LaSalle®

Our Net Zero Carbon Pathway

Europe

Investing today. For tomorrow.

Contents

Our Net Zero Carbon pathway

Philip La Pierre
Chief Executive Officer
for Europe

There is no doubt that commercial real estate is entering a period of transition, one in which sustainability and commercial performance will become synonymous. The sustainability credentials of assets and funds will be subject to greater scrutiny by regulators, investors and occupiers. Those slow off the mark will find it difficult to create value.

Sustainability sits at the heart of our investment process. Our new 'net zero carbon' strategy is the result of a major collaborative effort across the business, combined with detailed technical modelling of our European portfolio and a review of what net zero really means for the industry today. While the economic effects of COVID-19 quite rightly sit at the forefront of our minds in the short-term, we must not forget that the long-term drivers for decarbonisation are not going away.

As a global business we must be sensitive to differences in the pace of net zero regulation across our regions. However, the 'lowest common denominator' should not drive our overall position. We expect positions on net zero to converge in the long-term –the Paris Agreement gives the clearest possible mandate -and we must be well-placed for this transition.

So where to start? There are clear first steps. Data is an immediate priority –we need to better understand where our carbon impact is concentrated and where we can have the most cost-effective impact. Building skills through training and education will be important. With the industry's position on net zero in constant flux we will actively engage in industry discussion. Finally, the role of innovation will be critical -we will continue to monitor emerging technologies and how they might support us in our pathway.

Our Net Zero strategy

Our **Net Zero Carbon** (NZC) strategy addresses carbon at all stages of the asset lifecycle. Achieving net zero carbon by 2050 requires a holistic view of our activities as a real estate investment manager. The strategy will be truly integrated into the LaSalle way of working – starting with our targets.

ACQUISITION

Integrate net zero principles into our investment strategy and due diligence

Undertake NZC reviews and seek operational energy data pre-acquisition

OPERATION

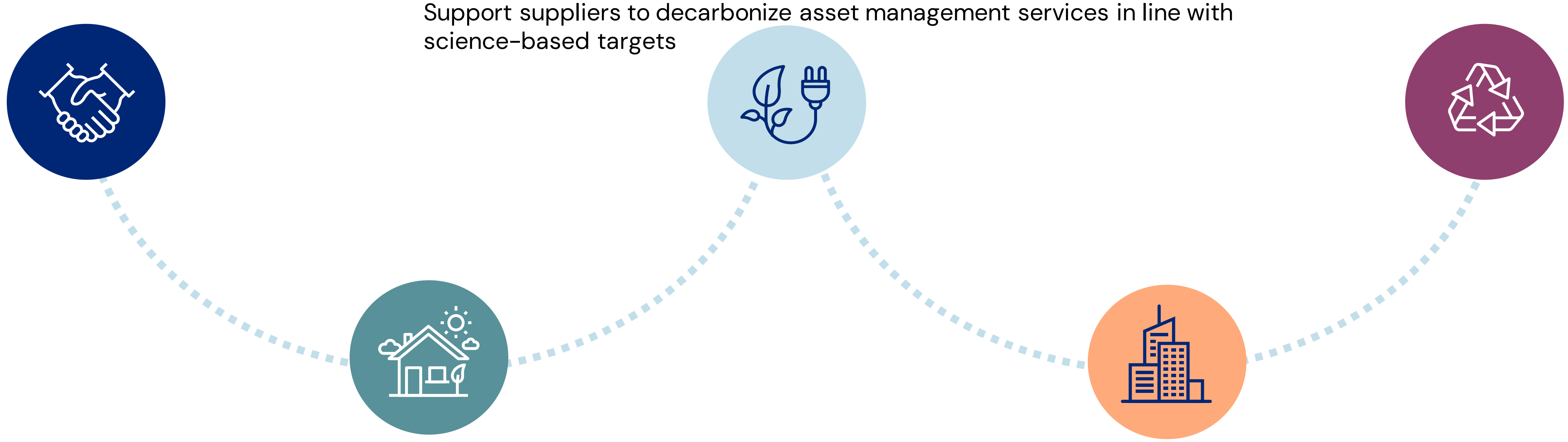
Expand our Sustainability management program (SMP) across Europe and "whole-building" analytics

Align Energy Use Intensity of our assets with leading net zero carbon benchmarks to target an energy consumption reduction of one third by 2030

Support suppliers to decarbonize asset management services in line with science-based targets

DISPOSAL

Include carbon stranding risks part of our investment decision-making process
Share operational energy data and NZC Pathway information with buyers



DEVELOPMENT

All new development projects are designed to our Sustainable Development Standards, underpinned by high level building certification

We will undertake Whole Life Carbon Assessments of developments

Target a reduction in embodied carbon intensity by 50% by 2030
Develop an internal carbon price benchmark and use allocation to incentivize retrofit of standing assets

Adopt 'Design for Performance' principles

REFURBISHMENT

Undertake Whole Life Carbon Assessments of materials and equipment procured for refurbishment and maintenance, we undertake directly.

Minimize carbon through low carbon material and equipment choices

Further detail on the specific measures in each asset lifecycle stage are included on pages 7-10 of this document

LaSalle's approach to sustainability

We know real estate has a very important role to play in tackling some of the major social and environmental challenges the world faces today. That's why we're committed to doing the right thing by our clients, our people and our planet. We have outlined in our European sustainability framework a plan to enable us to achieve this ambition, based around the four pillars that are materially important to our business.

Our new sustainability framework ensures our work is focused on the four pillars that have the most material impact on our business: climate change, responsible consumption, rewilding and social value. These themes are addressed at each stage of the asset life cycle. This framework maps across to the UN Sustainable Development Goals (SDG's) and our Net Zero Carbon strategy responds primarily to the climate change pillar and SDG's 7, 11 and 13.

