

Responsible Investing & Corporate Responsibility Policy

2024



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About us

Alpha Real Capital Ltd ('the Group') encompasses Alpha Real Capital LLP ('AlphaReal') and TIME Investments ('TIME'). AlphaReal is a specialist real assets investment manager focused on secure income strategies, typically investing in UK and European assets with predictable secure long-term cash flows. TIME is the Group's authorised wealth management investment solutions arm¹.

We are signatories to the United Nations Principles for Responsible Investment (UN PRI), the UN Global Compact and members of the European Association for Investors in Non-Listed Real Estate (INREV) and European Association for Investors in Non-Listed Real Estate (AREF).

The Group works with a wide range of UK, European and international investors, including pension funds, insurers and other large institutional investors as well as private investors, financial advisers, and wealth managers through TIME. We look for long-term relationships with our investment partners, tenants, lenders and other stakeholders.

Signatory of:



¹ Further information is available on our websites: About Us - AlphaReal and TIME Investments (time-investments.com)

Policy scope and background

This Responsible Investing Policy replaces our previous Sustainable Investment Policy and makes reference to our Exclusion Policy². This policy will apply to all investments across all funds and services managed by the Group where the manager has discretion and is subject to all applicable local laws and regulations. This policy will be reviewed annually with any changes subject to approval by the Head of Sustainability and the Chief Operating Officer.

Principles that influenced this policy



The Group is a signatory to the UN PRI and seeks to align its investment commitments with the UN PRI's 6 responsible investment principles:

- **Principle 1:** We will incorporate ESG issues into investment analysis and decision-making processes.
- **Principle 2:** We will be active owners and incorporate ESG issues into our ownership policies and practices.
- **Principle 3:** We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- **Principle 4:** We will promote acceptance and implementation of the principles within the investment industry.
- **Principle 5:** We will work together to enhance our effectiveness in implementing the principles.
- **Principle 6:** We will each report on our activities and progress towards implementing the principles.



United Nations
Global Compact

As a participant of the UN Global Compact, we also seek to incorporate its principles into the way we conduct our business across human rights, labour standards, environment and anti-corruption:

- **Principle 1:** Businesses should support and respect the protection of internationally proclaimed human rights; and
- **Principle 2:** make sure that they are not complicit in human rights abuses.
- **Principle 3:** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- **Principle 4:** the elimination of all forms of forced and compulsory labour;
- **Principle 5:** the effective abolition of child labour; and
- **Principle 6:** the elimination of discrimination in respect of employment and occupation.
- **Principle 7:** Businesses should support a precautionary approach to environmental challenges;
- **Principle 8:** undertake initiatives to promote greater environmental responsibility; and
- **Principle 9:** encourage the development and diffusion of environmentally friendly technologies.
- **Principle 10:** Businesses should work against corruption in all its forms, including extortion and bribery.

² Please see "Investment level" section

Corporate responsibility



Environmental

As a firm, we believe it is important for us to understand and articulate our own environmental footprint, and the improvements we can make on our journey towards carbon net zero. We have been accredited as a carbon neutral company since 2022 and have taken steps to increase the proportion of assets on which we collect emissions data. We also made progress in areas such as waste recycling, renewable energy sourcing and energy efficiency. Our ambition is to be net zero as a firm by 2050.



Social

We promote diversity and inclusion and we have made a series of commitments which are outlined in our Diversity and Inclusion Policy. The Group abides by the laws and values of the Equality Act 2010 and is an equal opportunity employer.

We have a zero-tolerance approach to modern slavery in our organisation and in any company with which we do business. Our Modern Slavery Statement can be found on our website.



Governance

AlphaReal and TIME are authorised and regulated by the Financial Conduct Authority (FCA) to provide investment management services to professional investors, regulated financial advisers and their private investors. Within its authorised fund business activities, to support its role as Authorised Corporate Director (ACD), AlphaReal has established an ACD Board with two independent directors.

