intervention appropriate.	All new phases of development to be fully electric.	Percentage of assets which achieve the goal.	
		All developments to be EPC C equivalent or higher.	Percentage of assets which achieve the goal.	
		All developments to be BREEAM Very Good or higher (Note: mainland European assets to receive BREEAM In Use rating).	Percentage of assets which achieve the goal.	
OE&C - Residential Strategy	Deliver projects sustainably, considering the amount of intervention appropriate. Determine an on-site renewable energy strategy.	All new phases of development to be fully electric.	Percentage of assets which achieve the goal.	
		All developments to be EPC C equivalent or higher.	Percentage of assets which achieve the goal.	
		Investigate the use of on-site renewable power generation.		Determine if installation of on-site renewable energy is appropriate for the portfolio.
OE&C - Hotel Strategy	Deliver projects sustainably considering the amount of intervention appropriate to the strategy line.	Develop a plan to transition portfolio to fully electric.	Percentage of assets which achieve the goal.	
		All developments to be EPC C equivalent or higher.	Percentage of assets which achieve the goal.	
		Achieve BREEAM Very Good rating on all developments.	Percentage of assets which achieve the goal.	
		Achieve Green Tourism Gold rating on all developments.	Percentage of assets which achieve the goal.	
Embodied Carbon (EC) - Overarching	Develop a system for monitoring the amount of carbon spent on developments across the portfolio.	Investigate how we can accurately measure the amount of carbon we expend on our developments across all strategy lines.		
EC - Gateway City Office Strategy	Be a leader in delivering best-in-class office space with a low-carbon footprint.	Deliver all London projects in line with LETI Band C and above for embodied carbon.		
		Deliver all projects carbon neutral - offsetting when necessary.		
Energy Initiatives	Run the portfolio on Green Energy.	Procure 100% of the portfolio on Green Energy Tariffs (REGO backed).	Percentage of assets which achieve the goal.	Reduce the portfolio's carbon footprint.
	Select an energy provider(s) which best fits our portfolio and requirements.	Review the market position on energy to determine if there is advantage to bulk procurement of energy.		
Carbon Offsetting	Select a leading Carbon Offset Scheme.	Investigate and select a carbon offset scheme.		The Carbon Offset Industry is immature currently; selection of a responsible scheme is critical to ensure our offsets achieve the desired results.

OUR PILLARS:

COMMUNITY

Protecting and enhancing the contribution of real estate to society through long-term management and stewardship is vital to our ESG strategy. By engaging closely with stakeholders, we are better able to understand their evolving expectations, inform our strategy, and share our plans and progress.



COMMUNITY

Our colleagues, occupiers, investors, suppliers, community members, government officials and regulatory bodies are all key stakeholders. We want to be a trusted partner and build deeper connections with all our stakeholders.

As part of this we have carried out an in-depth assessment of the evolving areas of regulation and principles within the ESG arena. We have adapted our business to align with the most relevant guidance and principles for investment advisors, asset managers and developers.



“At Castleforge, we believe that sustainable practices are key to creating long-term value. We strive to invest responsibly and create a greener and more inclusive future for all our partners, stakeholders and investors.”

Laura Ruthven
Head of Investor Relations



Dorothy & Marshall restaurant
Bromley

OFFICE TENANT SURVEYS

As part of our Engagement objective, we regularly carry out occupier surveys to inform and prioritise our objectives to enable us to achieve our social and environmental commitments.

In 2021, we had a 59% response rate to our occupier survey which rose to 66% in 2022. Of the respondents, 80% of building occupants felt satisfied and expect to remain in occupation in three years' time. Our Net Promoter Score rose from +56 in 2021 to +75 in 2022 with our average overall satisfaction score rising from 7.5 out of 10 to 7.8 out of 10. We continuously seek to engage with our occupiers to further improve engagement levels and overall satisfaction in respect of the quality of products that we offer.

The Net Promoter Score ("NPS") was originally developed as a customer loyalty metric. It divides respondents into three segments: Promoters, Passives and Detractors, using the following question "On a scale of 1 to 10, how likely would you be to recommend this company (or this product) to friends and colleagues?".

In the original NPS system, ratings of 9 or 10 indicate promoters, 7 and 8 passives, and 0 through 6 detractors. However, our ESG consultants EVORA have developed their own metric as set out below. In summary, occupiers will be more negative than the general public when asked questions about their property and building owner. This has been factored into weighting.

In the EVORA scoring system:

- 7 – 10: Promoter
- 5 – 6: Passive
- 1 – 4: Detractor

The NPS is calculated by subtracting the percentage of detractors from the promoters. This can either be a positive (good) or negative (bad) result.

In 2022, we asked our building occupiers about their ESG journey to gain a better insight into our customers. We found that satisfaction regarding the sustainability features, environmental performance, health, and wellbeing and overall ESG satisfaction scores for our buildings averaged 6.5 out of 10. This is lower than the overall satisfaction score and indicates that there are opportunities for improvements. Our occupiers rated the importance of health and wellbeing and ESG overall at 8.8 out of 10 and 8.9 out of 10, respectively, with 83% expecting ESG to become increasingly important over the next five years – zero selected "becoming less important". However, we also found that only 60% of occupiers currently have an ESG policy, less than half measure social impact or have a customer or employee engagement programme and only 44% have a net zero commitment. Only 4% of occupiers have an ESG representative for their presence or activities within our buildings.

These results highlight the potential opportunities over the next five years for Castleforge to become a property partner of choice for our customers by recognising the high value of ESG and in many instances supporting their ESG progression. We expect to see an increasing number of occupiers looking to measure their carbon emissions related to property occupation and make real estate decisions based on ESG criteria. We have therefore taken several initial steps to better support our occupiers by setting up more regular tenant meetings within our buildings to help elevate overall satisfaction and increase dialogue with our customers. We have also set up dedicated ESG committees at each property, inviting all occupiers to join to understand the building performance better and learn from one another. By investing in smart metering, we can work with our occupiers to accurately measure and reduce electricity, gas, and water consumption, and resultant greenhouse gas emissions across our portfolio.

