

# Sustainability Strategy & Report 2023







# Executive Summary



Waypoint is a real estate asset manager and adviser that creates and executes innovative and bespoke investment strategies for clients. We advise on over £1bn of capital across established and alternative real estate sectors throughout the UK.

**Nick Gregory**  
Joint Managing Director

At Waypoint, we are acutely aware that we have a duty to conduct our business at both a corporate and fund level in a sustainable and socially responsible manner. We recognize that similar values and expectations are held by our clients and investors and are therefore committed to the continuing development and implementation of our comprehensive sustainability strategy.

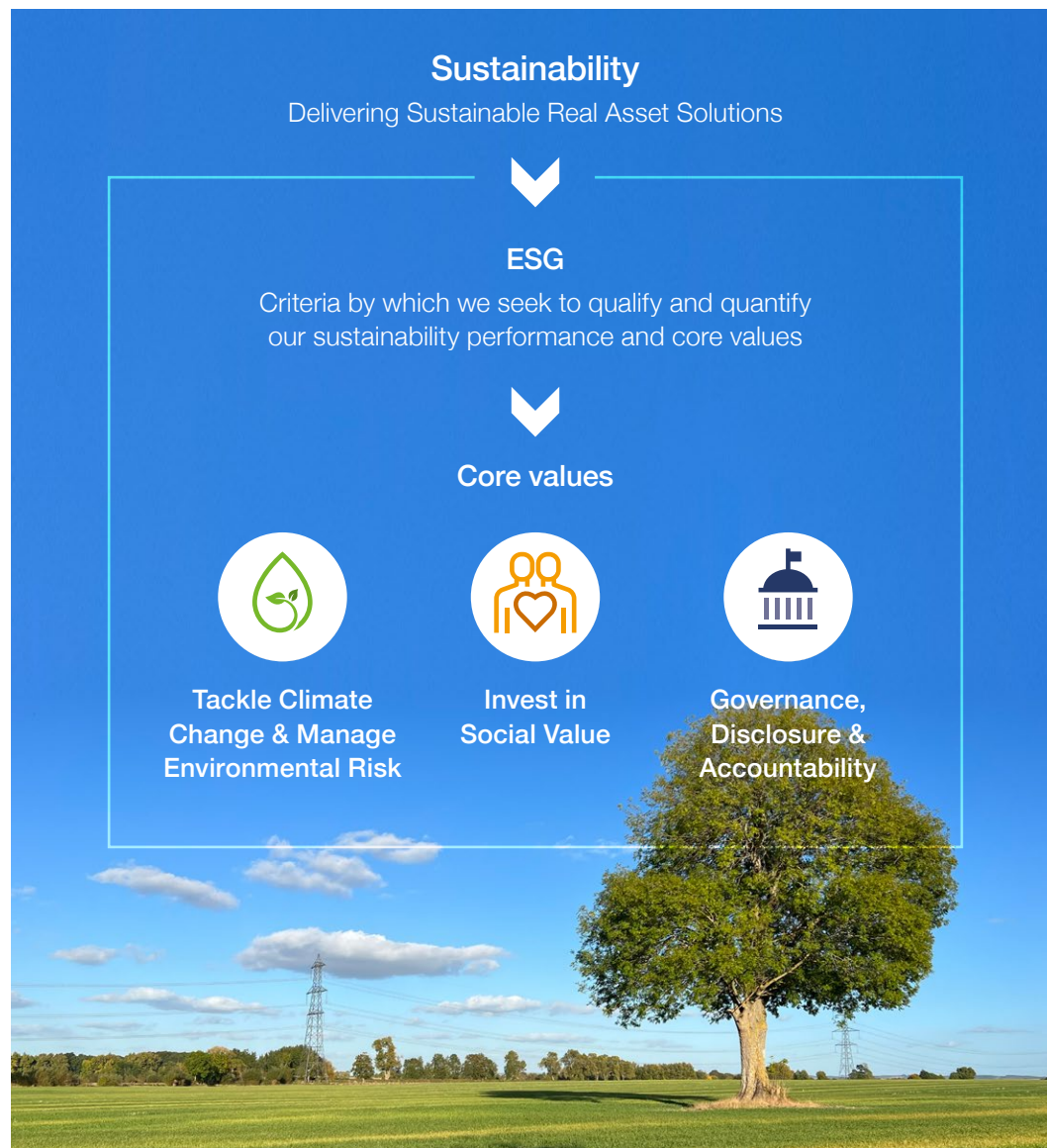
## ‘Building on our net zero commitment’

Key to our progress over the last year has been the development of our corporate and fund level net zero pathways. As a manager of real estate investments, we recognise that the built environment is a significant contributor to carbon emissions and as such we have a duty to reduce the impact of those assets under our stewardship.

We also recognise the importance of strong data and are pleased to report we now have detailed baseline carbon footprints across all funds and underlying assets. Major progress has also been made in the analysis of this data to formulate targeted net zero pathways including the identification of transition risk at an individual asset level.

We believe delivering on carbon reduction and identifying investment risks and opportunities, to meet the evolving expectations of our stakeholders is now a key element of our fiduciary and social duty.

## Waypoint Sustainability Framework





# Core Values & Commitments

## Materiality Assessment

Core values and commitments informed by engagement with our stakeholders



### Commitments

- 1 – To achieve net zero carbon at a corporate and fund level by 2050 combined with a series of clearly defined interim targets.
- 2 – An ongoing commitment to strong data collection and management on which to base our targets and report progress.
- 3 – To continue educating ourselves on net zero carbon and adopt a strategy which embraces new technology and thinking in the real estate sector, including energy efficiency in buildings and a shift to renewable energy supplies.
- 4 – An understanding that our climate goals can only be achieved by working in conjunction with our occupiers.
- 5 – Managing the transition risk to ensure environmental resilience for our stakeholders.



### Commitments

- 1 – Sustainability now fully embedded as a main board level consideration with operational responsibility managed by a separate sustainability committee which includes representation from across the business including a third party external consultant.
- 2 – To continue developing our legislative risk management and align our practices with both the TCFD and FCA SDR frameworks.
- 3 – A commitment to GRESB across all funds to ensure benchmarking against our peers.
- 4 – Monitor and develop our corporate governance policies to ensure they remain relevant and fit for purpose.



### Commitments

- 1 – To ensure we contribute and seek to improve the local communities in which our real assets reside.
- 2 – Support employee health and wellbeing along with inclusivity and diversity in the workplace.
- 3 – Educate and advance the understanding of sustainability amongst employees.
- 4 – Undertake our business activities in accordance with our Responsible Investment and Stewardship Policy and commitments as a UN PRI signatory.
- 5 – Participate and contribute to the wider real estate industry advancement of sustainability.





Core Value

# Tackling Climate Change & Managing Environmental Risk





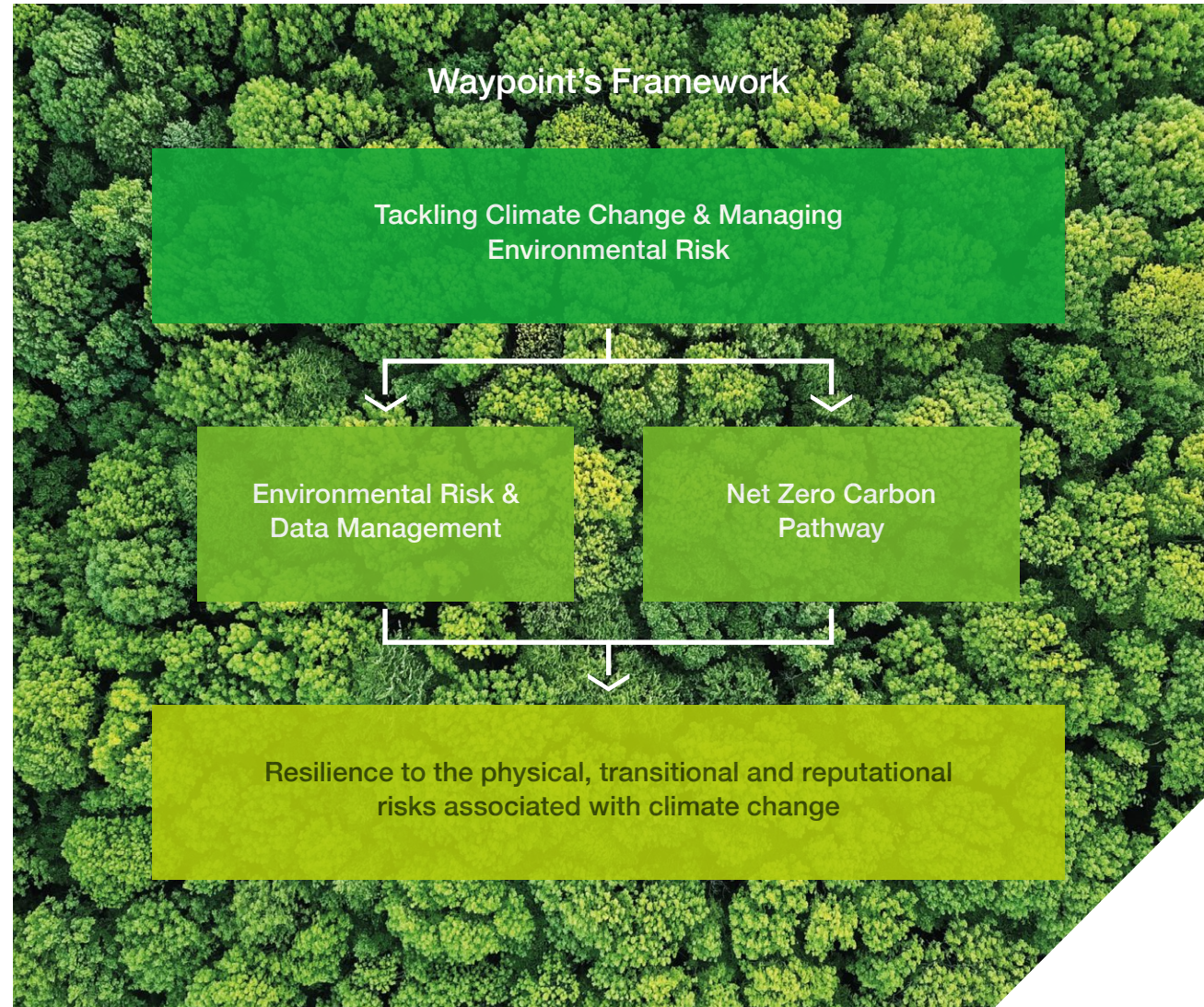
## Core Value | Tackling Climate Change & Managing Environmental Risk

### Managing our Environmental Impact

Waypoint recognises that its business activities have both direct and indirect impacts upon the environment and that it has a responsibility to pro-actively address the associated risks. At the forefront of our environmental strategy is the challenge presented by global warming and more specifically the goal to limit warming to 1.5°C in accordance with the Paris Agreement.

As a business we recognise that it is important for us to understand and quantify the impact of our activities on the environment, extending to carbon emissions, waste generation, natural resource utilisation and depletion. We are then committed to reducing the impact of our activities by seeking efficiency improvements across our real estate assets and minimising the consumption of resources such as energy and water based on the approach of 'refuse, reduce, reuse and recycle'.