BBP BETTER BUILDINGS PARTNERSHIP

We are a founding signatory to the BBP Climate Change Commitment which commits us to delivering Net Zero Carbon by 2050. The commitment addresses:

- Operational carbon, critically covering whole building performance including tenant activities
- Embodied carbon of development, refurbishment and fit-out works
- The principles of the energy hierarchy to ensure effort is focused first on reducing energy demand and improving energy efficiency

Alex Edds
Head of Sustainability, Europe

We pride ourselves on being an industry leader in ESG best practices

We weave sustainability into our operations at every touchpoint across our European business. We are committed to ESG at a corporate, investment strategy and asset level. At the centre of this commitment is our pledge to deliver net zero carbon buildings by 2050.

Scope of our strategy

Our Net Zero Carbon Pathway focuses on our direct real estate investment in Europe totaling £14.6 billion AUM

We have excluded the following investment activity from the scope of this commitment, but we continue to develop our approach to net zero carbon in all areas of the business:

Non-European real estate assets £39.6 billion. We are developing our global Net Zero Strategy which captures all of our direct real estate investment across the world.

Indirect, debt and securities £16.5 billion AUM. We regularly engage underlying managers through the LaSalle Global Partner Solutions platform to encourage dialogue and ensure that they continue to develop and expand ESG protocols and align with NZC principles. The industry rulebook on decarbonising further financial products, debt for example, is still in development and we continue to actively engage with industry to develop best practice.

Corporate emissions. These fall under the remit of our parent company JLL, which has committed to achieve net zero carbon emissions across all JLL, occupied buildings by 2030. These are a relatively small part of our overall carbon impact as a business.

Data as of Q4 2022

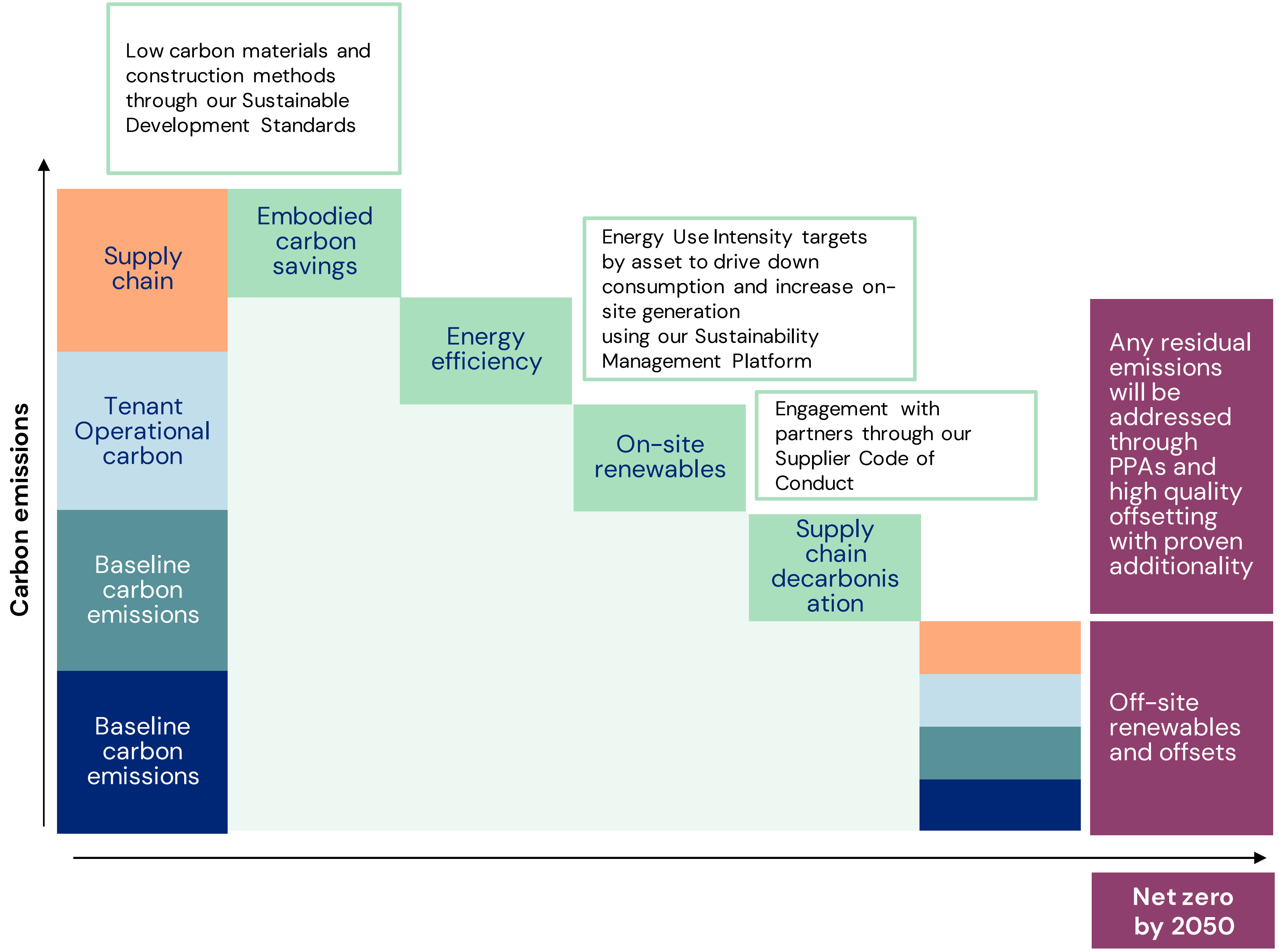
Developing our strategy - Technical rigour

Our Net Zero Carbon Pathway focuses on our direct real estate investment in Europe totaling £14.6 billion AUM

Approach

Our strategy is data-driven and has been built through a business-wide collaborative process

