



ESG Strategy

Clarion Partners Europe

2025 – 2026



CHAPTER

1

Our Approach to ESG

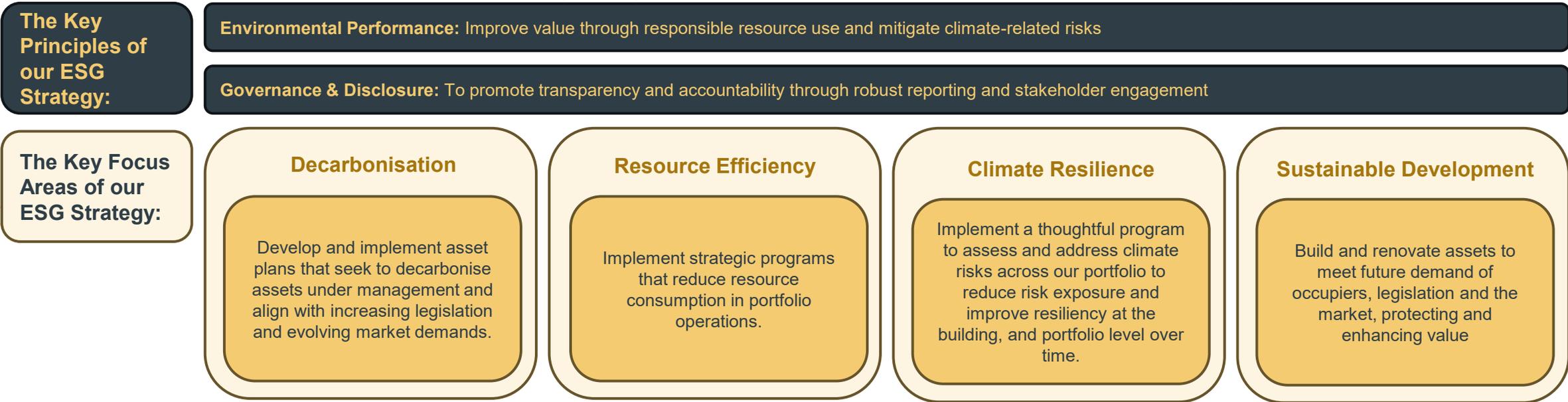
A PATH OF GROWTH

Our Approach to Responsible Investment

At Clarion Partners Europe (CPE) in performing our fiduciary duty we aim to create value for our investors while reducing risk.

At Clarion Partners Europe (CPE), our commitment to responsible investment is rooted in 20 years of experience managing and developing real estate investments across key European markets. Our fiduciary duty is the foundation of every decision we make. We believe that integrating Environmental, Social, and Governance (ESG) principles throughout the asset lifecycle is important to delivering long-term value to our investors throughout the asset lifecycle, from acquisition to disposal.

Our ESG Strategy is designed to evolve alongside market dynamics, respond proactively to regulatory developments, and to align with the expectations of our stakeholders. We believe ESG is a strategic lever for mitigating transitional and physical risks and enhancing asset and fund-level value. Our strategy focuses on the ESG topics most material to our business and our investors, whether through energy efficiency, climate risk mitigation, or robust governance, initiatives are assessed through the lens of financial materiality and investor benefit. This ESG Strategy serves as a guiding framework. While it informs our direction, individual funds retain flexibility and may deviate from this framework where specific circumstances or investment objectives require.



Our Responsible Investment approach is underpinned by our commitment to engage our tenants, supply chain partners and other key stakeholders to address our key focus areas.

For further information on the frameworks that CPE aligns with please refer to [CP's Annual ESG Report](#).

This strategy pertains to the funds of Clarion Partners Europe only.



CHAPTER

2

How We Act

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Environmental Performance

Decarbonisation

Objectives:

In line with our goals of value creation and risk mitigation, capture the opportunities associated with pursuing cleaner energy, being proactive in meeting policy and legislative advances and implementing technological advances; in taking such action we are reducing obsolescence risk including carbon misalignment.

Clarion signed on to the ULI Greenprint Center for Building Performance’s Net Zero Goal to reduce Scope 1 and 2 (landlord-controlled) GHG emissions to net zero by the year 2050. In addition to this goal, CPE pursues various strategies to facilitate and encourage reduction of Scope 3 emissions.