*At Waypoint, we believe it is essential to have a strong understanding of environmental risk supported by quality data in order to have an effective net zero carbon strategy.'*







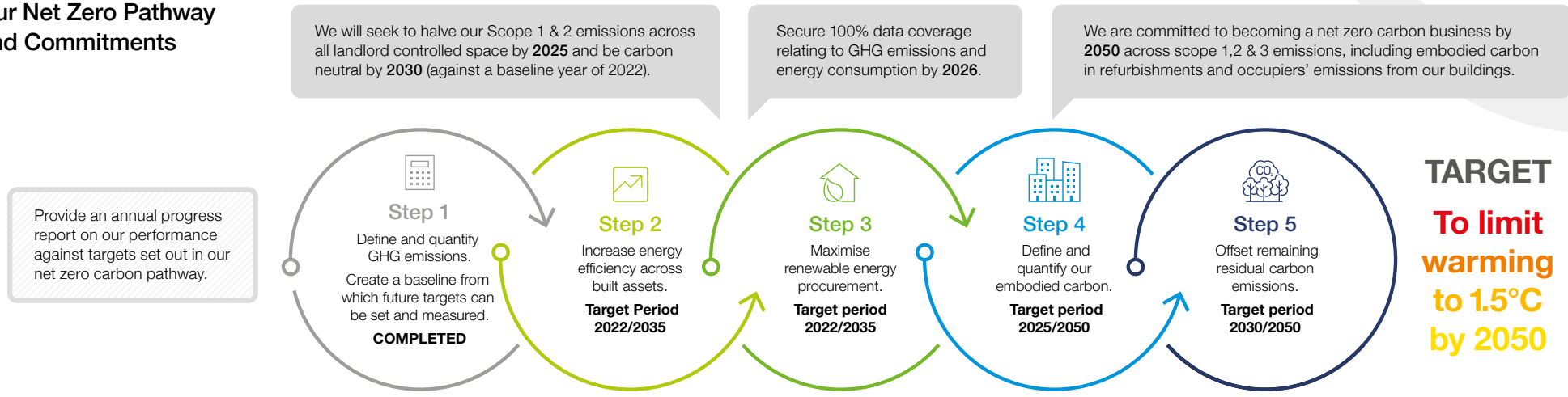
# Core Value | Tackling Climate Change & Managing Environmental Risk

## Net Zero Carbon – Our Pathway & Commitments

Waypoint is committed to achieving net zero carbon in respect of its Scope 1 workplace emissions by 2030. We are also committed to achieving net zero carbon emissions across all assets under management by 2050. To assist in these goals we have:

- Appointed specialist net zero consultants Verco Global to assist us with the technical methodologies required to calculate our carbon footprint at both an asset and fund level.
- Quantified our carbon emissions in metric tonnes at both a corporate and fund level with 2022 set as our baseline year from which future performance will be measured.
- Developed a roadmap and carbon reduction strategy in respect of Scope 1, 2 and 3 carbon emissions based on the following core steps.

### Our Net Zero Pathway and Commitments



**TARGET**  
**To limit warming to 1.5°C by 2050**

### Scope Definitions

**Scope 1** – We define this as emissions from our directly owned and controlled sources, most notably our company offices.

**Scope 2** – This covers our indirect emissions from the generation of purchased energy both in relation to our own office space but also across our real estate investments where as landlord we directly control the sourcing of energy.

**Scope 3** – This is our broadest category and includes all indirect emissions that occur in our value chain, the largest of which relates to our tenant controlled leased assets. During the course of 2023 we will further develop our definition of Scope 3 emissions so as to more accurately inform our net zero pathway and targets.

- Seek to fully align with TCFD across all fund mandates by **2026**.
- 100% diversion from landfill on all landlord controlled waste by **2025**.
- Primary focus on the re-use of property, minimising the use of resources and saving carbon emissions required in the construction of new buildings through minimising embodied carbon of materials used.





# Core Value | Tackling Climate Change & Managing Environmental Risk



## Waypoint – Delivering on Net Zero

In recognition of the increasingly advanced nature of net zero modelling, Waypoint has engaged the services of industry leading provider Verco Global to assist in the formulation and monitoring of its fund level pathways, During 2023 we successfully implemented Stages 1 to 5 of the following project plan across all funds and assets under management.

### Net Zero – Project Plan



#### Stage 1

##### Data Collection & Verification

- > Data request.
- > Data review, benchmarking and estimation (where necessary).
- > Estimation using BEES.



#### Stage 2

##### Baseline & Business as Usual

- > Fund level carbon footprint.
- > Business-as-usual projection.



#### Stage 3

##### Pathway Analysis

- > Fund level NZC modelling against targets.
- > Asset level analysis and estimated Capex.



#### Stage 4

##### Risk & Prioritisation

- > Assessment of NZC transition risks, including CRREM stranding risk.
- > Audit prioritisation tool.



#### Stage 5

##### Final Outputs

- > Outputs of net zero modelling, including technical potential, cost modelling, transition and stranding risk.
- > Aim to understand the potential and required actions for reaching net zero targets.



#### Stage 6

##### Annual Review & Progress Update

- > Annual fund GHG footprint calculation with comparison to previous year.
- > Business-as-usual forecast updated and shown against targets.
- > Aim to understand the asset and fund level energy and carbon performance annually.

# Waypoint + verco





# Core Value | Tackling Climate Change & Managing Environmental Risk

## Identification of Asset Stranding & CRREM

**“Stranded assets“ are properties that will not meet future energy efficiency standards and market expectations and might be increasingly exposed to the risk of early economic obsolescence.**

As part of our Verco Project Plan we have concluded Stage 4 “Risk & Prioritisation” which includes the application of the CRREM stranding risk tool. This is designed to help us understand the operational carbon performance of both the fund and its individual assets versus the CRREM v2 benchmark and pathway for carbon and energy reduction. During the course of 2024, we will be analysing the outputs from this exercise to identify and target assets at either greater risk of stranding or where the most significant impact in terms of carbon reduction and energy consumption can be achieved. This will include the potential for positive intervention based on the following four categories.



### Optimisation

Measures to optimise the use of energy within an asset with a short-term payback, e.g. upgrading lighting to LED’s, boiler sequencing, outdoor lighting requalification and adjusting HVAC control settings.

### Heat Decarbonisation

Replacing heating systems with a lower carbon alternative, e.g. removing gas boilers and installing heat pumps.

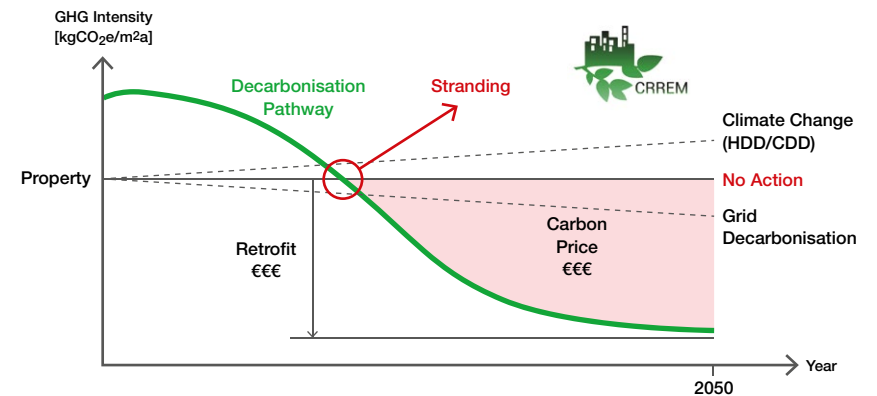
### Energy Efficiency

Measures to increase the energy efficiency of a building with longer-term payback, e.g. better insulation, improving glazing and plant replacement.

### Renewables

Installation of on-site solar PV arrays.

### Asset Level Stranding Diagram



**‘ We recognise that delivering on asset level carbon reduction initiatives will require significant tenant engagement and collaboration.’**



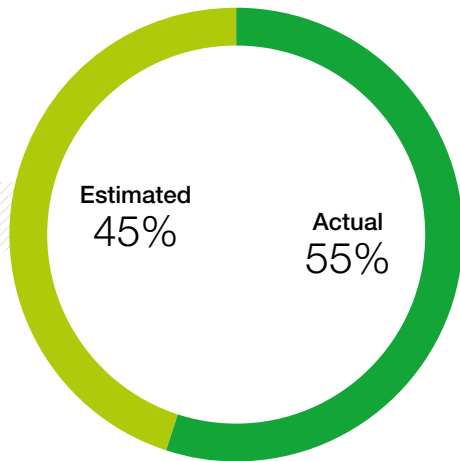
# Core Value | Tackling Climate Change & Managing Environmental Risk

## Fund Level – 2022 Base Year Energy Consumption & CO<sub>2</sub>e Emissions – Fund Level

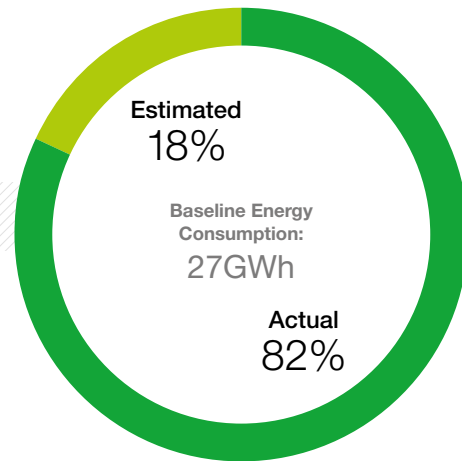
### Waypoint Government Income Fund

#### Overview of the fund

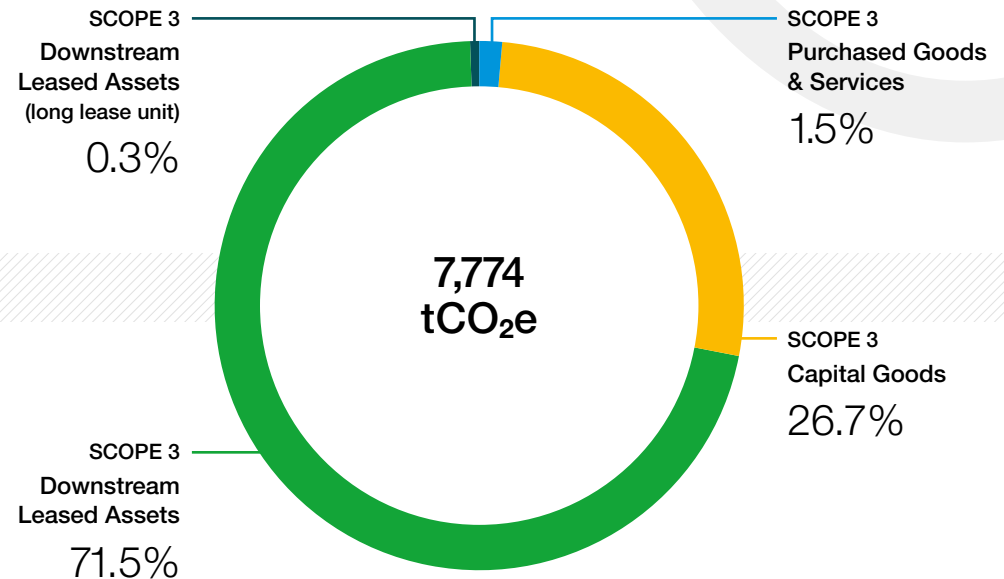
- > 67 assets
- > Total floor area under Waypoint management: 163,394m<sup>2</sup>



Data Coverage as a Percentage of Total Floor Area



Data Coverage as a Percentage of Total Energy Consumption



7,774 tCO<sub>2</sub>e





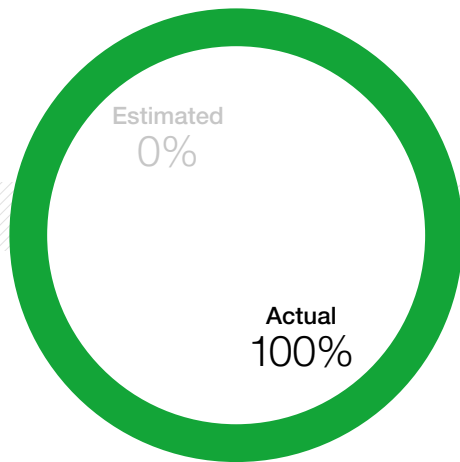
# Core Value | Tackling Climate Change & Managing Environmental Risk

