

## Sustainability Policy

### Approach to sustainability

Regional REIT (“**RGL**”, the “**Group**”, or the “**Company**”) is committed to delivering long-term value to its shareholders with a high dividend distribution. It does this by focusing on building a sustainable portfolio of income producing UK core and core plus office properties.

RGL’s belief in the importance of sustainability, which encompasses environmental, social and governance (“**ESG**”), has guided its transactional activity since inception. As far as possible RGL has conducted its activities in a responsible and sustainable manner and looks to continue and improve upon these actions over the long term.

### About us

RGL is externally managed by London and Scottish Property Investment Management (“**LSPIM**”) the Asset Manager and Toscafund Asset Management LLP (“**Toscafund**”) the Investment Manager (together the “**Managers**”). LSPIM is a fully integrated asset and property management group with over 55 employees dedicated to RGL operating from a number of offices around the UK. Toscafund is a leading multi-asset management firm with offices in London, Manchester, New York and Melbourne. The Managers believe that ESG factors are important considerations in responsible investing, and independently have their own ESG policies.

### Commitment

RGL is committed to the highest standards of business conduct and demands the same standards throughout its supply chain. By actively working with its occupiers, suppliers, local authorities and other parties, RGL works to create positive environmental and social outcomes across the entire property portfolio.

RGL continues to execute its sustainability policy based upon ESG criteria:

#### Environment

RGL continually strives to reduce the adverse impact of its activities on the environment. Its priority is to deliver assets, which work for the occupants, whilst also having minimal impact on the environment. It works to improve the environmental performance of its assets to provide long-term cost savings, efficiencies and returns

#### Biodiversity

- RGL aspires to minimise harm on the local natural environment. It works, where possible together with stakeholders, to reduce its negative impact on biodiversity and habitat and look to provide opportunities for its enhancement.

- To facilitate biodiversity, RGL will look to provide features such as bird boxes, insect hotels and green spaces, which are composed of native flora.

### **Climate Change**

- Climate change is one of the most significant challenges facing society, therefore RGL is committed to creating resilient assets, which are adapted to and mitigate climate change. RGL will do this through:
  - Performing sustainability due diligence checks on all new acquisitions and ensure climate change is a key focus of the checklist.
  - Evaluate and anticipate risks from the natural environment.
  - Look to reduce its contribution to climate change with targets linked to energy consumption and greenhouse gas emissions. This will be accomplished by monitoring consumption and emissions at an asset and portfolio level.

### **Energy**

- RGL endeavours to reduce energy consumption across its portfolio to support its greenhouse gas emissions reduction targets and to improve cost savings. It aims to do this through:
  - Replacing energy appliances with efficient alternatives during renovations and refurbishments.
  - Request occupiers to choose efficient appliances through the fit-out guide.
  - Examining the energy performance of possible acquisitions through the due diligence process.
  - Developing long term plans for energy reduction, with the development of targets to support the transition to a low carbon portfolio.
  - Explore the installation of renewable energy on-site and the procurement of electricity from renewable energy sources only.

### **Water**

- RGL seeks to improve both internal and external water efficiency at its assets. It aims to reduce its water consumption through:
  - Measuring and monitoring consumption at its assets.
  - Ensuring when water-using appliances are removed in renovations and refurbishments water efficient alternatives are installed.

### **Waste**

- RGL promotes the waste management hierarchy; 'reduce, reuse, recycle' in its assets. The aim is to divert as much waste as possible from landfill and ensuring it abides by or exceed the minimum waste separation and collection requirements of local authorities.
- Through its green lease RGL requests data sharing on waste generation.
- The Group fit-out guide also supports occupiers in reducing waste during refurbishments, with the aim for zero waste to landfill.

### **Pollution**

- The operations of RGL have minimal risk of pollution. However, RGL increases pollution prevention with regular checks on possible sources such as cooling equipment and employs a strict position on the use of low pollution source materials in cleaning and refurbishments.