1. We undertook interviews across regions and business functions to gather views on 'net zero'
2. We reviewed of all relevant net zero definitions in the markets in which we operate
3. We undertook technical modelling of the cost and performance impacts of achieving net zero across our entire portfolio
4. We engaged with senior business stakeholders to test and refine the strategy and ensure it aligned with strategic objectives



Data as of Q4 2022

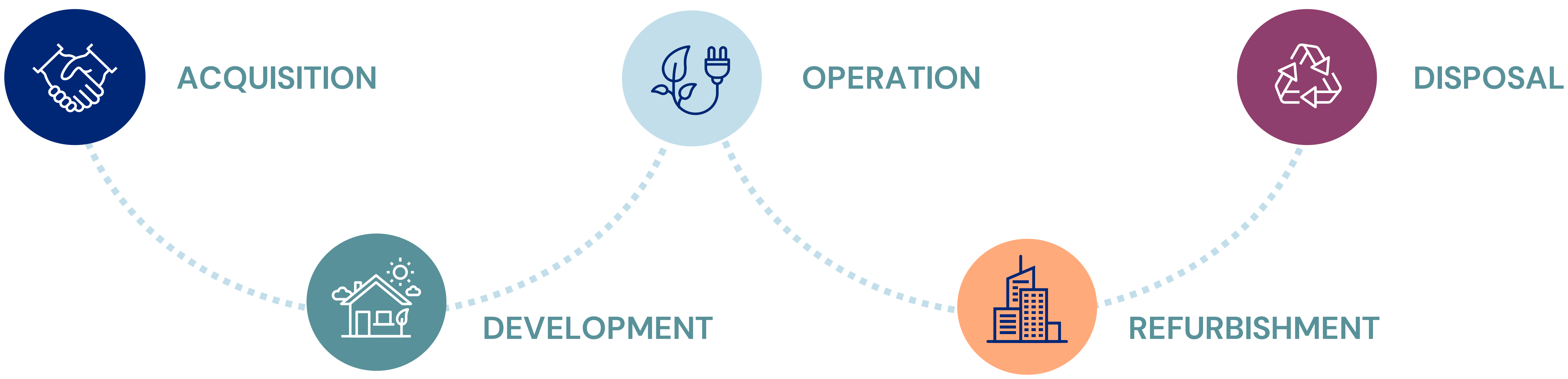
Integrating Net Zero Carbon through the asset lifecycle

A comprehensive NZC strategy cannot consider only isolated stages of the asset lifecycle. We have an ability, and a responsibility to influence sustainability at each stage of the asset life cycle.

Carbon emissions arise at all stages of an asset's lifecycle, from the operational carbon associated with energy use in buildings, to the corporate emissions of third parties providing asset management services, to the embodied carbon emissions of refurbishments and developments.

Our strategy takes a holistic view of our activities from purchase through to sale.

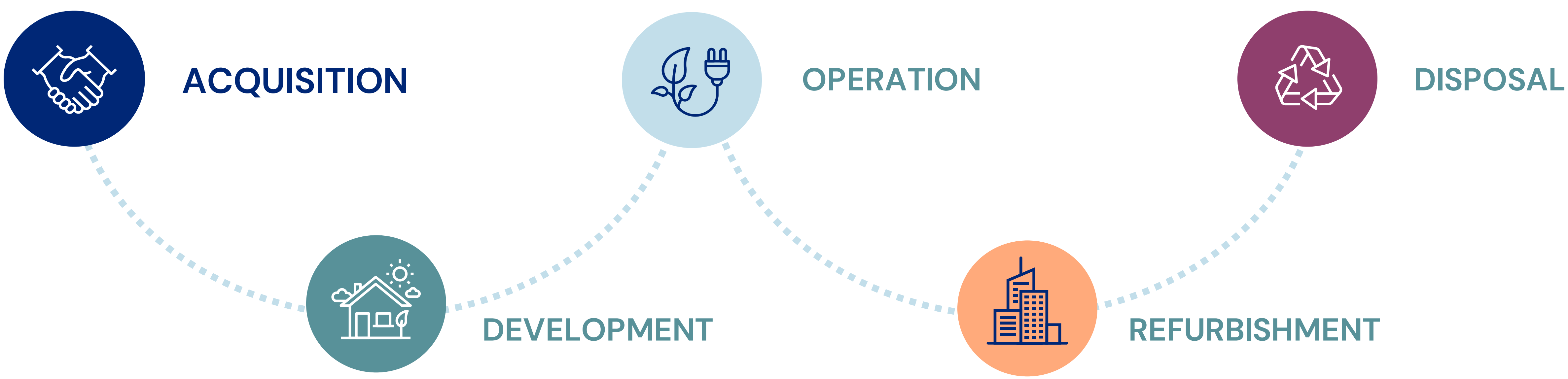
It consists of a range of initiatives to better measure, monitor, influence and, by 2050, eliminate emissions from our operations. The measures will be truly integrated into the 'LaSalle' way of working, right down to our investment strategy.



Net Zero Carbon acquisition

We already hold new investments to a high standard of energy performance. To enhance this we will ensure that our investment strategy prioritises net-zero readiness and identifies technical barriers to net zero before an asset is acquired.

- **Net zero reviews** will be included in the due diligence process for new acquisitions. These will identify any technical barriers to net zero performance.
- We will seek to obtain from the vendor **energy usage data** for the 12 months directly preceding the acquisition date. This data will be used as a basis for preparing a costed plan to meet our agreed 2030 EUI performance benchmarks as minimum, with all required measures built into asset plans.
- We will prioritise assets with **all-electric heating and hot water** as part of our investment strategy. If we acquire assets with fossil fuel heating and hot water systems we will evaluate cost plans to electrify or otherwise decarbonise within the asset business planning.