Decarbonisation

Resource Efficiency

Climate Resilience

Sustainable Development

Target	Measurement / Monitoring	Activity / Actions
<p>To reduce risk of obsolescence and protect value of assets by mitigating transition risk. As feasible and financially viable:</p> <ul style="list-style-type: none"> - Prepare asset level decarbonisation plans and budget. - Electrify the portfolio to keep up with evolving legislation and market drivers. - Aim to procure renewable energy through supply chain engagement, direct tenant engagement and via green lease clauses. - Utilize on-site renewable energy solutions. 	<p>Measuring and Reporting Progress:</p> <ul style="list-style-type: none"> - Aligning asset energy and Greenhouse Gas (GHG) performance with the Carbon Risk Real-Estate Monitor (CRREM) decarbonisation pathways. - Align with Energy Use Intensity (EUI) targets set by the ASHRAE benchmark. - Record on- and off-site renewable energy procurement and generation through supply chain engagement and tenant survey. - Record exposure to fossil fuels as proportion of GAV in line with SFDR reporting. 	<p>CPE identifies opportunities through:</p> <ul style="list-style-type: none"> - Technical Due Diligence and ESG Due Diligence at acquisition - Energy and Decarbonisation Audits. - Evaluating planned maintenance, fit out, refurbishment and development opportunities. <p>Opportunities will be evaluated through understanding of: landlord/tenant responsibility, cost and carbon savings, payback and ease of implementation during hold of the asset.</p> <p>Implementation is managed through our third party property managers and/or project managers and progress is tracked by our ESG consultants.</p>

Environmental Performance

Resource Efficiency

Objective:

We see opportunities in improving resource efficiency and supporting tenants in reducing operational cost. This includes initiatives such as promoting sustainable transport, sustainable material selection, encouraging waste management, optimizing building energy performance, and minimizing water consumption.

Decarbonisation

Resource Efficiency

Climate Resilience

Sustainable Development

Target:	Measurement / Monitoring:	Activity / Actions:
<p>Manage assets that are aligned with regulatory and market demands. As feasible and financially viable:</p> <p>Transport</p> <ul style="list-style-type: none"> - Equip facilities with pre-cabling and infrastructure to support electric vehicles and bicycle parking facilities as required by tenants and legislation. <p>Water & Waste Management</p> <ul style="list-style-type: none"> - Install Smart Meter Readers to track water consumption and to enable leak detection. - Implement waste management & monitoring on sites where CPE has direct control. - Encourage tenants to implement recycling and waste management processes. <p>Energy Management</p> <ul style="list-style-type: none"> - Comply with energy related legislation. - Encourage tenants to implement energy management processes. - Install LED lighting to improve energy efficiency. <p>Green Leases</p> <ul style="list-style-type: none"> - Expand adoption of tenancies with Green Lease Clauses. 	<p>Transport</p> <ul style="list-style-type: none"> - Record number of EV charging points and assets with pre-cabling and infrastructure to align with or exceed regulations. - Record the number of bicycle parking spaces to align with tenant need and regulation. <p>Water & Waste Management</p> <ul style="list-style-type: none"> - Collect and report water consumption at assets. - Collect and report waste production and recycling rates at assets. <p>Energy Management</p> <ul style="list-style-type: none"> - Collect and report energy consumption. - Monitor regulatory requirements and record where compliance is relevant - Recording of LED coverage. <p>Green Leases:</p> <ul style="list-style-type: none"> - Record percentage of leases with green lease language. 	<p>CPE identifies opportunities for transport infrastructure upgrades, water and waste management, and energy management through:</p> <ul style="list-style-type: none"> - ESG Due Diligence at Acquisition - Energy, Water and Waste Audit - Evaluating refurbishment and development opportunities at design stage <p>Opportunities for improvement are assessed on tenant demand, regulatory demand, asset strategy, assessing cost, payback, and ease of implementation during hold of the asset within the portfolio.</p> <p>Implementation is managed through our third-party property managers and/or project managers, and progress is tracked by our ESG consultants.</p> <p>Green Lease clauses are to be leveraged across all assets to support data sharing with tenants and mitigate risk of tenants negatively impacting the environmental performance of the unit or asset during their operations or fit-out. Share Tenant ESG Guide for best practices on sustainable building management.</p>

Environmental Performance

Climate Resilience

Objective:

Integrate climate related risk assessments into active asset management and investment planning by identifying site-specific risks, vulnerabilities and implementing adaptive strategies for resilient buildings.