## Fund Level – 2022 Base Year Energy Consumption & CO<sub>2</sub>e Emissions – Fund Level

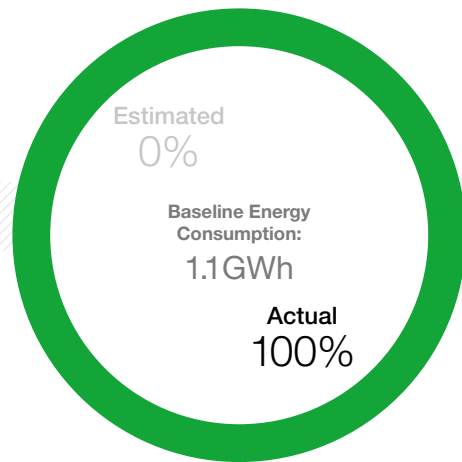
### Waypoint Long Income Fund

#### Overview of the fund

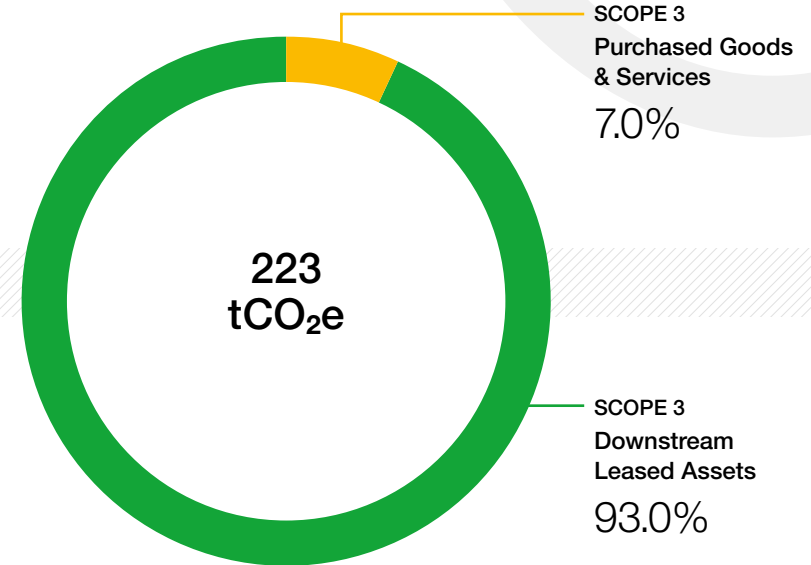
- > 2 assets
- > Total floor area under Waypoint management: 5,824m<sup>2</sup>



Data Coverage as a Percentage of Total Floor Area



Data Coverage as a Percentage of Total Energy Consumption





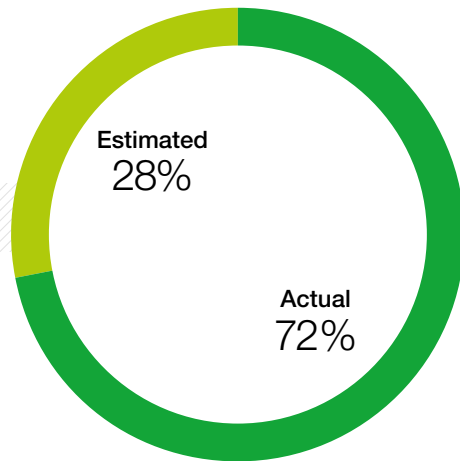
# Core Value | Tackling Climate Change & Managing Environmental Risk

## Fund Level – 2022 Base Year Energy Consumption & CO<sub>2</sub>e Emissions – Fund Level

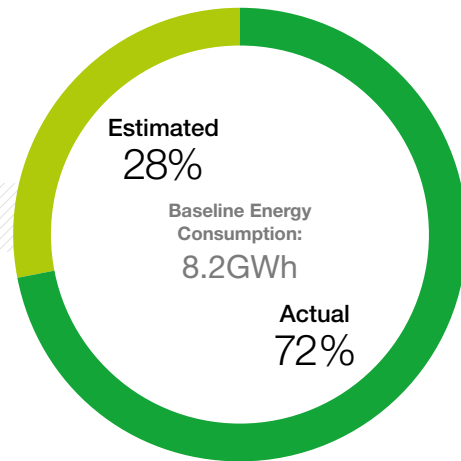
### Waypoint Essential Stores Fund

#### Overview of the fund

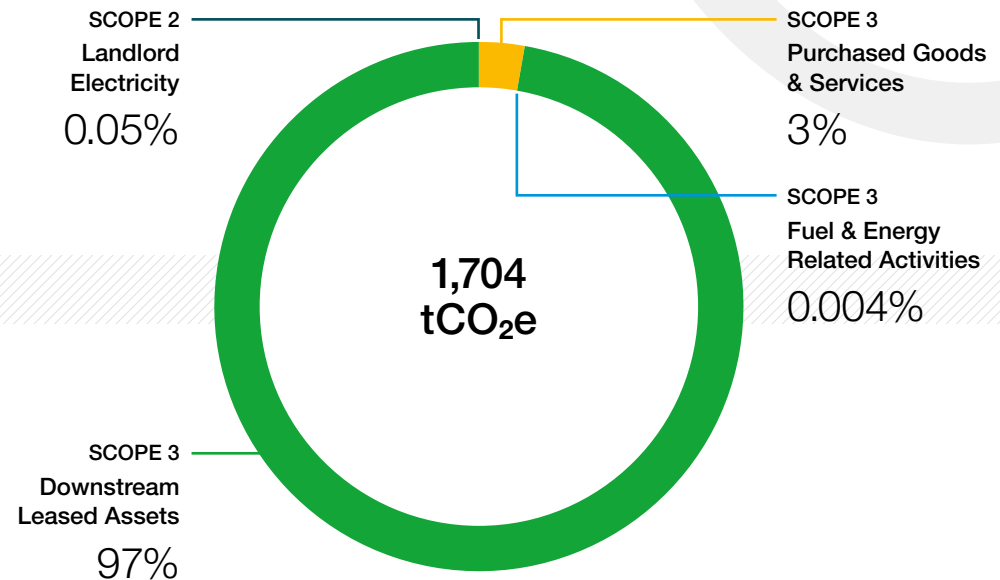
- > 12 assets
- > Total floor area under Waypoint management: 56,293m<sup>2</sup>



Data Coverage as a Percentage of Total Floor Area



Data Coverage as a Percentage of Total Energy Consumption







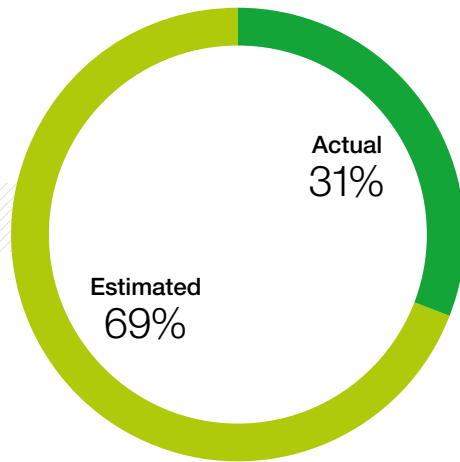
# Core Value | Tackling Climate Change & Managing Environmental Risk

## Fund Level – 2022 Base Year Energy Consumption & CO<sub>2</sub>e Emissions – Fund Level

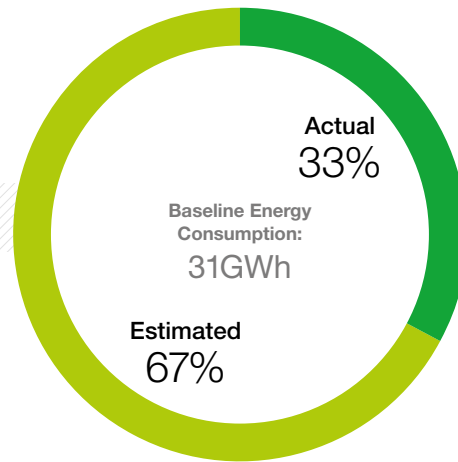
### Local Retail Fund

#### Overview of the fund

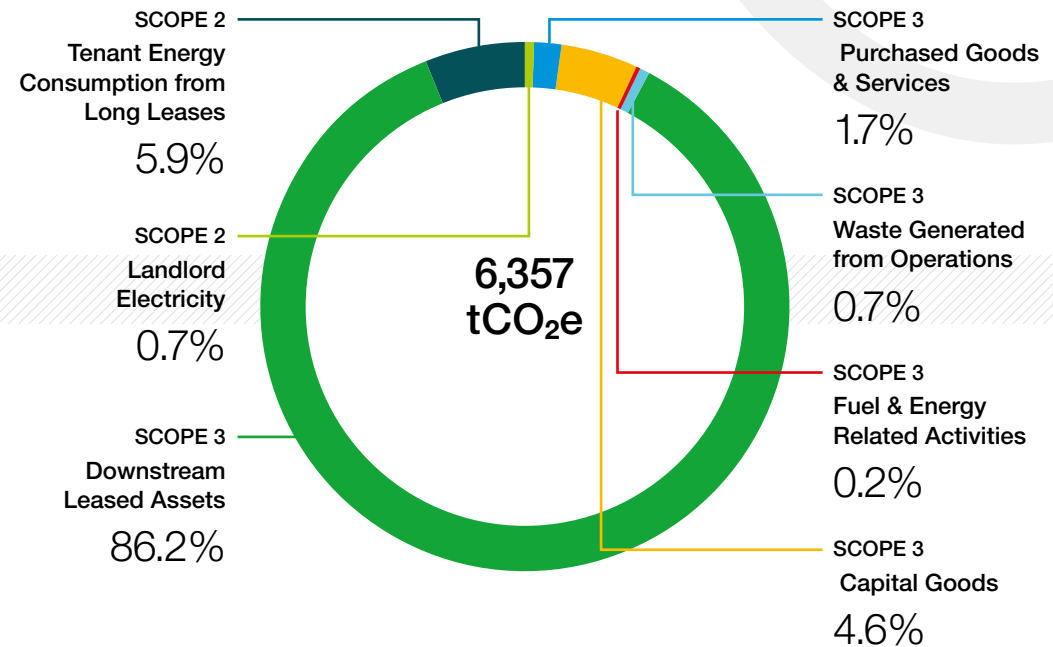
- > 65 assets
- > Total floor area under Waypoint management: 100,188m<sup>2</sup>