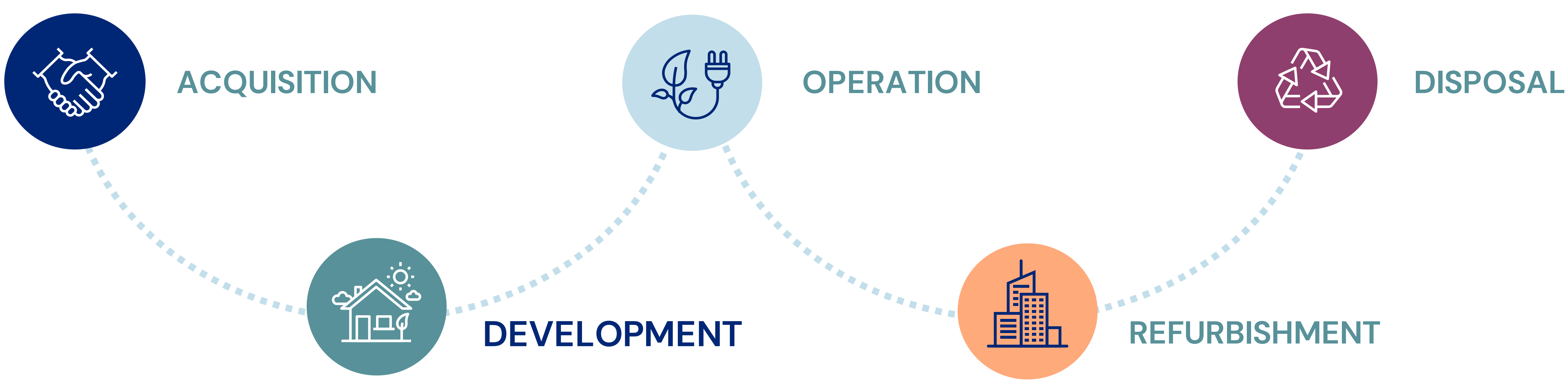


Net Zero Carbon development

Embodied carbon

Today new developments and forward-funding deals must align with LaSalle's sustainable development standards. We will drive down the embodied carbon impact of our developments through better measurement, innovative materials and supply chain collaboration

- We will undertake a whole life carbon assessment of new developments at the pre-design stage, seeking to integrate circular economy principles as much as possible.
- We will engage with suppliers to provide more granular data on the materials used in development to support whole life carbon assessments.
- We will set stretching embodied carbon intensity targets in line with the most ambitious recommendations in the market (50% reduction in kgCO2e/m2 against typical practice for developments from 2030).
- We will better measure the proportion of materials from re-used sources and increase it to 50% target by 2030.
- From 2030 buildings will be designed to target 80% of materials to be re-used at their end of life
- We will develop an internal carbon price on new developments to inform our decision making.

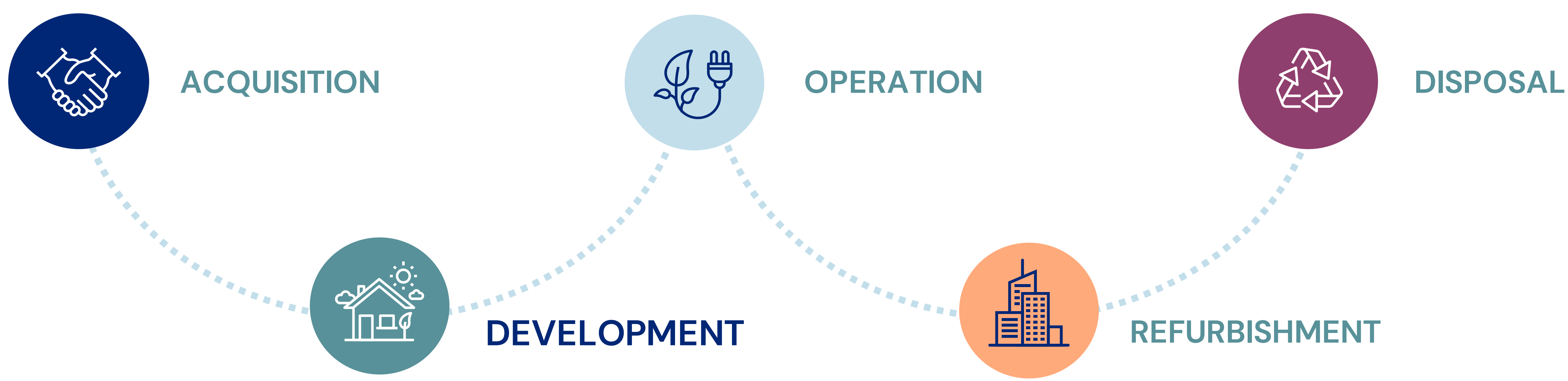


Net Zero Carbon development

Operational carbon

We seek sustainable building certification for all development projects today. We will continue to ensure that our development activity delivers efficient, high quality spaces that are resilient to changing occupier and investor demands

- We will ensure new developments are built to our agreed 2030 EUI performance benchmarks or equivalent DEC/NABERS rating in operation
- In the UK we will use a Design for Performance (DfP) approach for developments above a threshold size. This will involve setting an ambitious 'base building' energy performance target at pre-design stage, working across the supply chain to deliver this performance and transparently verifying performance post-occupancy.
- On-site renewable technologies will be 'designed-in' to new developments where viable.
- We will ensure heating and hot water generation is fossil fuel free in all new developments before 2030.