### **Materials**

- RGL supports the responsible and sustainable sourcing of materials in its assets. Through its fit-out guide, RGL supports its occupiers in sustainable procurement for materials, ranging from lighting to flooring.

### **Indoor Environmental Quality**

- RGL strives to provide assets which offer good indoor environmental quality, improve the occupant's comfort, well-being and productivity. Whilst also supporting the assets operational environmental performance. It does this by:
  - Providing control for lighting, heating and cooling.
  - Conducting regular checks and maintenance on the HVAC system.
  - Providing pleasant acoustic conditions.
  - Where possible maximising daylight and views out for occupants.
  - Where possible looking to integrate biophilic design.

### **Transportation**

- The Managers support the transition to a low carbon transportation system by encouraging employees and occupiers to cycle, walk and use public transportation.
- RGL aims to provide cycling facilities at all assets.

### **Social**

RGL understands the importance of social sustainability:

#### **Occupier**

- RGL aims to create vibrant and environmentally efficient spaces with features that impact positively on the health and wellbeing of its occupiers.
- To support the occupiers in implementing sustainability measures RGL, supported by the Asset Manager, has developed a green lease clause.
- As required, recognise the importance of and contribute to the health, safety and well-being of its occupiers.
- RGL is committed to ensuring occupier feedback on sustainability is considered, therefore it is aiming to issue a regular occupier satisfaction survey on sustainability and health and well-being.

#### **Suppliers and Contractors**

- When appointing service providers RGL undertakes a thorough selection process which includes checks on sustainability.

- Where possible, RGL will engage with suppliers and contractors who are based in the surrounding communities of its assets.
- Where possible, RGL works with its occupiers to procure suppliers and contractors which meet its sustainability standards as outlined in its occupier fit-out guide.
- As required, recognise the importance of and contribute to the health, safety and well-being of its third party suppliers.

### **Community**

- The Managers are committed to responsible behaviour outside of the management agreements, with various philanthropic causes supported, such as non-profit organisations that promote healthcare, community development and other worthy causes.

### **Governance**

RGL is committed to providing a transparent ESG governance process, which is in line with its governance policies. Whilst financial returns are a key priority, RGL understands that minimising the risks and maximising opportunities in the environment and society to become a sustainable organisation requires an up to date and relevant policy. Therefore, it is committed to annually reviewing the ESG policy.

#### **Governance processes**

- Committed to establishing and maintaining high standards of corporate governance, in line with best practice, which include, but are not limited to the compliance with applicable legislation, accounting and tax standards, Listing Rules and Disclosure Guidance and Transparency Rules and the principles of The Association of Investment Companies Code of Corporate Governance. The Board of RGL works closely with the Company Secretary at Link Company Matters Ltd. in this regard.
- Promote an ESG culture within the organisation by ensuring a dedicated ESG committee is in place.
  - The Sustainability Committee, which meets quarterly, has responsibility to review RGL's delivery of the key commitments and ensure its operations continue to be undertaken responsibly. The Sustainability Committee ensures the Board are kept up to date with their findings.
- Display ethical behaviours as a leading real estate investment organisation.
- Respect international best practices such as the Principles for Responsible Investment, the Bribery Act, the Modern Slavery Act and regularly monitor compliance of the organisation with such best practices/legislation.

Ensure compliance with the requirements and expectations of its shareholders by anticipating, managing and implement solutions to satisfy its legal requirements in all areas of socially responsible investment.

### **Due Diligence**

- Consider environmental issues when making investment decisions and as part of the individual asset life cycle plans, from acquisition management, refurbishment, through to disposal.
- Respect human rights by avoiding investments and engagements where discriminatory practices may be employed.

### **Stakeholder engagement**

- Report and communicate on ESG matters to shareholders where possible and appropriate.
- RGL recognise and take into account the interests of stakeholders.
- RGL aims to monitor and assess the implementation of the ESG policy and measures annually through the Global Real Estate Sustainability Benchmark.
- RGL considers transparency and disclosure on ESG performance of importance, ensuring where possible this information is public or readily available to shareholders.