Data Coverage as a Percentage of Total Floor Area



Data Coverage as a Percentage of Total Energy Consumption



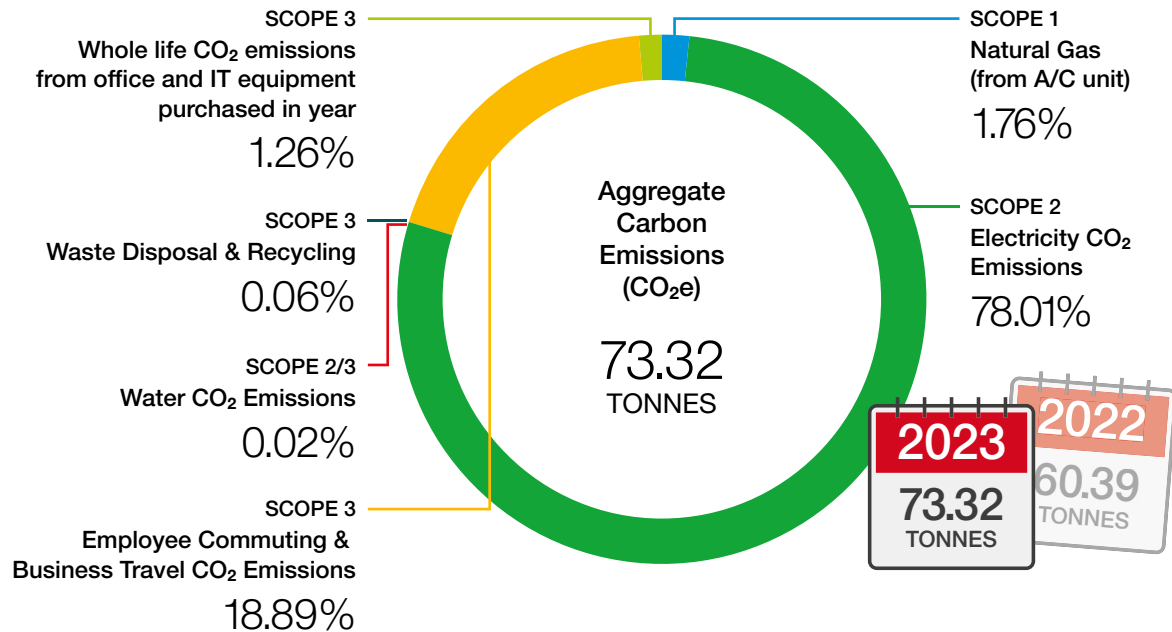


# Core Value | Tackling Climate Change & Managing Environmental Risk

## Waypoint Corporate Journey to become a Net Zero Carbon Business

Waypoint initiated its corporate level journey to Net Zero by setting 2022 as its base year for measuring energy consumption and CO<sub>2</sub>e emissions. This has now been updated for 2023 with our business operations seeing an increase in aggregate carbon emissions driven by a post Covid increase in work related travel and office occupancy.

### Waypoint Aggregate Carbon Emissions Data



Please see Appendix 4 for supporting notes on net zero methodology.

### Next Steps

During 2024 we aim to...

...Prioritise **increasing the proportion of renewable energy** within our electricity supply.

...Encourage our staff to use **low emission forms of transport** wherever available.

...Introduce food waste recycling service in our office which should **reduce our general waste amount by 30%**.

...Explore Power Purchase Agreements to obtain **100% green energy for the office** and lower our overall GHG emissions





## The Importance of Data and Third Party Engagement – Initiatives & Progress

### Data Collection



We understand the importance of collating accurate data to identify baseline performance from which we can formulate clear and achievable targets to be included in our pathway to carbon neutrality.

For the GRESB submission year ending 2022 we achieved an average collection rate of 61% for both GHG emissions and energy consumption across all funds based on square footage,

Whilst our ultimate target is to secure 100% “actual” data collection, where gaps exist then we utilise a comprehensive estimation and benchmarking methodology aligned to BEES (Building Energy Efficiency Survey).

### Data Management



We utilise a Carbon Dashboard designed to record a range of key metrics covering GHG emissions, energy consumption, waste re-cycling and water consumption. Combined with our ambitious targets on data coverage we believe the dashboard will allow us to analyse performance and target improvements at a fund and individual asset level.

In collaboration with our managing agents, we have also committed to the adoption of Envizi, an environmental software platform that will help us to manage and monitor our sustainability performance.

### Tenant Engagement & Collaboration



We recognise that despite many sustainability related activities being devolved to tenants, we still have a duty to influence their behaviour and therefore seek to pro-actively engage with occupiers to explore ways in which we can support, encourage and potentially invest in their own sustainability related goals (see case studies).

### Supplier Engagement



We believe that our most important supplier relationship in terms of delivering on sustainability is with our external managing agents.

In 2021 we appointed MAPP as our primary property manager with a specific mandate to provide support and advice on sustainability and reducing the environmental impact of our real estate assets.

As an approved B-Corp with similar objectives and commitments to ourselves they have become an integral part of our sustainability strategy and will be critical to the delivery of the asset level improvements that will fundamentally drive our environmental performance.





## Net Zero Carbon – Our 2023 Initiatives & Progress

*Whilst our sustainability strategy has been developed from a top down approach, we believe performance will ultimately be driven from a bottom up asset level approach.'*

### Renewable Energy Promotion



We have a progressive commitment to renewable energy promotion starting with a focus on our own corporate and landlord controlled energy supplies.

Both of these are already supplied with green electricity tariffs and where applicable we are seeking to migrate to green gas tariffs by 2024.

The second and more challenging phase of our renewable energy promotion involves the engagement and encouragement of take-up amongst occupiers.

### Capex intervention



We seek to identify inflection points in the lease cycle such as break options and lease expiries to offer capex towards green building improvements and the introduction of green lease provisions.

### Green Lease Clauses



We include green lease clauses in all new leases and lease renewals. These provisions enable owners and occupiers of buildings to work together to reduce the environmental impact of those buildings and to improve sustainability. Typically, these provisions will deal with:

- > reducing carbon emissions;
- > compliance with energy efficiency regulations; and
- > waste reduction strategies.

There will also be a requirement under the lease to regularly report on these matters.

In conjunction with our legal advisers, we have developed a green lease tracker and operate a traffic light system with respect to green lease clauses – red wording cannot be amended, yellow some amendments can be agreed, green is our aspirations and can be amended as we see fit.

### Smart metering



Installation programme in place across landlord common parts and also on tenant controlled FRI leases to enable more accurate measurement of Scope 3 emissions.

### EV Charging



We have signed an exclusivity agreement with EV provider Instavolt and by the year end December 2023 have installed 132 charging points across all assets under management.

### Refurbishments and Landlord Works



When undertaking minor refurbishments or other landlord works we aim to identify opportunities to improve a property's environmental credentials.

We ensure suppliers have robust procedures in place to ensure all necessary health and safety and good governance practices are in place including ISO 14001, living wage and modern slavery. Where possible we also seek to source local suppliers.





# Core Value | Tackling Climate Change & Managing Environmental Risk



**At Waypoint we believe it is essential to integrate environmental risk analysis into our business activities to ensure it becomes an automatic consideration in our thinking and decision making processes.'**

## Asset Risk

Waypoint is committed to preparing an Asset Sustainability Action Plan (ASAP) for every property by the end of 2024.

These action plans will identify both the risks and opportunities combined with a timetable for the implementation of feasible initiatives to help support our wider net zero carbon goals.



## Acquisition Risk

ESG considerations are fully embedded into Waypoint's acquisition and due diligence process and incorporates a full sustainability assessment on every asset covering MEES, flood risk, contamination, social impact, accessibility, the UN Sustainable Development Goals and a forward looking sustainability action plan. We also take into consideration the requirement for future capital expenditure to ensure assets can be upgraded to support our wider net zero ambitions.



## Identification of Stranded Assets

As identified in our net zero project plan with Verco, the application of the CRREM v.2 toolkit across all our funds and assets now forms a critical component of our wider risk management strategy. During the course of 2024 we will be analysing the outputs to identify those assets at greatest risk of stranding as part of our targeted net zero strategy.



## Operational Risk

In tandem with the ongoing implementation of our sustainability strategy, a detailed review of Waypoint's systems and processes has been undertaken with ESG related issues now fully embedded into our governance structure and day to day business activities.







# Core Value | Tackling Climate Change & Managing Environmental Risk

## MEES Risk & Compliance

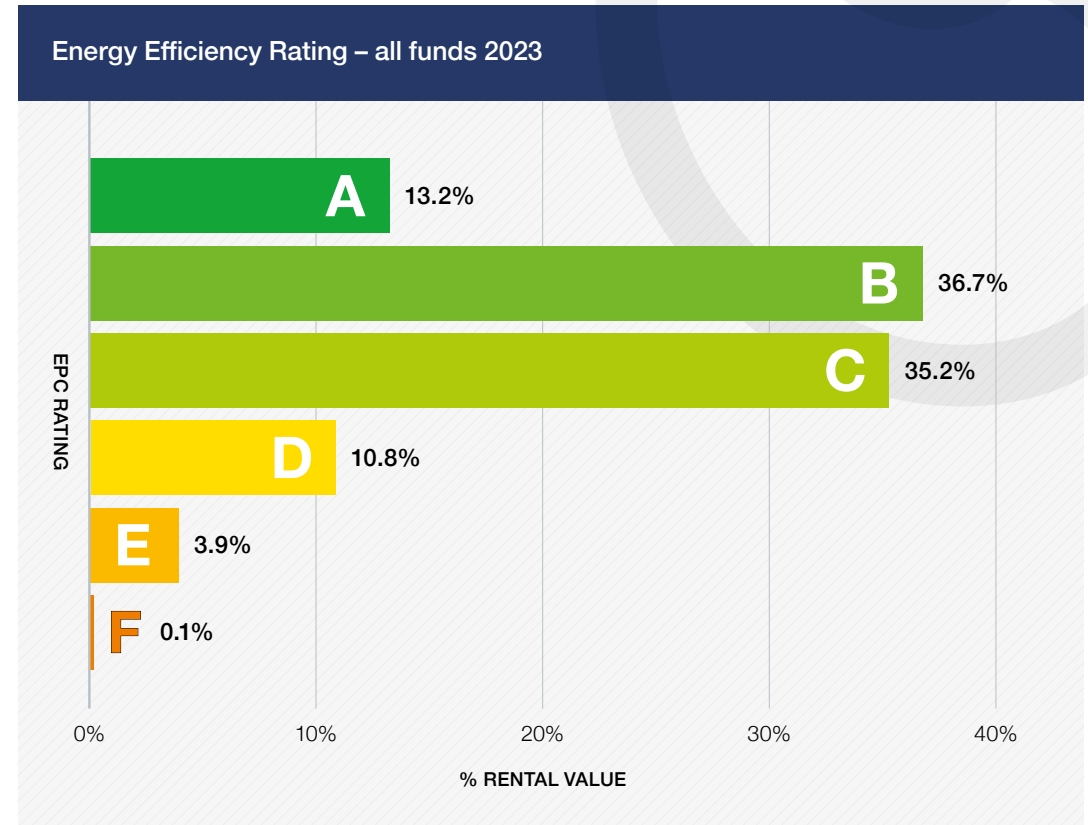
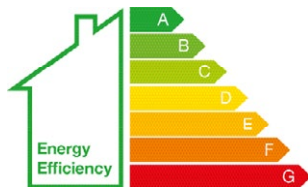
The Minimum Energy Efficiency Standards (MEES) make it illegal to grant new leases on commercial properties with a rating of F and G from April 2018 (and for existing leases from April 2023).

In order to mitigate the risks associated with Minimum Energy Efficiency Standards (MEES), we work closely with a specialist EPC consultant to:

- Track EPC expiries and ensure new assessments are implemented.
- Review the impact more stringent EPC regulations could have on the portfolio which can then feed into our asset management strategies and capital expenditure budgets.

Across all funds we have just one asset with a rating lower than “E” and this is currently subject to a significant refurbishment which we anticipate will improve the energy efficiency of the building and EPC rating to a “B” by April 2024.

We have also achieved positive gains in our EPC profile across all funds over the course of the year with the percentage of A, B and C ratings increasing from 83% to 85% and exposure to the lower D and E ratings falling from 16% to 14%.