COMMUNITY IN ACTION: YORKSHIRE HOUSE



Yorkshire House is an operationally carbon neutral building, powered wholly by green electricity and boasting the largest solar array in Leeds City Centre. Community is at the heart of the building's operation and 2022 has seen several key initiatives implemented successfully:

- Refurbishment of a further 30,000 sq ft has commenced to bring the oldest office space in the building up to modern standards for the benefit of local businesses, supporting the local economy and jobs, both during construction and after. These refurbished areas will be significantly more energy efficient and sustainable.
- Newly refurbished space on the 5th floor will provide high-quality flexible conference and events space which can be used by building occupiers or booked local businesses. This space will also be utilised to host business networking and educational events, building on comparable events held within the building in 2022. The space faces onto one of the largest external private terraces in the city, which has also been fully refurbished to provide high-quality breakout space and support wellness.
- Prior to refurbishment any vacant spaces within this building had been used by a local arts charity providing a space for young artists and students to be showcased. Through our refurbishment we have reduced the number of available car parking spaces and increased cycle storage, refurbished showers and changing facilities, organised a lunchtime running club, and introduced a building app to better communicate with our building occupiers, engage them and encourage healthy living, leading to the building being awarded an ActiveScore Gold accreditation.
- All building occupiers were also invited to complete an ESG survey at the end of 2022 which found a NPS of +75 and average satisfaction scores of 8.5 out of 10 regarding the front of house team.
- To positively impact those in the area around our building we have registered the building for the Leeds Safer Spaces scheme meaning anyone suffering street harassment can be directed to trained staff within our building for shelter. Also, we have publicly registered our defibrillator so emergency services and first responders are aware of its location.
- Charitable activities have supported donations of sports equipment for local children, Cash for Kids donations supporting deprived children so they can receive a present at Christmas, as well as food bank collections and various sponsored events.

COMMUNITY ENGAGEMENT ACTIVITIES

Our assets are at the heart of the communities in which we operate, and often help bring them together.



“By providing leadership and accountability to our stakeholders, Castleforge can have a powerful multiplier effect on our communities towards a more sustainable and prosperous future.”

Thomas Conneely
Senior Asset Manager

Building and preserving relationships with all the communities we serve isn't just important to our commercial success, it's also key to the way we operate as a responsible and sustainable business.

In 2022, we entered various strategic partnerships with local services and employers throughout our residential portfolio, delivering on the aim to provide workforce housing and secure income. To date three such partnerships have resulted in corporate transactions securing accommodation for keyworkers and the local workforce. Partnerships continue to develop, particularly with NHS trusts across the country with the NHS employing over 3.5% of the working population in the UK.

In our Secondary City Office Strategy portfolio, we have invested in defibrillators, registering them publicly so that they are visible to the emergency services database. This means that should anyone within or near our buildings require assistance, this can be provided as soon as possible.

Over the last year we have also registered several of our buildings to local schemes to provide a safe shelter from street harassment. Site staff has received specialist training, and our buildings display scheme logos and are listed publicly as a safe retreat to which people suffering harassment can be directed by emergency call handlers.

Within our assets we also undertake several initiatives to positively impact our community both within and surrounding our assets. Clockwise, our flexible workspace provider, has committed to becoming carbon net negative by 2030. They are undertaking a carbon footprint analysis of their business operations and developing management strategies to reduce scope 1, 2 and 3 emissions, with gateway targets to be certified carbon neutral before 2030. They will be implementing circular economy principles into the way they operate and maintain their spaces, such as removing all single use plastics and using only biodegradable and/or reusable consumable products.³ Clockwise have also aligned their overarching vision (“A future in which every work environment and experience has a positive impact for people, places and the planet”) to UN Sustainable Development Goals in line with our own commitments detailed at pages 11 to 12 of this report.

Castleforge is committed to furthering our community-led commitments by developing a Local Charter in 2023 to better focus our activities and those of our key partners, such as our operating businesses and managing agents. The Charter will identify a shortlist of three to five strategic priority areas within which we will aim to deliver positive social impact to the communities into which we invest. We see our Local Charter as an excellent way to structure and articulate our social impact priorities to our key partners, which come from the continuous feedback we gain from our key partners, local authorities and organisations, occupants and suppliers. The Charter will allow us to share and develop best practices across our growing investment activities, to generate maximum positive social impact. The Charter will be updated annually to reflect feedback from these stakeholders, allowing us to adapt as our community priorities change. We have shortlisted wellbeing and social improvement as potential strategic priorities. Our Local Charter will articulate this and set out several ways in which social impact in this area can be achieved and measured, for example through accreditation and improvement of building amenities; the organisation of clubs to encourage fitness; criteria for healthy food choices within our buildings; and minimum standards for the number of apprenticeships offered by third parties that we partner with. Continued review of The Charter will allow us to identify best practices with the most significant positive impact within one part of our portfolio and allow this to be replicated at greater scale more quickly.

Alongside our Local Charter, our Community Policy identifies a range of key documents which are in development, articulating the existing values of Castleforge to better communicate our ethical standards and expected codes of conduct over key business areas such as Supplier Standards, tax principles, and considerate construction, which will see key performance indicators written into contracts where appropriate with the aim of positively impacting our community.

CHARITY POLICY

In 2022 we commenced work on establishing our corporate Charity Policy, researching and evaluating which organisations we would like to work with and contribute to.

The Employee Forum, acting as a representative focus group for the business, established key principles for our philanthropic focus at a head office, including:

- Utilising our internal skills and time for the benefit of others;
- Supporting our DEI principles; to have a positive impact and promote initiatives that aim to address inequality;
- That volunteering opportunities are flexible to maximise participation; and
- That our efforts impact our immediate community in Greater London.

Trial shifts were undertaken with local charities and feedback provided to aid our decision. Our 2023 Charity Policy has now been authored, board ratified, and funded to support various initiatives across greater London, including The Switch (Tower Hamlets Education Business Partnership) and The Conservation Volunteers.

To round out the year, the Castleforge Team supported the 2022 ELBA Toy Appeal, collecting toys and financial donations for local underprivileged children at Christmas.