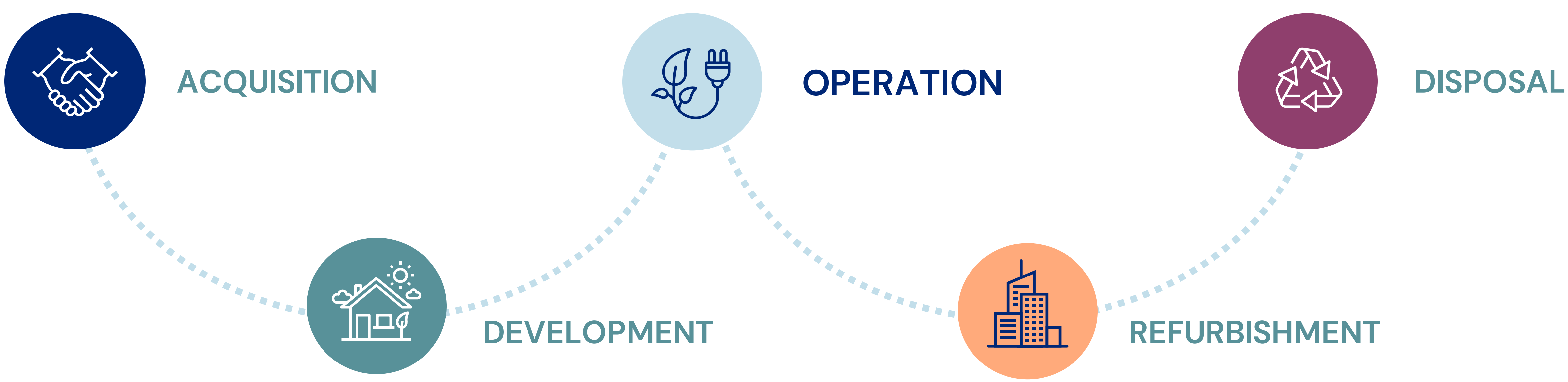


Net Zero Carbon operation

Landlord energy

Our long-running Sustainability Management Programme already delivers high sustainability credentials and asset performance. We will continue to reduce consumption to align with NZC definitions

- We will use our digital transformation programme to improve the coverage of real metered energy data.
- We will seek to align assets with a CRREM 1.5 Pathway for 2030, as well as any local country-specific regulation where applicable. We will aim to operationalise these EUI targets for every asset.
- We are developing water and waste targets by asset, which will align with our net zero carbon goals.
- We will integrate energy, water and waste measures in landlord-controlled spaces into asset management plans.
- Following the NZC audit programme, we will determine the high-level retrofitting costs associated with transitioning away from gas to electric heating. These costs will be integrated into asset business plans.
- We will continue to procure 100% green tariff backed electricity for landlord areas, and prioritise, where feasible 10-15-year renewable energy power purchase agreements (PPA)
- We will undertake net zero carbon audits of assets to refine cost and performance impacts of measures to deliver net zero performance.
- We will assure our carbon and energy data independently and consider any further forms of third-party certification of our net zero carbon commitments and performance.

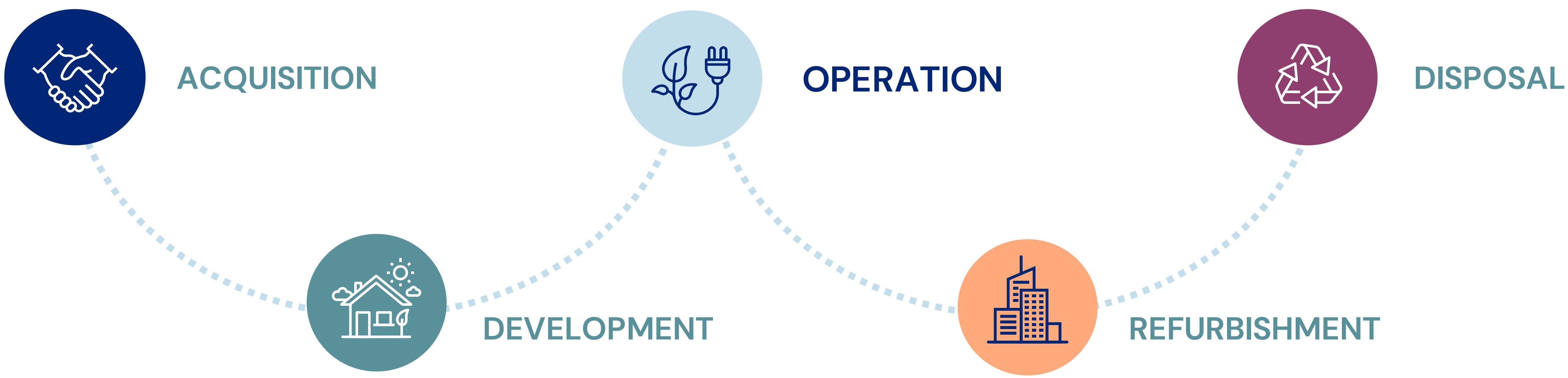


Net Zero Carbon operation

Tenant energy

While we have less operational control over the energy use of our tenants, we can support them in reducing their consumption through green leases, fitout guides and sustainability forums

- We will promote green lease clauses that foster a collaborative occupier-landlord relationship, supporting better access to energy data, smart-metering, the procurement of 100% renewable electricity for occupiers, improved waste and delivery services and knowledge sharing and training on sustainability. These must promote mutually supportive relationships. We will consider whether green lease clauses are an appropriate mechanism to capture and manage tenant embodied carbon impacts from fit-outs.
- We will tighten occupier fit out requirements by updating fit out guides. These will provide guidance on low carbon heating, cooling, lighting systems and sustainable materials.
- We will aim to install sub-metering for the majority of tenant consumption by 2030, where appropriate.