Decarbonisation

Resource Efficiency

Climate Resilience

Sustainable Development

Target	Measurement / Monitoring	Activity / Actions
<p>Aim to reduce climate related risk as feasible and financially viable:</p> <p>Physical Climate Risk Assessments</p> <ul style="list-style-type: none"> - Map physical climate-related risk exposure across all assets. - Create and implement climate risk mitigation plans where high-risks are identified. <p>Transition Risk Assessments</p> <ul style="list-style-type: none"> - Map asset and fund exposure to regional and local regulation and where risk of non-compliance is identified, create and implement a mitigation plan. 	<p>Physical Climate Risk Assessments</p> <ul style="list-style-type: none"> - Track and monitor exposure to physical climate risk across the portfolio. <p>Transitional Risk Assessments</p> <ul style="list-style-type: none"> - Maintain a regulatory compliance tracker for all countries actively invested in. 	<p>CPE will conduct annual review of physical climate risk exposure using a third party climate-risk tool. For any asset identified as high-risk, supplement the assessment with local or jurisdictional adaptation planning and document a costed adaptation strategy.</p> <p>CPE via its third party ESG consultant will conduct annual review of asset and fund level regulatory exposure. This review will include local and regional public consultations to map future needs and requirements.</p>

Environmental Performance

Sustainable Development

Objective:

Develop and manage assets that have adaptive strategies to ensure sites remain accessible, resilient, and future-ready, continuing to align with occupier expectations.

Decarbonisation

Resource Efficiency

Climate Resilience

Sustainable Development

Target	Measurement / Monitoring	Activity / Actions
<p>Develop assets that are aligned with tenant and market demands. As feasible and financially viable:</p> <p>Minimum Energy Performance Standards</p> <ul style="list-style-type: none"> - Aim to improve EPC ratings across the portfolio, targeting B, taking into account lease events, tenant engagement, and practical constraints. <p>Solar Photovoltaics (PV)</p> <ul style="list-style-type: none"> - Install on-site renewable energy. <p>Green Building Certifications</p> <ul style="list-style-type: none"> - Achieve green building certifications for all assets to demonstrate alignment with industry standards. <p>Material Selection</p> <ul style="list-style-type: none"> - Encourage procurement and use of sustainable materials at development, refurbishment and fit-out. <p>Biodiversity</p> <ul style="list-style-type: none"> - Encourage the implementation of biodiversity strategies during development. 	<p>Minimum Energy Performance Standards</p> <ul style="list-style-type: none"> - EPC Ratings. <p>Solar Photovoltaics (PV)</p> <ul style="list-style-type: none"> - Record solar energy generated. <p>Green Building Certifications</p> <ul style="list-style-type: none"> - Record the number of certifications. <p>Biodiversity</p> <ul style="list-style-type: none"> - Record biodiversity measures implemented. 	<p>At the point of development and/or refurbishment:</p> <ul style="list-style-type: none"> - Assess the criteria to meet or exceed EPC of B (or local market equivalent) through EPC Improvement Plan. - Assess feasibility of achieving a Green Building Certification and the level that can be achieved. - Complete Solar PV feasibility studies. - Prioritize sustainable material choices and design strategies <p>Implementation of measures will be assessed on tenant demand, regulatory demand, asset strategy, cost, payback, and ease of implementation during hold of the asset within the portfolio.</p>



CHAPTER

3

Governance & Disclosure

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Governance & Disclosure

Implementing this Strategy

During implementation of its ESG strategy CPE drives continuous improvement through a structured **Plan-Do-Check-Act** approach.

- **Plan:** Each year CPE reviews whether its ESG strategy is in alignment with best practices. CPE's strategy is governed, and implementation is overseen by the ESG Working Group. CPE works with its appointed ESG consultants to plan target asset improvement.
- **Do:** Seek to implement this strategy across our AUM through internal processes and protocols that ensure each of the key focus areas of this strategy are implemented in line with fund mandate and goals of value creation and risk mitigation.
- **Check:** Target continuously monitoring of progress, targeting improvements that strengthen fund performance, and that deliver on our fiduciary duty
- **Act:** Learnings will be incorporated into adaptive strategies and operational enhancements ensuring the cycle of improvement remains ongoing and effective.

Progress is evaluated routinely, with oversight of CPE's ESG Working Group and Global Head of ESG to facilitate on-going accountability for its implementation.

CPE's Reporting Model

To promote strong governance and to maintain full transparency on progress to stakeholders, CPE commits to disclosing performance annually. CPE will leverage industry standards and benchmarks to continue alignment with best practices.

GRESB

- An industry-recognized ESG benchmark for real estate and infrastructure portfolios.

SFDR

- A mandatory EU regulation that requires financial market participants and advisers to disclose their ESG investment strategy.
- CPE targets Article 8 for reporting funds.

Investor Reporting

- Periodic Investor reporting (quarterly or annual) to update on performance and progress against this strategy. In addition to addressing any specific queries and information needed by Investors and JV partners.

Annual Reporting

- CPE contributes to Clarion Partners annual ESG report to highlight performance across all portfolios. This is prepared in alignment with GRI.
- CPE prepares fund level annual sustainability reports.
- Please see link above for report.