OUR COMMITMENTS AND OBJECTIVES

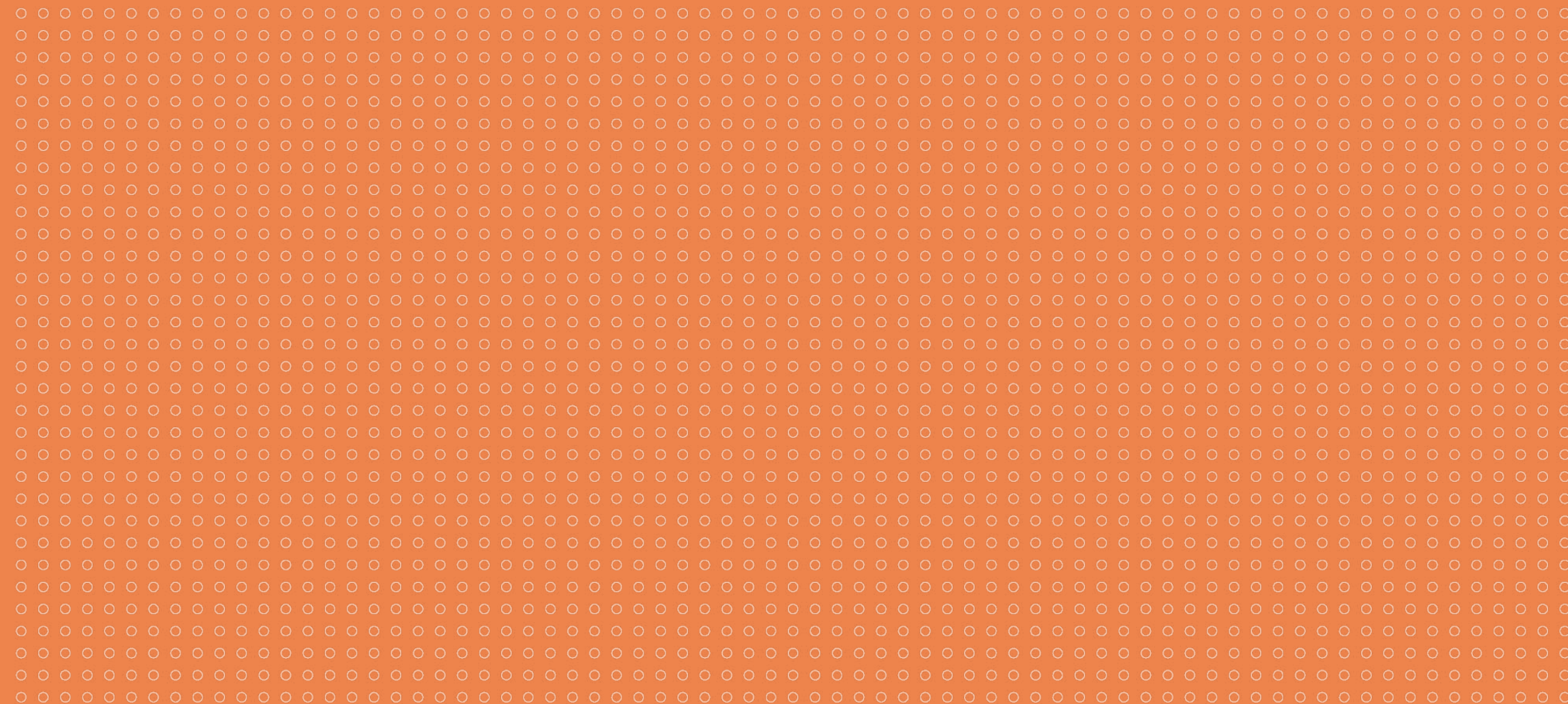
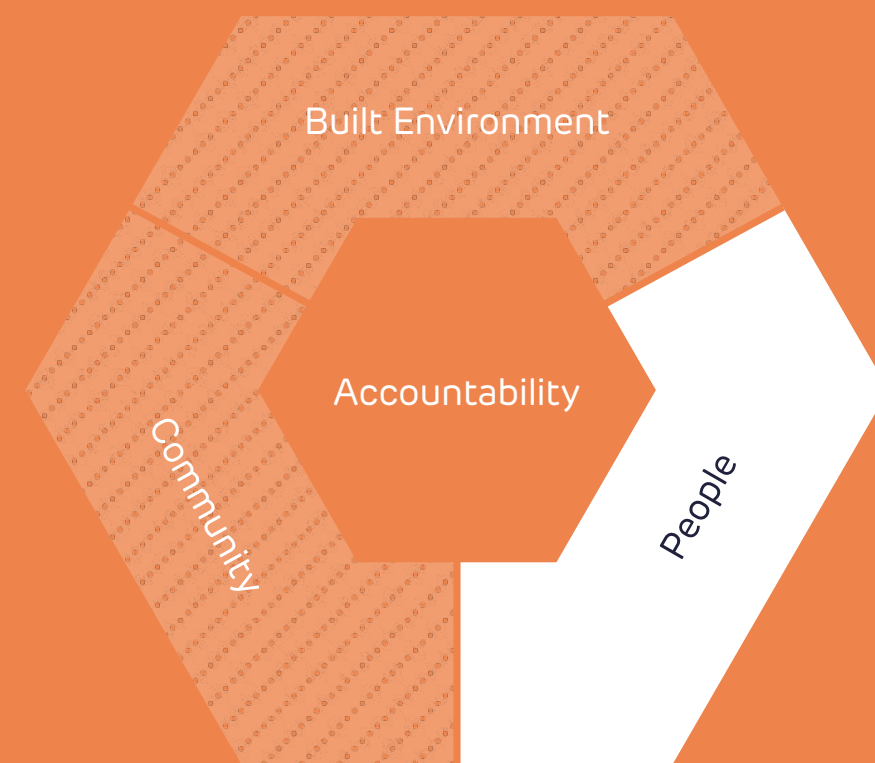
The table below highlights our key commitments and objectives for the Built Environment Pillar for 2023:

Aspect (Topic)	Goals/Objectives (High Level - Target Outcomes)	Actions (Strategy)	Metrics (KPIs)	Comments	
Overarching Standards	Human Rights Policy	Develop and adopt a Human Rights Policy and make publicly available.	Number of compliance breaches annually.		
	Supplier Standards Policy	Develop and adopt a Supplier Standards Policy.	% of suppliers' in compliance.	Paper to set out the compliance standards expected of Castleforge consultants and suppliers.	
		Develop and adopt a Responsible Payment Practice.	Average number of days for payment.		
	Modern Slavery Statement	Develop and adopt a Modern Slavery Statement and make publicly available.	Number of compliance breaches annually.		
	Whistleblowing	Develop and adopt a Whistleblowing Policy and make publicly available.	Number of reports made annually.		
	Tax Principles	Develop and adopt a Responsible Tax Principles Policy and make publicly available.	Annual published statement of compliance with Policy.		
Considerate Construction	Develop and adopt a Considerate Construction Policy and make publicly available.	Annual published statement of compliance with Policy.			
Communities	Local Charter	Agree several focus areas for local charter with head office, operating companies, and property managers.	Annual published statement of actions summarised by operating company and investment strategy.	To deliver community focus areas which are consistent across all strategy lines providing flexibility so that different operating companies and investment strategies can tailor them. Shortlist: - Connect - Employ - Shop Local - Wellbeing - Educate - Safety	
	Charity Policy	Develop and adopt a Charity Policy applicable to both Community and People pillars.	Annual impact statement.	Policy to be applicable to Castleforge staff and set framework for operating companies and property managers.	
	Engagement	Customer engagement: Commission independent customer surveys that cover all aspects of ESG.		Publish Survey results and key takeaways.	Survey at least every three years and disseminate results to customers and management teams. Seek opportunities to implement improvements and collaborate with occupiers to improve ESG performance with a focus on Net Zero.
		Industry engagement: Select appropriate organisations for the company and staff to engage with to support the goal of net zero.		Publish memberships and associated disclosures annually.	ESG Committee has selected membership of the following organisations, to be reviewed annually: - Net Zero Asset Managers - UKGBC - INREV - RICS - SFDR -IPF
		Industry reporting: Sign up to relevant ESG rating systems to increase transparency and integrity to Castleforge ESG activities.		Publish reporting results and requirements annually.	ESG Committee has selected membership of the following organisations, to be reviewed annually and applied to relevant funds/strategies: - GRESB - PRI
		Industry alignment: Study and work to create alignment to the industry best practice standards.		Publish statements on extent of alignments annually.	ESG Committee has selected alignment to the following organisations, to be reviewed annually: - SBTi - TCFD - ISO14001
	Establish a library of case studies on ESG matters.		Publish ESG content monthly and report case studies annually.	Showcase initiatives through our website, social media, operating businesses, and other channels to maximise impact.	

OUR PILLARS:

PEOPLE

At the centre of our ESG strategy are the people who make Castleforge what it is today and what it will be tomorrow.



PEOPLE: PEOPLE IN ACTION

We work hard to create an open culture where people can be their best: we give colleagues the opportunity to learn and grow, offer clear career paths to retain the best diverse talent, keep people safe and well, and make Castleforge a brilliant place to work.

The strategies and initiatives delivered to realise this are captured within our People pillar, and are designed to promote the wellbeing and development of all Castleforge employees personally and professionally and to empower each individual to reach their potential, understand their opportunity set and contribution to our mission, and authentically advocate Castleforge as an excellent employer.



PEOPLE IN ACTION:

Communication

Regular, transparent communication is essential to our team feeling connected to our goals and progress. To facilitate this, in 2022 we reorganised our monthly company all-hands meeting to deep dive into current investment strategies, priorities and our upcoming opportunities, accelerating team learning and increasing alignment with our company mission. This setting continues to be an invaluable opportunity for regular Q&A between the team directly to leadership in real time.

The Employee Forum was also established with volunteer staff representatives, acting as a feedback loop to leadership on pressing issues, interests, and questions from the team. Our SharePoint Intranet was launched, creating a central hub for corporate communications and events.



Wellbeing

Team wellbeing remains at the forefront of our priorities as we settle into our new reality following years impacted by the pandemic. This year Castleforge ran a wellbeing development series delivered through third-party training partner Companion, covering mental wellness topics including workload management, burnout prevention and supporting colleagues through poor mental health.

Our employee user experience was enhanced with the rollout of our flexible benefits portal, enabling employees to customise their benefits package to their individual needs and preferences, including options around private medical and dental insurance, health cash plan, life insurance and a wellbeing budget available to all employees. We have worked with our colleagues to identify the most appropriate pension scheme to suit all needs, increasing our employer contribution and encouraging increased employee contributions. We will continue to keep this under review to ensure that the best provision is available to our team.



PEOPLE IN ACTION:

Training and Development

In 2022 we launched an internal programme of CPD sessions; management and external keynote speakers delivered seminars across financial, legal and ESG topics, including pathways to net zero carbon and our ESG accreditation environment.

We continue to support individual development, either through study agreements outlining funding and study leave for particular exams, or via our Training Policy, through which employees can apply for personal qualification support. Additionally, we provided all Castleforge employees with an annual training budget to spend at their discretion.

Last year we implemented our investments career framework making two internal promotions to Associate. Company-wide we ran an extensive 360 feedback exercise, delivering peer feedback against criteria based on our Castleforge values.

Office Environment

Our London headquarters continues to be a lived example of the impactful spaces we create for our occupiers and communities. Purpose built, designed to hold space for deep individual work and group collaboration, the floors include natural light, indoor greenery, technology assisted meeting rooms and fantastic communal kitchen in the centre of the office. Our embedded policy to prohibit employees from eating at their desk enforces breaks and encourages the team to socialise over lunch.

In 2022 we sought to monitor and track our carbon footprint with office related activities, in particular energy, water, and travel. With a baseline established our focus in 2023 is to identify where improvements can be made and implement these this year.

PEOPLE IN ACTION:

Staff Satisfaction

97% of respondents in our last Engagement Survey said they would recommend working at Castleforge and that they are proud to work at Castleforge (94% participation rate).

To keep a regular temperature check on employee sentiment, we will launch a pulse programme in 2023 to carry out, regular surveys on rotating topics, the results of which will be analysed with the Employee Forum, presented at the all-hands quarterly and will inform our people agenda.