As at 31 December 2023



Core Value

Strong Governance,  
Disclosure & Accountability



# Core Value | Strong Governance, Disclosure & Accountability

## Our Commitment & Framework



Waypoint is a signatory to the UN PRI and we support the six Principles for Responsible Investment. Waypoint also completed its first voluntary UN PRI submission in 2023 and secured a policy governance and strategy score above the industry median and 4 out of 5 stars in relation to the real estate sector score. Waypoint's full UNPRI Transparency Report will formally be released in 2024.



All Waypoint funds submit to GRESB for benchmarking against their peers. On average the funds achieved a 23% increase in their scores for 2023 compared to 2022 with two funds achieving 2 stars and two funds achieving a 1 star rating.



# Waypoint

## Governance & Disclosure Framework

Committed

Alignment

Committed

Alignment

Alignment



As one of our 3 core values, we are acutely aware of the need for reliable disclosure relating to climate related risk and are committed to incorporating the TCFD framework into our governance practices at both a corporate and fund level. We view our recent developments in net zero reporting as a critical component of our TCFD alignment.



During 2023 Waypoint formally became a member of the IIGCC with the intention of improving its understanding of both net zero and climate change initiatives. We see our engagement with IIGCC as one which will help inform our development in respect of net zero and TCFD alignment.



We recognise that regulators, stakeholders and the public are increasingly holding businesses accountable for sustainable practices and to this end are committed to complying with best practice on disclosure as set out by both SFDR and SDR. Under the definitions of Article 3, Waypoint are not currently subject to the same compliance timeframes as larger AIFM's but where possible and in accordance with our client's wishes we will seek to adhere to the requirements as closely as possible. As a UK based AIFM investing in UK assets we are also exploring the disclosure requirements set out by the FCA's UK SDR.





## TCFD Strategy & Implementation

Seek to fully align with TCFD across all fund mandates by 2025.

During 2023 we continued to trial both the GRESB TCFD Alignment Report and Transition Risk Report on our largest fund. We have concluded that the TCFD alignment report provides a useful guide as to what is required and where we sit compared to our peers, whilst the Transition Risk Report is being superseded by the fund level net zero pathways being developed in conjunction with consultants Verco. These net zero strategies incorporate the CRREM modelling toolkit and going forward will form our primary tool for managing transition risk and understanding asset stranding.

### TCFD Alignment Report

The alignment report draws from information in our annual GRESB assessments and compares this with TCFD requirements to identify alignment opportunities and provide a basis for our own fund level TCFD reporting. The alignment report provides three core functions:

#### Gap Analysis

Identifies areas of the TCFD that a fund could further explore and implement.

#### Benchmarking

Compares a fund's TCFD alignment with that of its peer group.

#### Engagement

Illustrates the ability for a fund to report in line with TCFD and measure progress year-on-year.

For the data year ending 2022 the Waypoint Government Income Fund secured an Alignment Score of A – Maximum Alignment versus a GRESB average of B – Advanced Alignment. This also reflected an improvement on the Funds 2021 score of B.





# Core Value | Strong Governance, Disclosure & Accountability



## Diversity, Equity & Inclusion

At Waypoint we are committed to:

- › Respecting diversity and equality in the workplace and aim to provide everyone with the opportunity to succeed, value the differences of each individual and recognise their contributions to the success of the business.
- › The professional development of all staff members, with the communication, integration and training of sustainability principles forming a critical component of development across the company.
- › Undertaking regular performance appraisals for all staff and ensuring that compensation is fair and equitable across the company.

## Modern Slavery & Human Trafficking Policy

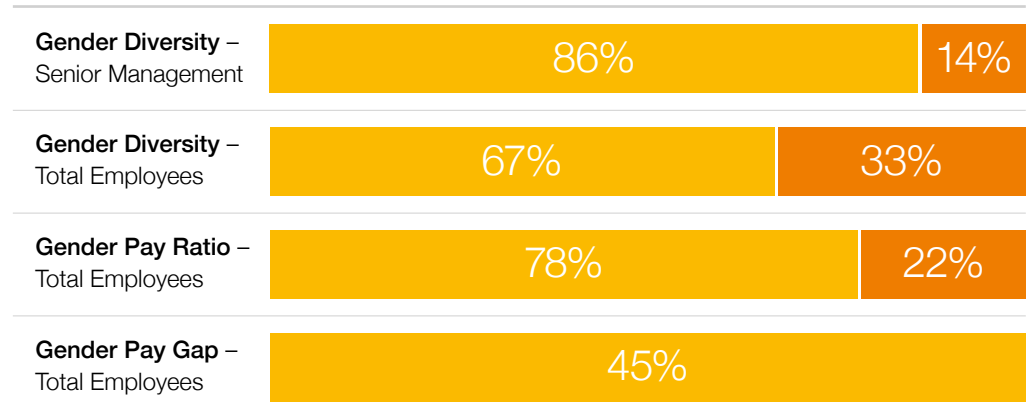
- › Waypoint has adopted and adheres to a formal modern slavery and human trafficking policy and can confirm that neither the firm or its funds are exposed to any incidence of modern slavery or human trafficking.



Male



Female



| Employee                  | 2021 | 2022 | 2023  |
|---------------------------|------|------|-------|
| Total Number of Employees | 14   | 17   | 16    |
| Number of Joiners         | 2    | 3    | 0     |
| Number of Leavers         | 1    | 1    | 1     |
| Hiring Rate               | 15%  | 17%  | 0%    |
| Turnover Rate             | 0.8% | 0.6% | 6.25% |
| Absenteeism Rate          | 0.1% | 0%   | 0.1%  |



## Core Value | Strong Governance, Disclosure & Accountability

### Corporate Governance

- › Our corporate operations are overseen by both a main board and operational board whilst all discretionary related investment activity is overseen by an Investment Committee including an independent member.
- › These committees work together to ensure proper execution of our investment strategies, consistent application of our policies, compliance with our procedures and compliance with local and regional regulatory requirements.
- › The main board is responsible for setting our strategic direction, for establishing appropriate investment programmes and for designing and implementing the policies and procedures that govern our operations.
- › We have fully integrated sustainability into all board and fund level reporting to ensure it remains a key consideration in all its business activities and is committed to the ongoing development of its sustainability policy to ensure it remains relevant, attainable, and practical in the context of both its corporate responsibilities and fiduciary goals.
- › To ensure both compliance and the ongoing development of sustainability matters, we have a dedicated Sustainability Committee which comprises members from main board, fund management operations and an external third-party advisor.

### Compliance & Training

- › We are committed to conducting business with the highest integrity and in compliance with the letter and spirit of the law.
- › All employees must adhere to our management policies and procedures which are clearly set out in a comprehensive staff handbook and supporting compliance guide. A full schedule of these policies is set out in the appendices to this statement.
- › The Chief Compliance Officer is a member of our board and is primarily responsible for the implementation, monitoring, review and enforcement of our policy and procedures.
- › The Chief Compliance Officer implements and oversees global legal and regulatory compliance and risk management. Responsibilities include, among other things making regulatory filings, reviewing, updating and maintaining policies, advising on new laws and reviewing conflicts of interest.
- › Every employee undergoes training so that they are informed of their compliance obligations and how to identify compliance issues. This training extends to both internal and external developments and requirements relating to ESG.

**This year the Waypoint team has completed 226 hours of professional sustainability related training.'**







Core Value

Invest in  
Social Value



## Core Value | Invest in Social Value

At Waypoint, we recognise that we are part of a much wider community which covers employees, investors and suppliers but that it also extends to our real estate assets and the communities in which they reside. We appreciate that we have a responsibility to ensure our business activities are undertaken in a socially responsible manner and that they make a positive contribution to both people and place.

### Waypoint is committed to the health, safety and well-being of its employees with initiatives including:

- > The support of a social responsibility and employee welfare committee.
- > Flexible working practices tailored to an individual's needs.
- > Employee satisfaction & well-being surveys. During 2023, we conducted a survey providing employees the opportunity to share honest and anonymous feedback. The survey covered a comprehensive range of questions with feedback on the results shared with all staff. The 2023 survey produced an overall satisfaction score of 88.46% and Net Promoter Score of 89%.
- > During the course of 2023 the social responsibility and employee welfare committee identified and actioned the following:



#### Waypoint running club

established to encourage exercise and bonding within the team.



#### Waypoint Sustainable Diet Week

to raise awareness of how our diets impact GHG emissions.



Introducing more vibrancy to the office with art prints.



5 days of additional annual leave offered to 3 employees at their 10 year anniversary during 2022/23.



The steering and organisation of our external social and community engagement program.

### Waypoint encourages and supports its staff to get involved in the wider community including:

- > Charity fund raise matching scheme whereby we match the funds raised by staff for good causes.
- > Employees given flexibility to engage during office hours in the pro bono support of not-for-profit organisations and charities.
- > Company participation in the Academy of Real Assets ([www.acadrealassets.com](http://www.acadrealassets.com)) which endeavours to widen access to and increase diversity in the Real Estate, Real Assets and investment worlds via engagement with 2,000 of the most undervalued and higher need UK state schools.
- > Supporting sport in the community via sponsorship of local rugby 7's team.







## Core Value | Invest in Social Value

Waypoint continues to support The Academy of Real Assets which was set up with the ambition to introduce the real estate industry to students who would not typically consider it as a career and in particular target younger people from disadvantaged backgrounds. During the course of 2023 and as part of our wider mentoring initiative, we provided the opportunity for work experience for three young students at varying stages of their education.

In July 2023, we invited **A-Levels student, Fathia**, from the Charter School in North Dulwich for one week of work experience at Waypoint.

Fathia shadowed our asset managers, sat in on meetings and had one-on-one sessions with the team.

Fathia was the first work experience student to be connected to us via the Academy of Real Assets, a milestone in our social value initiatives.



As part of the OBREMS Mentoring Scheme, **Oxford Brookes student Harriet** joined us for work experience in her final year of study. This was led by one of our asset managers who is a mentor with the scheme. Harriet will go on to pursue a career in Real Estate at Cushman & Wakefield in 2024.

The Oxford Brookes Real Estate Management Society (OBREMS) mentoring scheme is designed to help second-year Oxford Brookes students make a smooth transition from their education to their professional career.

Towards the end of the year, we hosted **6th form graduate, Lucia**, who had been considering further study in property. We had the opportunity to help guide and inform her choice.

Lucia joined site visits, meetings and completed exercises that would allow her to become familiar with the industry.







# Core Value | Invest in Social Value

## Community Engagement

- > Over the course of last year, we continued our collaboration with the Academy of Real Assets and in addition to providing work experience opportunities, we hosted the first ever TED Talk to Year 10 students at the Elham School in Greenwich.
- > In December, we held a food drive for donations to the Euston Foodbank.
- > Spare company laptops were donated to The Turing Trust, from where they will be sent to schools in Africa or charitable projects in the UK.
- > Waypoint sponsored two young female sailors, Meg & Steph in their endeavours to make the 2024 Olympic sailing team.



## Charitable Sporting Events

- > **The JLL Property Triathlon** – in support of The World Wildlife Federation (WWF).
- > **The LGN Wellbeing Property 5K Run** – powered by JLL.
- > **One Great Day's Race to GOSH** – in support of Great Ormond Street Children's Hospital.
- > **Strong Women Trek 2023 in the Surrey Hills** – in support of Care International.
- > **CBRE Great Property Bike Ride** – in aid of Macmillan Cancer Support.