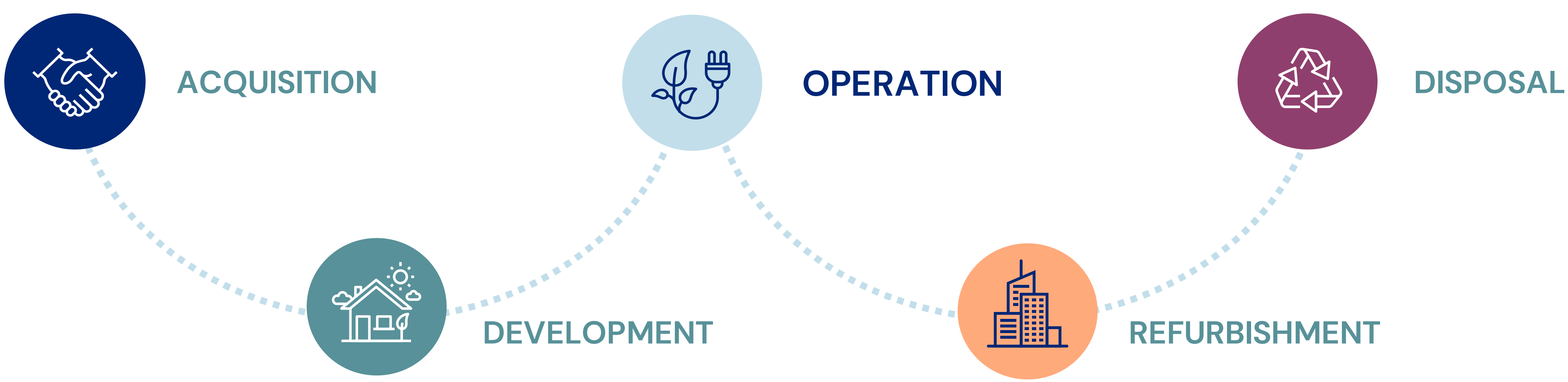


Net Zero Carbon operation

Supply chain

Our asset management guidance already actively promotes sustainable practices in our assets. We will strive to better measure and report the emissions from asset management activities and to work with suppliers who are aligned with us in terms of sustainability

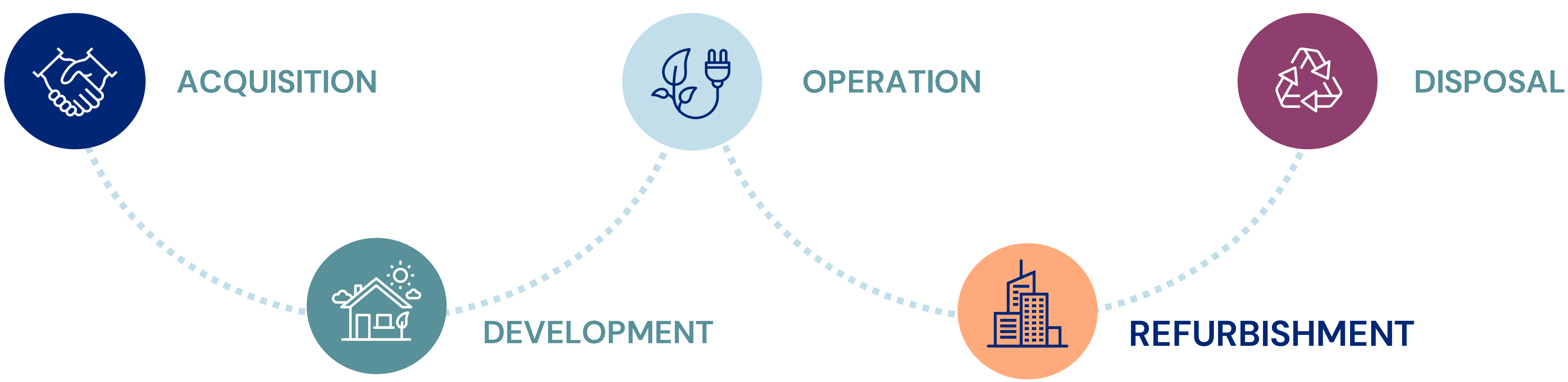
- We will baseline our emissions from our supply chain activities to understand our starting point, including our third-party procured services
- We will revise our Supplier Code of Conduct to incentivise suppliers to measure the GHG footprint of their operations, verified via third party standards, or make it a selection requirement in procurement exercises
- We will intiate a process to incentivise suppliers to evidence year-on-year improvements in carbon intensity or to have carbon neutrality certification/science-based target



Net Zero Carbon refurbishment

Our Sustainable Development Principles promote best practice in relation to construction and materials in refurbishments. We will continue to reduce the carbon impact of our refurbishment activity –prioritising low carbon materials, plant and equipment and pushing our suppliers