Diversity, Equity and Inclusion

Promoting an environment where diversity, equity and inclusion are reinforced and celebrated is core to Castleforge achieving the greatest collective outcomes from our team. Over 40% of our team are female, which is replicated in our senior management team (excluding partners).

In June 2022 we ran a DEI survey to canvass insights on diversity and inclusivity at Castleforge; key highlights were 96% of respondents agreeing ‘People from all backgrounds have equal opportunities to succeed at Castleforge’ and ‘I am comfortable sharing my personal background and experiences at Castleforge’.

2022 saw Castleforge participate in the 10,000 Black Intern programme promoting experience, opportunity, and representation in the investment industry. Hosting 2 six-week intern placements, we offered 1 contract following this. Given the success of our initial placements, we are supporting the programme again in 2023, offering another 3 internships in the summer.

In 2023 our focus is on data as we seek to improve our ability to track and monitor insights across an increased range of personal demographics and target training and initiatives accordingly.



Festival House
Cheltenham



“By investing in our employees’ well-being and fostering a culture of sustainability, we are not only fulfilling our ESG commitments, but also building a stronger, more resilient organisation that can thrive in the face of challenges and opportunities.”

Lauren Brownlow
Head of People

OUR COMMITMENTS AND OBJECTIVES

The table below highlights our key commitments and objectives for the Built Environment Pillar for 2023:

Aspect (Topic)	Goals/Objectives (High Level - Target Outcomes)	Actions (Strategy)	Metrics (KPIs)
Wellbeing & Engagement	Build an environment where employees can thrive holistically: professionally, mentally, physically, and financially.	Delivery of a mental health programme promoting awareness and practical techniques for self-management.	4 seminars delivered in 2023.
		Training and promotion of internal Mental health First Aiders at work.	2 MHFA by end Q2.
		Annual DSE Risk Assessments and training provided for all staff.	100% completed by April 2023.
		Set up and launch Payroll Giving.	Delivered in Q2.
		Review of benefits programme with appropriate employee-led enhancements.	Delivered in H2.
	Understand employee needs and expectations through regular upward feedback.	Roll out an engagement pulse programme. (Design and communication of appropriate actions in line with employee feedback.)	3-4 pulse surveys undertaken in 2023.
		70%+ participation rate per survey.	Charter designed.
	Support cross-functional relationship development by providing team opportunities for personal and social connection.	Delivery of a 2023 programme of social activities encouraging communication and shared experience.	4 events (excluding Summer and Christmas).
Training and Development	Establish an environment that promotes a growth mindset, within which employees feel challenged, supported to continuously develop, and share their learnings.	Deliver a programme of internal CPD sessions (to include Wellbeing and ESG modules, as well as technical and financial topics)-.	Delivery of 8 sessions per annum.
		Provide and promote individual CPD budget for all employees, to be utilised at own discretion.	Improved utilisation year on year.
	Improve employee awareness of general issues of sustainability via training and awareness-raising initiatives for all employees.	Establish training priorities annually.	Agreed by ESG committee and centrally stored.
		Circulate bulletins, webinars, and training opportunities to all staff	
		Monitor training activities; in the medium term, develop a target of hours training per employee per annum.	1-2 hours per employee per annum attended and recorded.
	Improve sustainability team awareness surrounding ESG focus areas. This includes (but will change reflecting trends in the industry): net zero carbon pathways, social value, TCFD reporting, ESG in due diligence, UN PRI & GRESB.	Minimum 2 external seminars held and recorded.	

OUR COMMITMENTS AND OBJECTIVES

Aspect (Topic)	Goals/Objectives (High Level - Target Outcomes)	Actions (Strategy)	Metrics (KPIs)
Diversity and Inclusion	Embed diversity and inclusion into our processes and culture.	Require Diversity, Equity, and Inclusion training for all for all team and hiring managers.	100% completion / attendance in 2023.
		Participate in the 2023 10,000 Black Intern Programme (promoting and improving minority representation in investment management).	3 successful summer placements.
		Re-draft version of the DEI Policy to include these initiatives.	Delivered in Q2.
		Investigate options on industry representation charters that may be appropriate for Castleforge to join or sign by 2024.	Findings reported by Q4 2023.
	Ensure our environment promotes and protects respect and psychological safety.	Inclusion of DEI insights questions in employee pulse survey programme.	
		Design and launch awareness raising initiative on equal opportunities issues.	1-2 topics considered in 2023.
	Track, measure and improve diversity metrics across both candidates and our existing team.	Build custom fields in HRIS (Bamboo HR) to enable all employees to self-identify diversity stats.	Q1.
		Build and implement candidate surveys to better understand candidate demographics and our recruitment practice reach.	H2.
		Update CFP Privacy Policies to accommodate above.	Q1 (Q2).
Performance	Encourage individual contribution to our ESG priorities with associated financial reward or consequences for delivery (or lack thereof).	Update and include ESG obligation in all role responsibility documents (i.e., core role requirements for all staff).	Completed in Q2.
		Publish ESG Strategy and Objectives to encourage awareness, contribution, and alignment.	Q2.
		Create a process statement describing that all employees are subject to ESG-related objectives which have financial and non-financial consequences, and what these may be - (financial consequences labelled as potential bonus payment if company meets its overall financial and ESG objectives, or personal bonus payment based on meeting all objectives including ESG objectives).	Q2.
		Investigation into various system options (Lattice, Bamboo, Asana) to be used for employees recording contribution to ESG objectives.	Q2.
HQ Sustainability	To understand our environmental impact at a corporate level and develop initiatives to prioritise reduction and sustainability.	Measure Energy, Water and Carbon Performance from our own activities (baseline year 2022) and report by the end of 2023.	Reported by Q4 2023.
		Measure our own impact associated with business travel (baseline year 2022) and report by the end of 2023.	Reported by Q4 2023.
		Develop a net Zero Strategy for our own activity by end 2022.	Strategy documented and published Q1 2023.



“We hope you have enjoyed reading our 2023 ESG report and have found it informative. If you have any questions or comments, we would love to hear from you: esg@castleforge.com

Thank You!”