*In 2023 we continued with our commitment to a community service day for all members of the team.'*

## Charitable Donations in 2023





## Core Value | Invest in Social Value

### Negative and Positive Screening

- › Waypoint and its associated funds will not invest in properties that are used for various unacceptable purposes or let to companies engaged in unacceptable business sectors.
- › Where consistent with our fiduciary duty, we seek to give priority to occupiers who have a positive impact on the wider community, can demonstrate good governance and ethical business practices and have an established approach to diversity and inclusion in their workforce.

### Tenant Engagement

During 2023, we listened to our occupiers' feedback on their satisfaction levels relating to the quality and management of the buildings they occupy. We undertook the following projects to improve areas that are within our control:

- › We launched occupier portal, Mallcomm, for 5 LRF sites to allow all occupiers digital access to H&S documents, tenant handbooks and site notifications. This saved printing and has already improved the efficiency of communications.
- › We installed 92 EV charging points at 12 Local Retail Fund sites and 5 assets within Essential Stores Fund.
- › We addressed residential tenants' safety concerns at an asset in Gorleston by installing a gate to better control access to flats via an external staircase.
- › We improved lighting in communal areas and car parking.
- › We installed solar powered life saving defibrillators and provided training to the local community on how to use them in an emergency.

During 2023, we have run several occupier awareness campaigns on matters ranging from Good Utility Management to Free Bike MOT & Repair service and rewilding projects.

We will continue to develop our tenant engagement programme in 2024 and will be focussing on:

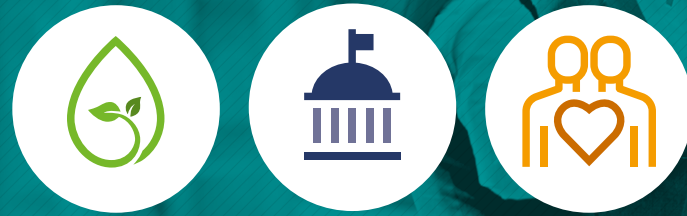
- Running events at our multi-let assets which encourage community engagement and the adoption of sustainable practices.
- Inviting mobile health screening, charities, book exchange libraries and food banks to use the sites to benefit the community.

### Stakeholder and Supplier Values

- › At Waypoint, we believe it is our duty to ensure that both clients and third party suppliers involved in our business activities have appropriate environmental, governance and social values in place. We seek to identify any negative characteristics which may preclude us from engaging with an external third party.









# Fund Level Sustainability Snapshot & Case Studies








# Fund Level | Sustainability Snapshot

At Waypoint our sustainability strategy is based on a top down approach where our core corporate principles are designed to filter down to both a fund and individual asset level. The following table provides a summary of our core funds, along with their individual characteristics and approach to sustainability.

| Fund   | Social Value Characteristics   | Governance & Disclosure  | Climate Change & Environmental Risk   |
|--|--|--|---|
| <p><b>Waypoint</b><br/><b>Government Income Fund</b></p>  | <p>A fund with significant investment in government backed social infrastructure assets including:</p> <ul style="list-style-type: none"> <li>&gt; Primary healthcare facilities, kidney dialysis centre's, GP surgeries and mental healthcare facilities.</li> <li>&gt; NHS support infrastructure including key worker accommodation, laboratories, training facilities, offices and ambulance depots.</li> <li>&gt; Renewable energy infrastructure including a National Grid interconnector bringing renewable energy from Belgium to the UK.</li> <li>&gt; Local authority supported living comprising 11 properties offering 269 beds supporting people with mental health, dementia, learning needs or physical disabilities.</li> <li>&gt; Central government judicial services including family courts, immigration courts and probation services.</li> <li>&gt; Universities.</li> </ul> | <p><b>Internal Governance:</b></p> <ul style="list-style-type: none"> <li>&gt; Sustainability considerations including UN Sustainable Development Goals embedded into investment and asset management decision making processes.</li> <li>&gt; UN PRI and Waypoint Responsible Investment Policy.</li> <li>&gt; Waypoint corporate policies.</li> <li>&gt; Sustainability incorporated into quarterly and annual fund reports.</li> </ul> <p><b>Benchmarking:</b></p> <ul style="list-style-type: none"> <li>&gt; GRESB 2 Star Fund.</li> </ul> <p><b>External Disclosure:</b></p> <ul style="list-style-type: none"> <li>&gt; SFDR Alignment – Article 8 Fund (2023).</li> <li>&gt; TCFD – GRESB TCFD Alignment Score of "B – Advanced".</li> </ul> | <p>Waypoint's corporate level climate change objectives and risk strategy have been developed to reflect the values and ambitions of our key stakeholders. The core value of achieving net zero carbon by 2050 in tandem with the 1.5°C target is a goal shared across all our funds.</p> |
| <p><b>Waypoint</b><br/><b>Essential Stores</b></p>      | <p>A retail warehouse fund with a focus on the discount and grocery sector.</p> <ul style="list-style-type: none"> <li>&gt; Serving their local community.</li> <li>&gt; Providing retailers with last mile delivery facilities to high density conurbations, supporting a move towards greener supply chain solutions.</li> <li>&gt; Stores offering convenient provision of low-cost grocery and essential goods to lower socio-economic groups reliant on the discount sector.</li> </ul>   | <p><b>Internal Governance:</b></p> <ul style="list-style-type: none"> <li>&gt; As above.</li> </ul> <p><b>Benchmarking:</b></p> <ul style="list-style-type: none"> <li>&gt; GRESB 1 Star Fund.</li> </ul> <p><b>External Disclosure:</b></p> <ul style="list-style-type: none"> <li>&gt; SFDR Alignment – Article 8 Fund (2023).</li> <li>&gt; TCFD Alignment.</li> </ul>  |   |



# Fund Level | Sustainability Snapshot continued

| Fund  | Social Value Characteristics   | Governance & Disclosure   | Climate Change & Environmental Risk   |
|---|--|---|---|
| <p><b>Local Retail Fund</b></p>          | <p>Significant investment in neighborhood convenience parades providing:</p> <ul style="list-style-type: none"> <li>&gt; Essential retail provision to local communities often providing low cost grocery and essential goods.</li> <li>&gt; Accessible retail with reduced reliance on car journeys.</li> <li>&gt; Opportunities and support to local independent traders.</li> <li>&gt; Proven sustainability over other retail sectors.</li> </ul>  | <p><b>Internal Governance:</b></p> <ul style="list-style-type: none"> <li>&gt; As above.</li> </ul> <p><b>Benchmarking:</b></p> <ul style="list-style-type: none"> <li>&gt; GRESB 1 Star Fund.</li> </ul>   |   |
| <p><b>Waypoint Long Income Fund</b></p>  | <p>A fund predominately invested in student housing:</p> <ul style="list-style-type: none"> <li>&gt; Primary asset is a 188 bed new build student accommodation development in central Leeds and built to a BREEAM "Very Good" Standard in accordance with our funding requirements.</li> <li>&gt; Additional conversion of a former Nottingham school building to PBSA accommodation and also let to Unipol.</li> <li>&gt; 87% of fund income is derived fro Unipol, a unique student housing charity which leases property directly but is also set up to promote best practice in student housing amongst other operators and provides an accreditation and code of practice scheme.</li> </ul> | <p><b>Internal Governance:</b></p> <ul style="list-style-type: none"> <li>&gt; As above.</li> </ul> <p><b>Benchmarking:</b></p> <ul style="list-style-type: none"> <li>&gt; GRESB 2 Star Fund.</li> </ul> <p><b>External Disclosure:</b></p> <ul style="list-style-type: none"> <li>&gt; SFDR Alignment – Article 8 Fund (2023).</li> <li>&gt; TCFD Alignment.</li> </ul> | <p>Waypoint's corporate level climate change objectives and risk strategy have been developed to reflect the values and ambitions of our key stakeholders. The core value of achieving net zero carbon by 2050 in tandem with the 1.5°C target is a goal shared across all our funds.</p> |
| <p><b>Waypoint Healthcare</b></p>      | <p>Two separate funds comprising 41 UK General Practice surgeries providing primary healthcare services to 312,599 patients within their local community.</p>  | <p><b>Internal Governance:</b></p> <ul style="list-style-type: none"> <li>&gt; As above.</li> </ul>   |   |



## Capex Intervention & Asset Upgrades

### NHS Key Worker Accommodation – Petit Bois, Plymouth

- › 103 Self-contained studio flats reserved for Derriford hospital staff including trainees, medical students and staff for on-call shift work.
- › Landlord's contribution of £2m towards a comprehensive programme of internal refurbishment including green initiatives designed to modernise the accommodation and improve the EPC rating.
- › Works completed March 2024.

### Solar PV Installation – Border Retail Park, Wrexham

- › Landlord's contribution to installation of solar PV as part of wider lease regear negotiations.



Waypoint Government Income Fund & Essential Stores Fund

**Wickes**



## Habitat & Biodiversity

### Green Apple Award – Parc Plaza Retail Park, Bridgend

- During 2023, we received a “Green Apple Award” for environmental best practice in relation to Parc Plaza Retail Park in Bridgend.
- Our focus was on biodiversity in the urban environment and creating a retail destination that had a positive impact on the environment.
- The project encompassed:
  - Using dead areas to plant bee and butterfly friendly plants.
  - Installing a wildflower area to the entrance of the scheme.
  - Installing bug hotels, bird boxes and hedgehog hotels across the site.
- Similar initiatives have now been rolled out across other assets under management.



## Essential Stores Fund & Local Retail Fund





## EV Chargers' Project

- › Waypoint has partnered with EV charging operator, InstaVolt, to integrate EV charging facilities into selected assets within two funds facilitating the transition to lower emissions travel.
- › It has been an extensive process to identify each asset, involving comprehensive engagement with occupiers, navigating the intricacies of obtaining planning permissions, and securing essential grid connections.
- › To date, we have completed leases at 17 sites for a total of 92 chargers.
- › This initiative is a testament to Waypoint's commitment to promote sustainable transport methods across its portfolios, serving as a vital component of the electrification programme.
- › In 2023 the EV charging points achieved a saving of 405.727 tonnes of GHG.



Local Retail Fund & Essential Stores Fund

**INSTAVOLT**



## National Highways – Calder Park, Wakefield

### Building Certification & Tenant Collaboration

- Forward commitment to acquire a new office development let to National Highways.
- Requirement that the building be constructed to BREEAM “Very Good” or higher.
- A key aspiration of the tenant was that the offices were designed to WELL Standards to ensure they had a positive impact on the key WELL elements of air, water, nourishment, light, movement, thermal control, sound, mind and community.
- An EPC rating of “A”.
- Provision of 18 EV charging points and 24 covered cycle spaces included in design from inception.
- In 2023 the Fund entered into a “Low Carbon Memorandum of Understanding” with the Highways Agency to align our sustainability objectives and encourage co-operation and engagement on green issues including the sharing of data and mutual support of green initiatives.



## Waypoint Government Income Fund





## Beck Row, Mildenhall, Suffolk

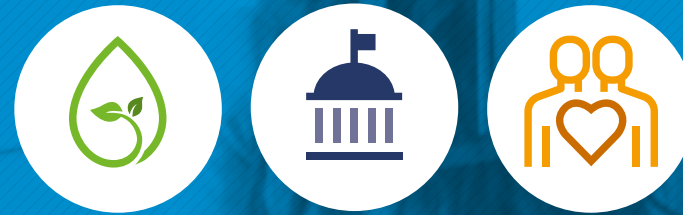
- Residential estate of 2, 3 and 4-bedroom houses built to specific design requirements to accommodate USAF personnel and their families on Assured Shorthold Tenancy Agreements.
- Waypoint is currently project managing and progressing the installation of air source heat pumps and PV panels with battery storage to 100 homes to improve the EPC rating and significantly lower the carbon footprint.
- Current EPC rating of “D” with end target rating of “B”.
- Current fossil fuel (oil) boilers will be replaced with efficient zero carbon solution – Air Source Heat Pumps (ASHP) and Solar PV panels with battery storage facility.
- The proposed refurbishment investment in renewable energy sources for the portfolio is projected to cost c£3m.
- During the course of 2023, 87 out of 100 houses were fitted with the new greener energy and heating systems, reducing utility costs for the tenants by circa 36% and carbon emissions by up to 4-7 tonnes per dwelling in line with the Fund’s commitment to Net Zero.