[Please refer here to our most recent firm wide annual ESG Report](#)

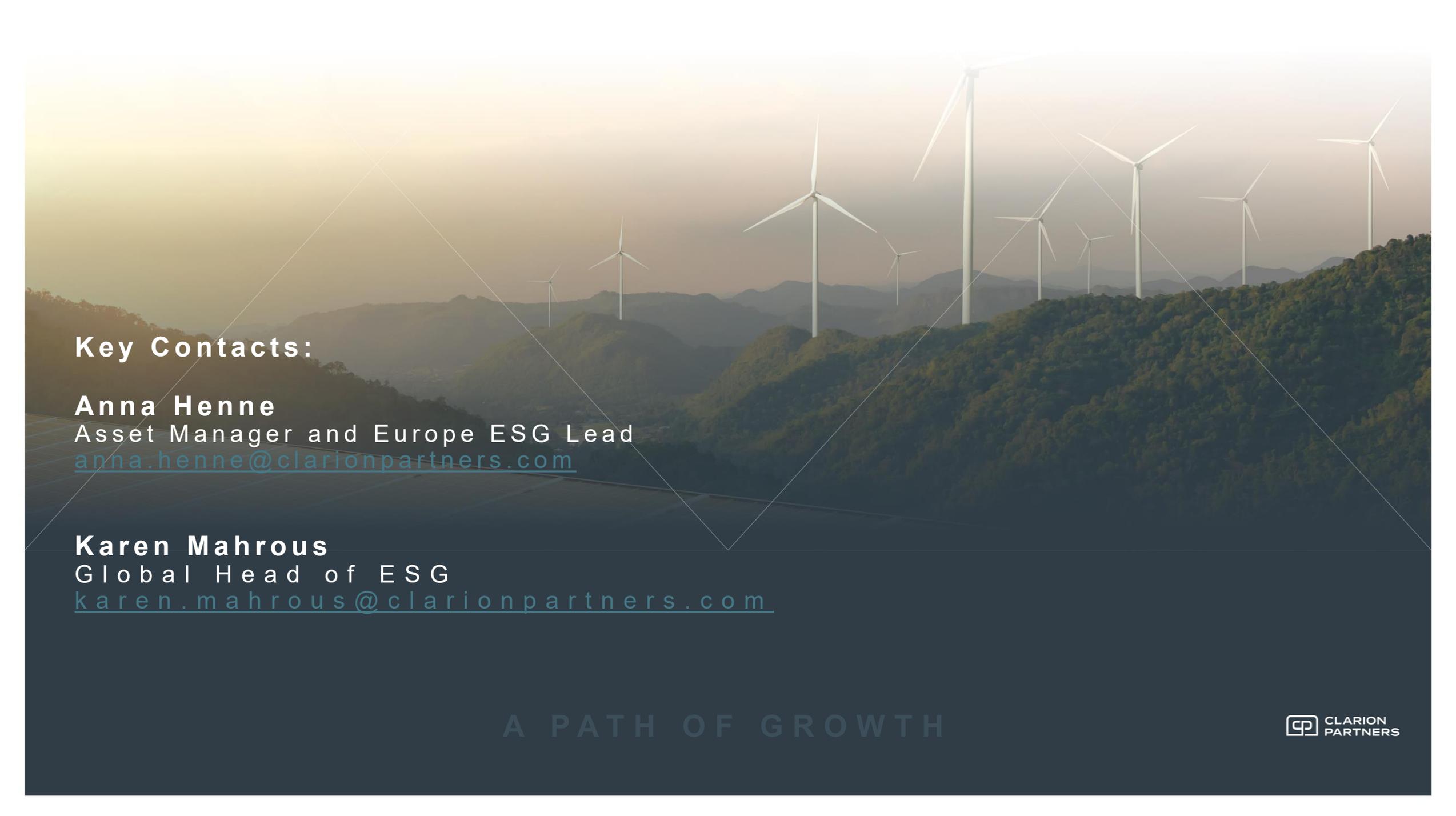
Our reporting model is underpinned by centralised ESG data capture, monitoring and reporting, that is facilitated and supported by our appointed third-party consultant and software provider. Our data is verified annually and GHG emissions and operations are aligned to ISO 14001 Environmental Management System (EMS).

Responsible Investment Lifecycle

The implementation of this ESG strategy is integrated throughout the investment lifecycle. This approach enables informed decision-making that evaluates potential risks, identifies value-creation opportunities, and upholds fiduciary responsibilities. By embedding ESG into investment processes, we aim to enhance long-term resilience, protect asset value, and capture emerging market advantages.

The diagram to the right summarises the key considerations and actions at each lifecycle phase.





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