Nnesochi Ajukwu



APPENDICES

APPENDIX 1: MAPPING CLIMATE CHANGE RISK

Part A: Transition Risks

Transition Risk		Timeline	Mitigation / Opportunity
Policy	Policy change around climate could potentially lead to an increase in operating costs through higher compliance costs, although it will depend on the nature and timing of the change. Carbon pricing policies may increase costs for organisations with significant carbon emissions, while other natural resources legislation (such as water and biodiversity) may become more stringent as scarcity increases.	Medium to long term.	We will declare net zero ambitions in the next 12 months. This will be our primary climate change mitigation strategy and likely to put us ahead of the commitments made by the UK Government in relation to the Paris Agreement. Taking proactive steps to reduce our emissions means we will significantly reduce the risk or magnitude of penalties from incoming future legislation and other policy requirements.
Legal	The failure to mitigate the impact of climate change and/or adapt to climate change, or insufficient disclosure on material financial risk could see increased litigation against companies and government for damages caused by climate change impacts.	Medium to long term.	Our revenue is increasingly drawn from low-carbon, high-performance assets, and we continue to explore how we can lower emissions through better design, the inclusion of energy efficient appliances and access to renewable energy and battery storage. As such, litigation is likely to be a lower risk for us than other companies which are more energy and resource intensive. The incorporation of 'green lease' terms and the need for suppliers to comply with our Supplier Standards Policy will further reduce contractual risks associated with climate impact.
Technology	The timing of technology development and deployment remains a key uncertainty in assessing technology risk. As well as the cost and the unproven nature of integrating new technologies into existing assets, rapid changes in technology can also be challenging to integrate into development timeframes.	Medium to long term.	We duly consider technology improvements such as smart metering, battery storage and renewable energy. We look to create smart buildings to improve environmental performance and ease of operation. We see technology, innovation and integration as key to delivering lower long-term costs, and increased occupant comfort and productivity.
Market	Investors and markets are increasingly redirecting capital away from products and services that contribute to climate change, impacting stock and asset values. In addition to capital market risks, there is also a risk that the supply and demand for products and services may vary in response to shifting consumer demands and changes in technology.	Short to long term.	We look to future-proof our assets through improved energy and water performance (design and operational), and our investment in renewable energy (on and off-site) reduces the uncertainty and instability of electricity price shocks. In addition to this, we promote best-practice transparency to allow investors to make a most informed choice.
Reputation	An organisation's action or inaction in transitioning to a lower carbon economy poses a potential source of reputational risk, as occupiers and communities continue to expect more from big businesses. A key reputational risk for Castleforge would be failing to achieve net zero carbon. A second risk is that the assets we build and then sell don't perform well into the future. Reputational risk has a wider-ranging impact to our business: attracting high-quality partners may become more difficult, governments and communities may resist working with us, and it will be harder to attract and retain top talent.	Short to long term.	Demonstrating our commitment to a low-carbon world and taking leadership in reducing our emissions addresses concerns from our stakeholders on Castleforge's ability to effectively manage both its impact as well as its climate-related risks. Our strong sustainability credentials and reputation also continue to help us attract stakeholders who consider ESG in their decision-making.

Part B: Physical Risks

Physical Risk		Timeline	Mitigation / Adaption
Extreme temperatures	Hotter days will increase demand for air conditioning and ventilation. This will lead to higher operating costs (energy consumption and maintenance costs). Higher minimum temperatures, particularly in summer months, will mean the use of fresh air for cooling overnight will not work as well. Adversely, cold weather extremes will increase demand on heating supplies, leading to higher operating costs (energy consumption and maintenance costs).	Short to long term..	Ongoing mitigation strategies within our investment portfolio include implementing energy efficiency initiatives (such as installing energy efficient lighting, equipment, and HVAC) to assist in reducing energy loads, as well as retrofitting existing assets to improve the building thermal envelope, whenever capital expenditure is justified. Additionally, there is an opportunity for us to work with our occupiers to establish best practices to aid the delivery of optimal conditions and manage risks during extreme temperature events.
Extreme rainfall	Heavy rainfall intensity is projected to increase.	Short to long term.	Our building management teams proactively check and maintain building envelopes to improve resilience to extreme rain and hailstorms, and, where appropriate, implement effective stormwater management strategies. For those sites under development, Castleforge mitigates the impact of heavy rainfall by implementing flood defence measures, such as pumping equipment and backup generators, and ensuring effective stormwater management. Our development processes further manage these risks through good design which are assessed through certifications such as Wired Score and BREEAM.
Rising sea levels	The projected range of sea-level rise by 2030 is around 0.07 to 0.19 metres above the 1986 – 2005 level. This could lead to restrictions on development approvals for projects on land one metre or less above sea level; increased costs and delays to construction; flooding and damage to property; increased costs from need to invest in flood prevention; business interruption to occupants; and reduced land value.	Medium to long term.	Mitigation strategies include reviewing the location of critical building infrastructure and investing in flood prevention infrastructure. In the planning and design of new developments, we currently consider sea levels and projected increases in floodplains and stormwater as specified by the relevant authorities or experts. For those sites considered for acquisition, flood risk is a key component within our investment decision-making.

APPENDIX 2: OUR REPORT

This ESG report, covers the ESG activities of Castleforge Partners Limited (“Castleforge”), for the year ending 31 December 2022. This report is intended to help investors form a view about our ESG credentials.

Unless otherwise stated, environmental data in this report pertains exclusively to the assets and activities within Castleforge’s operational control. Specific environmental performance disclosures are broken down by sector type where appropriate. Some aspects of this report have been completed by our third-party Sustainability Consultants, EVORA.

No significant changes occurred in Castleforge’s organisation or chain of suppliers during 2022. In addition, to our best knowledge, no serious ESG incidents occurred in 2022.

Scope

This report includes all real estate assets within the Isambard portfolio which are owned or managed by Castleforge. This portfolio is made up of office accommodation only. In future years we hope to extend this to other assets and funds to promote maximum transparency. Where possible, we report on our corporate office occupation which we see as a key reflection of us practicing what we preach.