Waypoint Asset Management







# Sustainability Progress Against our Framework





# Sustainability Progress Against our Framework

As part of our overall sustainability strategy, we believe it is important to report on progress against our targets and long term goals. The following tables highlight progress in respect of our three core values at both a corporate and fund level.

**Key:** ■ On track    ■ Some risk/delay  
■ Not on track    ■ Not started

## Core Value | Tackling Climate Change & Managing Environmental Risk

| Strategy Target  | Target Year /Period | Target Level |      | Progress | Target Commentary  | Target Driver & Waypoint Core Commitment     |
|--|---------------------|--------------|------|----------|--|--|
|  |                     | Corporate    | Fund |          |  |  |
| Aim to halve our Scope 1 & 2 emissions relating to the workplace by 2025 and be carbon neutral by 2030.  | 2025/2030           | ✓            | ✗    |          | Corporate GHG emissions now identified with 2022 set as baseline year against which to compare future performance.<br><br>2023 corporate emissions measured at 73 tCO <sub>2</sub> e. Currently researching a switch of energy supplier, with the aim of providing the office with 100% of green energy compared to the current 54% along with other strategies.   | WAM led target in support of 1.5°C goal.     |
| Aim to halve our Scope 1 & 2 emissions across landlord controlled space by 2025 and be carbon neutral in respect of Scope 1 & 2 by 2030.   | 2025                | ✗            | ✓    |          | Extent of landlord Scope 1 & 2 emissions identified across all funds with 2022 set as baseline year from which to target and compare future gains as part of Verco net zero project. Working in conjunction with our managing agents with initial focus on switching landlord energy supplies to renewable sources.  | WAM led target in support of 1.5°C goal.     |
| Continue to develop net zero pathway to align with 1.5°C goal and utilisation of CRREM to understand transition and asset stranding risk.  | Rolling             | ✓            | ✓    |          | We will now analyse each fund using Verco's market leading A4Z model to produce CRREM aligned NZC pathways for each asset and a costed intervention schedule with operational energy and carbon savings, residual carbon and embodied carbon impacts. The pathways will include a baseline and business as usual projection showing the estimated reduction potential which can be achieved via projected shifts to renewable energy supplies via the national grid. | WAM led target in support of 1.5°C goal.     |
| Aim to become a net zero carbon business by 2050 across Scope 1,2 & 3 emissions including embodied carbon in refurbishments and occupier's emissions from our real estate investments.   | 2050                | ✗            | ✓    |          | Continue to develop and implement the Verco net zero pathways as highlighted above.  | WAM led target in support of 1.5°C goal.     |
| Quantify our carbon emissions in metric tonnes at both a corporate and fund level based on a "Financial Methodology" and set our baseline year for measuring future performance as 2022. | 2022/2023           | ✓            | ✓    |          | Completed as part of Verco net zero project with baseline GHG emissions and energy consumption now calculated for all funds and assets and with 2022 set as baseline year.   | WAM led target to align with GRESB and TCFD. |

Continues over page...



# Sustainability Progress Against our Framework

**Key:** ■ On track    ■ Some risk/delay  
■ Not on track    ■ Not started

## Core Value | Tackling Climate Change & Managing Environmental Risk – Continued

| Strategy Target  | Target Year /Period | Target Level |      | Progress | Target Commentary   | Target Driver & Waypoint Core Commitment                    |
|--|---------------------|--------------|------|----------|---|---|
|  |                     | Corporate    | Fund |          |   |   |
| Secure 100% data coverage relating to GHG emissions, energy and water consumption and waste re-cycling by 2025.  | 2026                | ✓            | ✓    |          | Continue shift towards actual data versus estimated utilising Mapp, Perse and Verco to assist in this challenge. Target of 100% actual data coverage by 2026 remains the goal but with caveats and limitations remaining in respect of downstream Scope 3 emissions.  | WAM led target to align with GRESB and TCFD.                |
| Complete "Asset Sustainability Action Plans" for all real estate investments and identify assets at risk of "stranding".   | 2024                | ✗            | ✓    |          | All new investments automatically subject to a sustainability assessments and action plan as part of due diligence process. CRREM modelling tool now incorporated into Verco net zero pathways and will highlight stranding risk at an individual asset level.  | WAM led commitment to manage environmental transition risk. |
| Target 100% diversion from landfill on all corporate level and landlord controlled waste generated by 2025.  | 2026                | ✓            | ✓    |          | At a corporate level the target has already been achieved. All waste is either recycled or goes to a waste-to-energy facility where it's turned into energy to power homes. At a fund level, we are working with our managing agents to ensure this is also achieved for all landlord's controlled waste within the properties we manage. | Reducing our environmental impact.                          |
| Pro-actively implement the installation of EV charging points across the investment portfolio.   | Rolling             | ✗            | ✓    |          | Excellent progress being made as part of tie-up with Instavolt with 92 charging stations installed across 17 different sites.   | WAM led target in support of 1.5°C goal.                    |
| Initiate and progress capex intervention projects in conjunction with occupiers to enhance the environmental and social characteristics of assets.   | Rolling             | ✗            | ✓    |          | Assessed on a case by case basis but multiple capex intervention projects now implemented in conjunction with occupiers. Continue to target lease inflection points including tenant breaks and lease expiry dates to capitalise on opportunities.  | WAM led target in support of Better Buildings Partnership.  |
| Explore Green Building Certification on standing investments.  | Rolling             | ✗            | ✓    |          | Undertake cost/benefit analysis of undertaking BREEAM In Use. Consider initial trial on small sample of largest assets.   | WAM led target in support of Better Buildings Partnership.  |
| Ensure all new development or major refurbishment projects achieve the following scores for at least one/any of the following certifications:<br>BREEAM – very good or better; SKA - Gold or better; Fitwel - 2 star or above; NABERS Uk - 4 star or above; SmartScore - Gold or better. | Rolling             | ✗            | ✓    |          | Assessed on a case by case basis.   | WAM led target in support of Better Buildings Partnership.  |

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# Sustainability Progress Against our Framework

**Key:** ■ On track    ■ Some risk/delay  
■ Not on track    ■ Not started

## Core Value | Tackling Climate Change & Managing Environmental Risk – Continued

| Strategy Target   | Target Year /Period | Target Level |      | Progress | Target Commentary   | Target Driver & Waypoint Core Commitment   |
|---|---------------------|--------------|------|----------|---|--|
|   |                     | Corporate    | Fund |          |   |  |
| Include green leases that incorporate clauses whereby the owner and the occupier undertake specific responsibilities/obligations with regards to the sustainable operation/occupation of a property, namely: energy efficiency measures; waste reduction/ management; and water efficiency. | Rolling             | ✗            | ✓    |          | In conjunction with our legal advisors we have developed a suite of green lease clauses that we now endeavour to include in leases on all lettings and renewals.  | Setting clearly defined responsibilities to ensure compliance and good governance. |
| Explore becoming IIGCC signatory and utilising their guidance for climate solutions and target setting.   | 2023                | ✓            | ✓    |          | During 2023 Waypoint formally became a member of the IIGCC with the intention of improving its understanding of both net zero and climate change initiatives. We see our engagement with IIGCC as one which will help inform our development in respect of net zero and TCFD alignment. | WAM led target in support of 1.5°C goal and investor requirements.                 |





# Sustainability Progress Against our Framework

**Key:** ■ On track    ■ Some risk/delay  
■ Not on track    ■ Not started

## Core Value | Strong Governance, Disclosure, Transparency & Accountability

| Strategy Target   | Target Year /Period | Target Level Corporate | Target Level Fund | Progress | Target Commentary   | Target Driver & Waypoint Core Commitment  |
|---|---------------------|------------------------|-------------------|----------|---|---|
| Set-up Sustainability Committee with both broad internal representation and external representation.  | 2022                | ✓                      | ✓                 |          | Formal committee created In Jan 2022 with representation from main board, fund management and operations plus an external consultant. Board meets quarterly with formal agenda and minutes.   | WAM led target to ensure sustainability is fully embedded in all our business activities. |
| Complete materiality assessment of key stakeholders to help identify core values and inform sustainability strategy.                                  | 2022                | ✓                      | ✓                 |          | Materiality questionnaire completed in March 2022 with results helping to form our 2022 Sustainability Strategy.  | Engagement with key stakeholders.   |
| Integrate sustainability into our investment and transaction due diligence processes.   | 2020                | ✓                      | ✓                 |          | Sustainability checks and measures fully integrated in 2020 and subject to ongoing monitoring to ensure they remain fit for purpose.  | WAM and UN PRI target.  |
| Integrate sustainability into our asset management processes covering lettings, refurbishments and lease events.                                      | 2022                | ✓                      | ✓                 |          | Sustainability checks and measures fully integrated in 2021 and subject to ongoing monitoring to ensure they remain fit for purpose.  | WAM led target to ensure sustainability is fully embedded in all our business activities. |
| Ensure all funds submit to GRESB by 2021 and target year on year improvements.  | Ongoing             | ✗                      | ✓                 |          | All Waypoint funds submit to GRESB for benchmarking against their peers. On average the funds achieved a 23% increase in their scores for 2023 compared to 2022 with two funds achieving 2 stars and two funds achieving a 1 star rating.   | GRESB performance.  |
| To become an official UN PRI Signatory and commit to required "Transparency Reporting".   | 2022                | ✓                      | ✗                 |          | Waypoint became a signatory to the UN PRI in 2022 and supports the six Principles for Responsible Investment. Waypoint Group also completed its first voluntary UN PRI submission in 2023 and secured a policy governance and strategy score above the industry median and 4 out of 5 stars in relation to the real estate sector score. Waypoint's full UNPRI Transparency Report will formally be released in 2024. | Externally driven social compliance requirement.  |
| Develop Responsible Investment & Stewardship Policy in line with UN PRI and ensure it remains updated and relevant to Waypoint's business operations. | 2021                | ✓                      | ✓                 |          | Responsible Investment & Stewardship Policy publicly available on Waypoint website.   | Internal led driver but underpinned by UN PRI.  |

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# Sustainability Progress Against our Framework