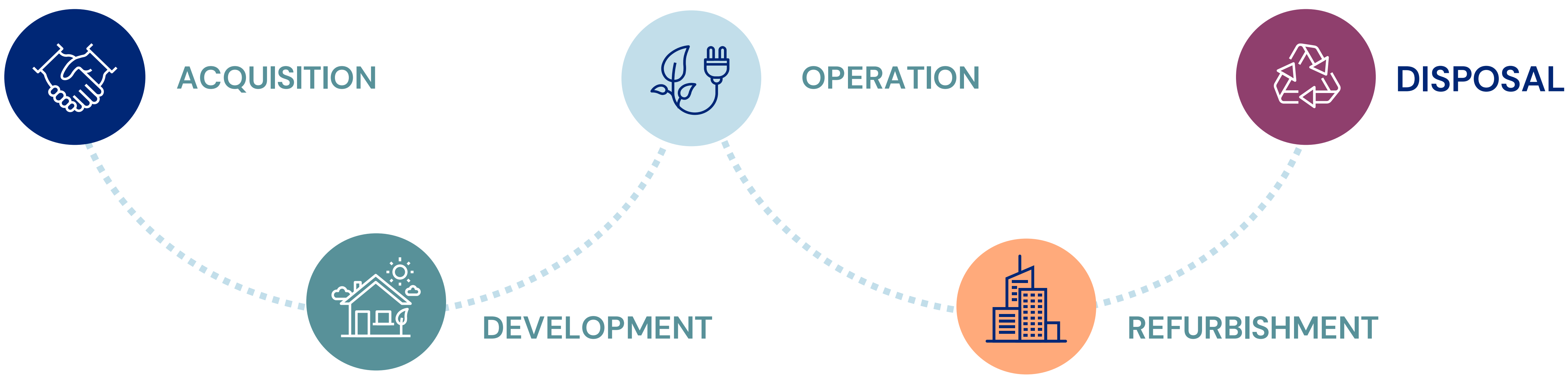
- We will undertake a whole life carbon assessment of major refurbishment projects, seeking to integrate circular economy principles as much as possible. Where commercially viable, will undertake a whole life carbon assessment for minor refurbishment projects.
- We will work with suppliers to gain access to more detailed breakdowns of material used in refurbishments and maintenance.
- We will revise our Supplier Code of Conduct to incentivise suppliers to measure the GHG footprint of their operations, verified via third party standards, or make it a selection requirement in procurement exercises. We will also encourage suppliers to provide Environmental Product Declarations for materials, plant and equipment or a product carbon footprint certified by a third party.
- We will intiate a process to incentivise suppliers to evidence year-on-year improvements in carbon intensity or to have carbon neutrality certification/science-based target
- We will model an internal (shadow) carbon price on embodied carbon from major refurbishments and understand the implications of ringfencing capital for a retrofit fund for the standing portfolio.



Net Zero Carbon disposal

Our Sustainable Investment Principles already recognise that physical and transitional climate risks are likely to render some assets 'stranded'. We will dispose of assets in a responsible way, ensuring that the buyer is well equipped to continue the asset's pathway to net zero carbon

- We will investigate ways to include carbon stranding risk in investment hold/sell criteria in line with industry best practice
- We will provide at least 12 months of operational energy data to buyers and share as much information as possible on each asset's net zero carbon pathway to ensure a smooth transition of energy management responsibilities



Challenges and solutions

We recognise that delivering on this strategy will be a challenge and require us to reconsider our approach to investment asset management and development. In developing the strategy we have considered our approach in response to mitigate risk.

1	**Access to data**	Aspects of our carbon footprint are currently estimated using a benchmark approach as real data is not available. We are increasing the coverage and quality of data to ensure that carbon impacts can be more robustly assessed.
2	**Engagement of key stakeholders**	The buy in of key stakeholders to the strategy –most notably occupiers and investors -will be critical. Engagement with tenants and suppliers is therefore a key feature within the strategy.
3	**Embodied carbon**	Our understanding of our embodied carbon impact is more limited compared to operational carbon. We are still in the early stages of establishing a baseline and consistent measurement to assess construction carbon impacts.
4	**Changing market**	The definition of net zero carbon in commercial real estate is undergoing continual evolution. We continue to actively engage in industry conversations around this topic.
5	**Costs to deliver**	Our modelling of the European portfolio has identified some asset classes for which the costs of delivering net zero carbon performance may be commercially challenging. This will feed into our investment strategy.
6	**Lack of design control**	We often forward fund new developments and, in these cases, have limited control over theprojected carbon performance of the end product. We are exploring how we can best influence the embodied and operational carbon when following this model.

Early successes

We have a strong track record in developing and managing sustainable property. From our exceptional Sustainability Management Programme, to ground-breaking new developments employing innovative materials and construction methods –our recent experience will serve us well as we mobilise our strategy.

Maison Bayard is located on the site of the former Radio RTL headquarters in the 'golden square' of Paris. This low-carbon, hybrid timber design, comprising 8,400m2 will be the first wooden building in the Paris Business District and is certified "Bâtiment Bas Carbone". The project will have a lower embodied carbon impact than conventional materials, and the construction materials will be re-usable at the end of the building's life.

The project plans to achieve 5 environmental certifications and labels: BREEAM / WELL / NF HQE / BBC A (Low-carbon) / Effinergie E + C-.

60 London Wall - a 325,000sq ft Grade A office development in the heart of the City of London - has achieved a BREEAM Excellent score at the design stage and is expected to achieve a BREEAM Outstanding score post completion. Despite being a major refurbishment, the building is designed and constructed such that its energy performance is substantially better than that of a newly constructed building – a 15% reduction in carbon emissions in comparison with a Part L compliant new building. This was achieved through optimised shading design, solar control glass and high-performance building fabric.

The embodied carbon of 60LW is circa 40% lower than that of a similar newly built office. This translates to almost 20% saving in the Whole Life Carbon of the building. This was achieved through reuse of the existing structure and low carbon materials.


60 London Wall

Early successes

Our Sustainability Management Programme (SMP) supports our ambition of delivering energy, carbon, water and waste reductions across our large and diverse UK and Continental European portfolio, we track environmental performance data on an online platform, producing performance reports, to drive change and facilitate the delivery of efficiency projects.

The SMP has helped to streamline LaSalle's mandatory environmental reporting requirements and enabled effective participation in voluntary reporting initiatives such as the Real Estate Environmental Benchmark (REEB), the Global Real Estate Sustainability Benchmark (GRESB), where the programme has supported high ratings for participating LaSalle funds.