Coverage

Castleforge works actively to access relevant data for the properties that Castleforge owns and manages. Having access to data is important to Castleforge as the information creates conditions for efficient and sound technical management of buildings. Castleforge strives to access all relevant data as comprehensively as possible

Normalisation

Castleforge calculate energy and water intensity ratios by dividing energy/water consumption by building floor area. This is the most widely accepted method in Europe to compare energy utilisation and resource consumption.

Segmental Analysis (by Property Type, Geography)

Segmental analysis is conducted by property type for consumption data. The Isambard portfolio consists of one building type, Office, all located in the UK. We report on the split of our energy labels (EPCs) by rating. Asset-level performance data is available upon request.

Reporting on Landlord and Tenant Consumption

Castleforge report on both landlord and tenant-controlled consumption where possible.

Methodology

We have reported on all material ESG sustainability performance measures, using the INREV Sustainability Reporting Guidelines, utilising emissions conversion factors for the appropriate year (UK Government’s Conversion Factors for Company Reporting 2020 and 2021). Like-for-like measures exclude all assets not held for the full two-year period from 1 January 2021 to 31 December 2022 and any assets for which development or major refurbishment has been occurring. Applicable properties refer to the number of properties within our organisational boundaries for this indicator.

Disclaimer

This ESG performance data has been prepared for Castleforge for the agreed purpose by EVORA. Reasonable professional care has been taken in the development of this data. Our analysis, conclusions and recommendations are based on information provided to us and EVORA cannot be held responsible for the accuracy of this information.

We have clearly identified where estimates have been used to provide indications of performance. Estimates are not a guarantee of current or future performance.

Further, EVORA cannot be held liable for any losses or damages incurred by a third party (other than the named client/s) relying on the contents of, or recommendations made in, this report. Such third parties should obtain independent advice in relation to the conclusions set out in this report.

Reporting frameworks

Our report is aligned to the INREV Sustainability Reporting Guidelines (2016) to ensure we are transparently and accurately disclosing our ESG performance. In addition, we set out a review of our progress in supporting the UN SDGs which can be found on pages 11 to 12. While we are not at present obliged to report aligned to TCFD requirements, we make efforts to move our disclosures towards doing so.

APPENDIX 3: CORPORATE ESG PERFORMANCE DATA

Table 1: Business Travel

Impact Area	Units of Measure	2021	2022
Employee Business Travel- Rail & Air transport	Total miles travelled (miles)	102,285	158,151
	Total associated carbon (tonnes CO ₂ e)	22.4	39.3
	Miles travelled by rail (miles)	37,145	38,873
	Associated carbon (scope 3 emissions) (tonnes CO ₂ e)	2.1	2.2
	Miles travelled by air (miles)	65,140	119,278
	Associated carbon (scope 3 emissions) (tonnes CO ₂ e)	20.2	37.1

Notes on Data Coverage:

- Employee business travel is recorded for 2021 and 2022 for rail and air travel, both of which are classed as scope 3 emissions.
- Castleforge is working towards gathering data relating to other forms of business travel including car travel and hotel stays.

Narrative on Performance:

- Business travel-associated emissions have increased from 2021 to 2022 by 75% which is likely attributable to the relaxing of COVID-19 travel restrictions.

APPENDIX 4: ISAMBARD ESG PERFORMANCE DATA

Table 2: Landlord-Controlled Energy Consumption

	2021		2022		Absolute Trend	Like-for-like trend
	Absolute Consumption (kWh)	Like-for-like Consumption (kWh)	Absolute Consumption (kWh)	Like-for-like Consumption (kWh)		
Total landlord electricity consumed	3,218,305	3,218,305	3,694,082	3,694,082	+15%	+15%
Proportion of landlord electricity from renewable sources (tariffs)	100%	100%	100%	100%	0%	0%
Proportion of landlord electricity from onsite solar PV systems	0.7%	0.7%	0.4%	0.4%	-40%	-40%
Coverage (number of assets)	4 of 4	4 of 4	4 of 4	4 of 4	4 of 4	4 of 4
Total landlord fuels consumed	2,051,454	2,037,336	1,656,464	1,656,464	-19%	-19%
Proportion of landlord fuel from renewable sources	0%	0%	0%	0%	0%	0%
Coverage (number of assets)	4 of 4	3 of 3	3 of 3	3 of 3	3 of 3	3 of 3
Total tenant electricity consumed	701,157	701,157	800,130	800,130	+14%	+14%
Proportion of tenant electricity from renewable sources (tariffs)	100%	100%	100%	100%	0%	0%
Coverage (number of assets)	1 of 2	1 of 2	1 of 2	1 of 2	1 of 2	1 of 2
Total energy obtained	5,970,916	5,956,798	6,150,675	6,150,675	+3%	+3%
Coverage (number of assets)	4 of 4	4 of 4	4 of 4	4 of 4	4 of 4	4 of 4
Building energy intensity for all energy obtained (kWh/m ² /year-GIA)	181.8	181.4	187.3	187.3	+3%	+3%
% of energy and associated GHG estimated	14.7%	14.7%	2.8%	2.8%	-81%	-81%

Notes on Data Coverage:

- Absolute and like-for-like Landlord electricity consumption data is recorded for: Mountbatten House, Linley House, Broadwalk House and Yorkshire House.

- Absolute gas consumption data is recorded for: Mountbatten House, Linley House, Broadwalk House and Yorkshire House. Like-for-like gas consumption data is recorded for: Mountbatten House, Linley House, Broadwalk House and Yorkshire House.

Commentary on Performance:

- Like-for-like Landlord electricity consumption saw an increase of 15% from 2021 to 2022, like-for-like tenant electricity consumption also saw an increase of 14% from 2021 to 2022, while like-for-like gas decreased by 19%. Note that gas consumption was ceased at Yorkshire House in February 2021 which may account for part of the decrease in gas consumption from 2021 to 2022. January and February 2021 consumption is included in analysis.

- 100% of the electricity consumed in both 2021 and 2022 was from a renewable source. Renewable electricity generation data is measured at Yorkshire house to reflect the generation and consumption of their onsite solar PV system.
- Overall like-for-like energy consumption increased by 3% from 2021 to 2022.