**Key:** ■ On track    ■ Some risk/delay  
■ Not on track    ■ Not started

## Core Value | Strong Governance, Disclosure, Transparency & Accountability – Continued

| Strategy Target   | Target Year /Period | Target Level |      | Progress | Target Commentary  | Target Driver & Waypoint Core Commitment |
|---|---------------------|--------------|------|----------|--|--|
|   |                     | Corporate    | Fund |          |  |  |
| Target full alignment to the four pillars of TCFD and the 11 recommended disclosures across all funds.  | Rolling             | ✓            | ✓    |          | As one of our 3 core values, we are acutely aware of the need for reliable disclosure relating to climate related risk and are committed to incorporating the TCFD framework into our governance practices at both a corporate and fund level. We view our recent developments in net zero reporting as a critical component of our TCFD alignment. GRESB also being utilised as a supporting tool including the TCFD Alignment Report and TCFD Transition Risk Report as guidance and a framework.  | TCFD led target.                         |
| In accordance with SFDR formally identify and publicly disclose individual fund mandates as Article 6,7 or 8. Also explore FCA SDR and which is the most appropriate to WAM funds and activities. | Rolling             | ✗            | ✓    |          | We recognise that regulators, stakeholders and the public are increasingly holding businesses accountable for sustainable practices and to this end are committed to complying with best practice on disclosure as set out by both SFDR and SDR. Under the definitions of Article 3, Waypoint are not currently subject to the same compliance timeframes as larger AIFM's but where possible and in accordance with our client's wishes we will seek to adhere to the requirements as closely as possible. As a UK based AIFM investing in UK assets we are also exploring the disclosure requirements set out by the FCA's UK SDR. | SFDR led target.                         |
| In conjunction with our managing agent's commit to the adoption and development of a formal environmental management system (EMS).  | 2024                | ✓            | ✓    |          | Envizi identified as comprehensive software platform capable of driving sustainability performance management.   | WAM led target.                          |
| Develop ESG Incident Reporting.   | 2022                | ✓            | ✓    |          | ESG incident reporting template created but additional training to be provided to all staff to help them identify ESG risks and incidents.   | WAM led governance target.               |
| Monitor and continue to develop existing suite of corporate level policies to ensure they remain relevant and fit for purpose.  | Rolling             | ✓            | ✓    |          | All policies subject to a rolling annual review by company secretary. Date of last review now recorded on all policy documents.  | WAM led target.                          |



# Sustainability Progress Against our Framework

**Key:** ■ On track    ■ Some risk/delay  
■ Not on track    ■ Not started

## Core Value | Social

| Strategy Target  | Target Year /Period | Target Level |      | Progress | Target Commentary   | Target Driver & Waypoint Core Commitment |
|--|---------------------|--------------|------|----------|---|--|
|  |                     | Corporate    | Fund |          |   |  |
| Implement a staff satisfaction survey.   | Rolling             | ✓            | ✗    |          | During 2023, we conducted an employee satisfaction survey providing employees the opportunity to provide honest and anonymous feedback. The survey covered a comprehensive range of questions with feedback on the results shared with all staff. | WAM led well-being initiative.           |
| Educate and advance the understanding/awareness of sustainability amongst employees.   | Rolling             | ✓            | ✗    |          | Internal and external training provided during 2023 with staff encouraged to ensure "Sustainability" also forms a significant part of their own personal CPD requirements. Training plan also in place for 2024.                                  | WAM led initiative.                      |
| Ensure sustainability targets are included as an integral part of performance reviews.   | Rolling             | ✓            | ✗    |          | Sustainability targets now included in performance reviews and targets for all members of the Sustainability Committee.   | WAM led initiative.                      |
| Participate and contribute to the wider real estate industry advancement of sustainability.  | Rolling             | ✓            | ✓    |          | Significant engagement with multiple third parties including independent framework organisations, clients and suppliers to discuss developments in sustainability and implementation.   | WAM and UN PRI initiative.               |
| Ensure modern slavery and human trafficking policy is publicly available and include confirmation of compliance in annual statements at both corporate and fund level. | Rolling             | ✓            | ✓    |          | Policy available on corporate website and compliance confirmed in annual statement.   | WAM & Client led initiative.             |
| Create a "Social Responsibility & Employee Welfare Committee".   | Rolling             | ✓            | ✗    |          | Committee formally set-up in 2022 with multiple actions and activities implemented (see "Social" section in Sustainability Report).   | WAM led initiative.                      |
| Continue to develop our Inclusivity and Diversity strategy.  | Rolling             | ✓            | ✗    |          | Ensure existing policy remains fit for purpose in respect of existing employees and for the purposes of future recruitment.   | WAM & Client led initiative.             |
| Publish both our gender pay ratio and gender pay gap.  | Rolling             | ✓            | ✗    |          | Both included in the Waypoint annual sustainability strategy and report which is publicly available on the Waypoint website.  | Internal led disclosure initiative.      |

*Continues over page...*





# Sustainability Progress Against our Framework

**Key:** ■ On track    ■ Some risk/delay  
■ Not on track    ■ Not started

## Core Value | Social – Continued

| Strategy Target   | Target Year /Period | Target Level |      | Progress | Target Commentary   | Target Driver & Waypoint Core Commitment                 |
|---|---------------------|--------------|------|----------|---|--|
|   |                     | Corporate    | Fund |          |   |  |
| Continue to develop our tenant engagement programme.  | Rolling             | ✗            | ✓    |          | <p>During the course of 2023 progress was made in respect of the following;</p> <p>Developing our occupier portal allowing digital access to H&amp;S documents, tenant handbooks, site notifications. This will save printing and should improve the efficiency of communications;</p> <p>Inviting mobile health screening, charities, mobile libraries, food banks to use the sites to benefit the community;</p> <p>Running events at our multi-let assets which encourage community engagement and the adoption of sustainable practices;</p> <p>Organise pop-up awareness campaign with an energy consultant on reducing water and waste at the site.</p> | Community led driver.                                    |
| Implement a tenant/occupier satisfaction survey.  | Rolling             | ✗            | ✓    |          | <p>During 2022, we implemented an occupier survey seeking feedback from our tenants on their satisfaction levels relating to the quality and management of the buildings they occupy. The survey included a range of sustainability led questions and the feedback received has provided us with a greater understanding of occupier expectations and priorities. Occupier survey to be updated on 3 year cycle.</p>  | Internal led driver to better understand occupier needs. |
| Ensure that those key stakeholders and third party suppliers involved in our business activities have their own appropriate ESG values in place and do not have any negative characteristics. | 2023                | ✓            | ✓    |          | <p>Develop a database recording the core values and publicly available sustainability strategies and governance policies of our key stakeholders and suppliers.</p>   | Governance led driver.                                   |



# Appendices



## Schedule of Waypoint Corporate Policies

- › Anti-bribery Policy and Rules
- › Anti-money Laundering and Client Engagement
- › Complaints Handling
- › Conflicts of Interest
- › Criminal Finances
- › Data Privacy
- › Data Protection and Cyber Security
- › Deal Allocation
- › Diversity, Equity and Inclusion
- › Employee Well-being
- › Environmental, Social & Governance
- › Errors and Omissions
- › Financial Promotions and Communications for Regulated Business
- › Gifts, Benefits & Entertainment
- › Maternity, Paternity and Family
- › Modern Slavery and Child Labour
- › Net Zero Carbon
- › Personal Account Dealing Rules
- › Political Contributions
- › Recruitment
- › Responsible Investment and Stewardship
- › Responsible Procurement
- › Risk Management
- › Treating Customers Fairly
- › Waypoint Investment Management Valuations
- › Whistleblowing Procedure








# Core Value | Strong Governance, Disclosure & Accountability



## Four Core TCFD Pillars and Recommended Disclosures

TCFD provides the leading framework for reporting on climate related change and whilst it is not yet mandatory for Waypoint, engagement with our stakeholders has highlighted that they do wish for us to align with its four core pillars and recommended disclosures. We also believe TCFD will eventually become mandatory for all finance related companies and that adopting and understanding it's framework now is the correct approach for our business and investors.



| <b>Governance</b>                      | <b>Strategy</b>   | <b>Risk Management</b>    | <b>Metrics and Targets</b>    |
|---|--|--|--|
| <p>Disclose the organisation's governance around climate related risks and opportunities.</p>                           | <p>Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.</p> | <p>Disclose how the organisation identifies, assesses and manages climate-related risks.</p>   | <p>Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.</p>   |
| <p><b>Recommended Disclosures</b><br/>a) Describe the board's oversight of climate-related risks and opportunities.</p> | <p><b>Recommended Disclosures</b><br/>a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.</p>                            | <p><b>Recommended Disclosures</b><br/>a) Describe the organisation's process for identifying and assessing climate-related risks.</p>                          | <p><b>Recommended Disclosures</b><br/>a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with it's strategy and risk management process.</p> |
| <p>b) Describe management's role in assessing and managing climate-related risks and opportunities.</p>                 | <p>b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.</p>   | <p>b) Describe the organisation's process for managing climate-related risks.</p>  | <p>b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.</p>   |
|   | <p>c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.</p>                                | <p>c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.</p> | <p>c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.</p>   |



## Core Value | Strong Governance, Disclosure & Accountability



SFDR &  
EU Taxonomy

We recognise that regulators, investors, stakeholders and the public are increasingly holding businesses accountable for sustainable practices and to this end are committed to complying with the SFDR requirements.

### SFDR Disclosure

#### Level 1

- › Sets out the Framework Principles for transparency rules on sustainability risks and adverse impact.
- › Principles applicable from March 2021.

#### Level 2

- › Sets out the Technical Standards including expected content, methodologies and presentation of information relating to sustainability indicators and characteristics and objectives.
- › Applicable from Jan 2022.

#### Articles 3-5

- › Corporate level website disclosure.
- › Report how sustainability risks are integrated into the decision making process and remuneration policy.
- › Publish a statement relating to Principle Adverse Impacts (PAI's) of investment decisions on environmental and social factors or explain why not doing so.

#### Articles 6-11

- › Fund level website disclosure.
- › Report how sustainability risks are integrated into the decision making process.
- › Identify and disclose if funds are Article 6,7 or 8:
- › Article 6 – No environmental or social characteristics.
- › Article 8 – Fund promotes environmental and social characteristics.
- › Article 9 – Fund has sustainable investment as a core objective.
- › Commit to disclosure in the annual report and website as to the extent to which the environmental or social characteristics of the fund are met.
- › Ensure any new funds set out their intentions in respect of Article 6,8 and 9 from inception.

#### PAI's

- › Prepare and publish a Principle Adverse Impacts Statement.
- › Statement to be considered in the context of the 18 stated principle adverse sustainability impacts.
- › Two of the 18 principles are specific to real estate and include:
  1. Exposure to fossil fuels via assets involved in the extraction, transport or storage of fossil fuels.
  2. Exposure to energy inefficient real estate assets (supported by GRESB).

### Strategy & Implementation

Under the definitions of Article 3, Waypoint are not currently subject to the same compliance timeframes as larger AIFM's but where possible and in accordance with our client's wishes we will seek to adhere to the requirements as closely as possible. This extends to identifying our Funds as Article 6, 8 or 9 and preparing the supporting Principle Adverse Impact Statements.

We are also exploring and trialling the GRESB SFDR Reporting Solutions on one fund to help identify if it can assist in the formulation of the Principle Adverse Impact Statement.



## Corporate Net Zero Methodology

- 1 Travel data uses DEFRA conversion factors based on Well to Tank.
- 2 Employee travel is based on vehicle type in use for majority of the year.
- 3 Where car type is unknown or taxi, medium petrol is assumed.
- 4 Employee Business Travel does not include London tube journeys (as these do not appear on claims).
- 5 Office utilities basic data is amended to omit the emissions attributable of non-Waypoint occupants (see Utilities Notes).
- 6 Whole life CO<sub>2</sub> emissions relating to IT equipment (including peripherals) are included in full in the year of purchase.
- 7 Whole life emissions for major items such as PC's and screens use industry-supplied figures, emissions for peripherals are estimated at 50% of associated major items.
- 8 All office furniture and equipment was purchased in prior years.
- 9 54% of electricity used in the office comes from renewable energy.
- 10 Q1 2022 – office was near-vacant (undergoing fitout works).
- 11 As shown in the table, the majority of Waypoint's emissions relate to the occupation of its corporate office. This was only fully occupied from Q2 in 2022.
- 12 On a quarterly basis, Waypoint's emissions achieved a reduction of 11.02% between 2022 and 2023.
- 13 Emissions recorded are on the CO<sub>2</sub>e basis.





# Sustainability Strategy & Report 2023



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