60 London Wall

Appendix A: BBP climate commitment scope table

Business area	Sub-area	GHG protocol reporting category	Carbon scope	BBP inclusion	LaSalle inclusion
Corporate	Head office energy use	Company facilities	1&2	•	
	Company vehicles	Company vehicles	1	•	
	Business travel (excluding commuting)	Business travel	3	•	
	Purchased goods and services	Purchased goods & services	3	•	
	Operational waste generated	Waste generated in operations	3	•	
	Operational water use	Purchased goods & services	3	•	
	Employee commuting	Employee commuting	3	•	
Direct real estate holdings (including JVs with management control)	Landlord purchased energy (electricity & fuels)	Purchased electricity, heat and steam	1,2&3	✓	✓
	Tenant purchased energy (electricity & fuels)	Downstream leased assets	3	✓	✓
	Landlord refrigerants	Purchased goods and services	3	✓	✓
	Tenant refrigerants	Tenant scope 3	3		
	Landlord purchased water	Purchased goods and services	3	✓	✓
	Tenant purchased water	Tenant scope 3	3		
	Landlord managed operational waste	Waste generated in operations	3	✓	✓
	Tenant managed operational waste	Tenant scope 3	3		
	Tenant transport emissions	Tenant scope 3	3		
	Tenant supply chain emissions	Tenant scope 3	3		
	Landlord purchased capital goods & services (M&E & property management services)**	Purchased goods and services	3	✓	✓

*We have not included corporate emissions because these are captured carbon reduction strategy of JLL, our parent company

Appendix A: BBP climate commitment scope table

Business area	Sub-area	GHG protocol reporting category	Carbon scope	BBP inclusion	LaSalle inclusion
Investments (Indirect Real Estate Holdings, e.g., where investments are managed by a third party such as JVs with no management control or investments in other real estate investment vehicles)*	Landlord purchased Energy (electricity & fuels)	Investments (proportional to the investment)	3	✓	✓
	Tenant purchased energy (electricity & fuels)	Investments (proportional to the investment)	3	✓	✓
	Landlord refrigerants	Investments (proportional to the investment)	3	✓	✓
	Tenant refrigerants	Tenant scope 3	3		
	Landlord purchased water	Investments (proportional to the investment)	3	✓	✓
	Tenant purchased water	Tenant scope 3	3		
	Landlord managed operational waste	Investments (proportional to the investment)	3	✓	✓
	Tenant managed operational waste	Tenant scope 3	3		
	Visitors transport Emissions	Tenant scope 3	3		
	Tenant supply chain Emissions	Tenant scope 3	3		
	Landlord purchased capital goods & services (M&E & property management services)	Tenant scope 3	3	✓	✓
Development	New development (including those where funding is being provided)	Purchased goods and services	3	✓	✓
	Refurbishments	Purchased goods and services	3	✓	✓
	Fit-out (landlord controlled)	Purchased goods and services	3	✓	✓
	Fit-out (tenant controlled)	Tenant scope 3	3		
	End of life	Tenant scope 3	3		

Appendix B: Key terms

Net Zero Carbon (NZC): Definitions for Net Zero Carbon can be generic or relate to specific industries or activities. The World Green Building Council definition of a net zero carbon *building* is one that is highly energy efficient and fully powered from on-site and/or off-site renewable energy sources.

Energy Use Intensity (EUI): A building's energy use per unit size, typically expressed as energy consumption in kWh per square metre per year. The measurement of floor area can be expressed in terms of Net Lettable Area (NLA) or Gross Internal Area (GIA).

Operational carbon: The term used to describe the emissions of carbon dioxide and other greenhouse gases during the in-use operation of a building, most materially from energy use and refrigerants.

Embodied carbon: Carbon emissions associated with energy consumption and chemical processes during the extraction, manufacture, transportation, assembly, replacement and deconstruction of construction materials or products.

Offsets: An action or activity to reduce emissions of CO2 or other GHG gases made in order to compensate for emissions made elsewhere.A company can buy carbon credits equivalent to their carbon impact.

Better Buildings Partnership (BBP) : The BBP is a collaboration of the UK's leading commercial property owners who are working together to improve the sustainability of the existing commercial building stock.

Submetering: A system that allows a landlord, property management firm, or other multi-tenant property etc. to bill tenants for individual measured utility usage. The approach makes use of individual water meters, gas meters, or electricity meters. It enables building and facility managers to have vi sibility into the energy use and performance of the equipment, creating opportunities for energy and capital expenditure savings.

Carbon dioxide equivalent (CO2e): CO2e is a unit for measuring carbon footprints. It allows for the expression of the impact of different greenhouse gases in terms of the amount of CO2 that would lead to an equivalent amount of global warming impact. As a result, the total impact of all these gases can be expressed as a single number in a same unit.

Design for Performance (DfP) : Developed by the Building Better Partnership, this is an industry backed project established to tackle the performance gap and provide an approach, based on measurable performance outcomes, to ensure new developments deliver on their design intent.

Greenhouse Gas (GHG) Protocol Corporate Accounting Standard: Provides standards and guidance for companies and other types of organisations to prepare a GHG inventory. The standard and guidance were designed to help companies prepare a GHG inventory that represents a true and fair account of their emissions, through the use of standardized approaches and principles.This provides a company with the information that can be used to build a strategy to reduce GHG emissions.

The Science Based Targets Initiative (SBTi)is a collaboration between CDP, the United Nations Global Compact, World Resources Institute (WRI) and the Worldwide Fund for Nature (WWF). The SBTi defines and promotes best practice in science-based target setting and independently assesses and approves companies' targets.
Scope 1 emissions: Direct emissions from the organisation's building, vehicles, plant, including the combustion of fuel etc.

Scope 2 emissions: Indirect emissions from electricity consumption or other energy generated by third parties.

Scope 3 emissions: All other indirect emissions, e.g. energy use by tenants, embodied carbon of materials used in developments and refurbishments, third-party procured goods and services.

NABERS: The National Australian Built Environment Rating System, is an initiative by the government of Australia to measure and compare the environmental performance of Australian buildings and tenancies and its approach is the basis of Design for Performance.

DEC: Display Energy Certificates are records of the actual energy usage of public buildings.

Power Purchase Agreements (PPAs): A contract for the purchase of electricity from one or more generation projects, typically between 5 and 20 years in length.

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