Table 3: Greenhouse Gas (GHG) Emissions

	2021		2022		Absolute Trend	Like-for-like trend
	Absolute Emissions (tonnes CO ₂ e)	Like-for-like Emissions (tonnes CO ₂ e)	Absolute Emissions (tonnes CO ₂ e)	Like-for-like Emissions (tonnes CO ₂ e)		
Direct GHG emissions (GHG Protocol Scope 1; Location-Based)	375	373	302	302	-19%	-19%
Direct GHG emissions (GHG Protocol Scope 1; Market-Based)	375	373	302	302	-19%	-19%
Indirect GHG emissions (GHG Protocol Scope 2; Location-Based)	682	682	711	711	+4%	+4%
Indirect GHG emissions (GHG Protocol Scope 2; Market-Based)	0	0	0	0	0%	0%
Total GHG Scopes 1 and 2 (Location-Based; before green procurement)	1,058	1,055	1,014	1,014	-4%	-4%
Total GHG Scopes 1 and 2 (Market-Based; after green procurement)	375	373	302	302	-19%	-19%
Building GHG intensity (GHG Protocol Scope 1 and 2 Location-Based) (kgCO ₂ e/m ² /year-GIA)	32.2	32.1	30.9	30.9	-4%	-4%
Building GHG intensity (GHG Protocol Scope 1 and 2 Market-Based) (kgCO ₂ e/m ² /year-GIA)	11.4	11.4	9.2	9.2	-19%	-19%
Coverage (number of assets)	4 of 4	4 of 4	4 of 4	4 of 4	4 of 4	4 of 4
Indirect GHG emissions (GHG Protocol Scope 3; Location-Based) ¹	150	150	156	156	+4%	+4%
Indirect GHG emissions (GHG Protocol Scope 3; Market-Based)	0	0	0	0	0%	0%
Coverage (number of assets)	1 of 2	1 of 2	1 of 2	1 of 2	1 of 2	1 of 2

Notes on Data Coverage:

- Absolute GHG emissions data is recorded for: Mountbatten House, Linley House, Broadwalk House & Yorkshire House. Like-for-like GHG emissions data is recorded for: Mountbatten House, Linley House & Yorkshire House.

Commentary on Performance:

- Like-for-like GHG emissions when taking into account the renewable electricity procurement decreased by 13% from 2021 to 2022. This is likely attributable to the elimination of gas consumption at Yorkshire House in February 2021.
- Like-for-like location-based scope 1 and 2 emissions have decreased by 2%, while the associated energy consumption increased by 4% from 2021 to 2022. This is due to the standard electricity grid continually decarbonising due to the increase in proportion of renewable electricity within the standard UK electricity grid.

- Scope 3 emissions in this data table refer to tenant energy consumption where this is available. In this report, this refers to Yorkshire House's tenant electricity consumption.

Table 4: Water Consumption

	2021		2022		Absolute trend	Like-for-like trend
	Absolute Usage (m3)	Like-for-like Usage (m3)	Absolute Usage (m3)	Like-for-like Usage (m3)		
Water	15,172	15,172	15,527	15,527	+2%	+2%
Water intensity (m3/m2)	0.57	0.57	0.58	0.58	+2%	+2%
Coverage (number of assets)	4 of 4	4 of 4	4 of 4	4 of 4	4 of 4	4 of 4
% of water consumption data estimated	1%	1%	15%	15%	1400%	1400%

Notes on Data Coverage:

- Absolute and like-for-like water consumption is recorded for: Yorkshire House, Mountbatten House, Linley House and Broadwalk House.
- Like-for-like consumption data is defined for the purposes of this report as data from assets which have been fully complete and operational during the calendar years 2021 and 2022. Assets which were still undergoing development/refurbishment during the reporting period are not included in like-for-like analysis.

Narrative on Performance:

- Like-for-like water consumption has increased by 2% from 2021 to 2022. Water data provided is sourced from meter readings and invoices.

Table 4: Waste Generation

Waste reported in tonnes	2021				2022				Absolute trend	Like-for-like trend
	Absolute tonnes	Absolute Proportion	Like-for-like tonnes	Like-for-like Proportion	Absolute tonnes	Absolute Proportion	Like-for-like tonnes	Like-for-like Proportion		
Recycled	21.1	28%	19.6	28%	23.8	32%	23.8	32%	+12.8%	+21.3%
Incineration (with and without energy recovery)	53.5	72%	50.2	72%	50.2	68%	50.2	68%	-6.1%	+0.1%
Landfill (non-hazardous)	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0%	0%
Hazardous Waste Treatment Facility	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0%	0%
Total	74.6	100%	69.8	100%	74.1	100%	74.1	100%	-0.8%	+6.0%
% of waste estimated		0%		0%		0%		0%	0%	0%
Coverage of applicable properties		3 of 4		2 of 4		2 of 4		2 of 4	2 of 4	2 of 4

Notes on Data Coverage:

- Waste data for 2022 has been received for Mountbatten House and Linley House.
- Waste data for 2021 has been received for Mountbatten House, Linley House, and Yorkshire House.
- No waste data has been estimated for 2021 or 2022.

Narrative on Performance:

- Absolute waste generation has decreased by 1% from 2021 to 2022.
- Like-for-like waste generation has increased by 6% from 2021 to 2022, likely due to occupancy increases resulting from the loosening of COVID-19-related lockdowns in the reporting period.

Table 5: Green Building Certifications

Type of Certification	Name of certification	Number of certified properties	2021	2022	
			Percentage of portfolio certified (by floor area)	Number of certified properties	Percentage of portfolio certified (by floor area)
Mandatory Certifications	EU Energy Performance Certificate	4 of 4	100%	4 of 4	100%
Voluntary Certifications	BREEAM (or equivalent)	0 of 4	0%	4 of 4	100%

EU Energy Performance Certificate	Proportion of 2022 Portfolio by Floor Area
EPC rated A	0%
EPC rated B	20%
EPC rated C	47%
EPC rated D	23%
EPC rated E	11%

Notes on Data Coverage:

- All assets in the Isambard portfolio were covered by valid EPCs during 2021 and 2022.
- All assets in the Isambard portfolio were accredited with WiredScore and ActiveScore during 2022.



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