The Group adheres to an established compliance environment which is supported by a code of conduct incorporated into employment contracts. This code covers a wide range of conduct requirements including client confidentiality, data protection, market abuse regarding price-sensitive information, personal interests' disclosure, conflicts of interest, anti-money laundering procedures, bribery act and whistleblowing processes.

AlphaReal also commissions an annual Assurance Report on Internal Controls (AAF01/20) to independently review and report upon its investment management processes and internal controls. More information on the Group's governance procedures can be found in 'Our Credentials' report on our website.

Responsible investing considerations

ESG and responsible investing considerations are made at three levels, with our approach at each of these levels summarised in this policy.

Firm level	Fund level	Investment level
<ul style="list-style-type: none">• Our philosophy• Overarching principles• Our commitments• Key responsibilities and governance	<ul style="list-style-type: none">• Common approach to funds and strategies• Guidelines and procedures per asset class	<ul style="list-style-type: none">• Exclusions• Pre-acquisition• Monitoring and management• Engagement and stewardship



Our philosophy

Sustainability is one of the key components of our investment philosophy as well as our business strategy. Prioritising responsible investment aligns with the long-term nature of the financial assets in which we invest and the relationships we look for with our investment partners. We believe that identifying, measuring and managing ESG and sustainability factors can play an important role in ensuring attractive risk-adjusted returns over the long term.

We believe integrating sustainability within our investment process can enhance risk management, and allow us to identify opportunities and quantify benefits, through which we can assess our contribution to the broader sustainability agenda.

We constantly seek to better understand the concerns and meet the aspirations of our stakeholders with respect to sustainability. As an investor-centric organisation, we share investors' focus on sustainability and review, adapt and manage our strategy regularly in line with our scale and specialisms.

Overarching principles

Our sustainability philosophy is built around four pillars

1 A quantitative approach

2 Rigorous analysis

3 Transparency

4 Continuous improvement

Quantitative approach

We believe that sustainability characteristics should be quantified, wherever possible. We believe that if a sustainability risk can be measured, it can be more easily mitigated or avoided. We selectively make use of third-party decision tools to enhance our understanding of such risks.

Rigorous analysis

A broad and sophisticated analytical approach is required given the long-term nature of many of the assets in which we invest. The same is true for our assessment of sustainability characteristics.

Transparency

We believe in the importance of transparency for all our stakeholders and seek to present information in a way that is easy to understand and supported by our quantitative approach and rigorous analysis as described above.

Continuous improvement

We take a positive approach in our efforts to find better ways to measure the sustainability characteristics of the assets we manage.

Our commitments

- To ensure ESG factors are fully integrated into our investment process, from initial appraisal through to the Investment Committee and ongoing management.
- To seek to identify, measure and manage ESG-related risks, and where possible, benefits.
- To incorporate sustainability in our engagement with stakeholders.
- To continuously seek improvement in our ability to gather and disclose relevant data, including energy, water and waste data across our sites³.
- To promote a culture focused on sustainability, and where sustainability is everyone's responsibility.
- To regularly consider and report our progress on sustainability issues, including publishing climate-related disclosures in line with the Taskforce for Climate Related Disclosures (TCFD) recommendations, annually.

In addition, we are committed to a range of industry bodies, initiatives and standards aligned with these goals, as described above.

³ Subject to tenant agreement in the case of our long income real estate investments.

Key responsibilities and governance

Senior management

The Board of Alpha Real Capital Ltd ('the Board') takes ultimate responsibility for ESG performance, including the implementation of any relevant funds' ESG objectives and conformance with the ESG expectations of key stakeholders. The Board empowers the Executive Management Committee ('EMC') to assess sustainability risks, such as climate-related issues, and to report to the Board on an annual basis. The EMC represents the senior management of the Group, constituting members who hold overall accountability for the delivery of the ESG strategy, as well as for reviewing the development of sustainability policies, alongside the Board.

Our senior management team, including the Board and the EMC, are committed to the implementation of this policy and to making available the appropriate resources to enable our team to do so.

We will review our approach and progress on a regular basis and update this policy accordingly.

Investment committee

The Investment Committee ('IC') is the forum in which senior management from AlphaReal and TIME (as appropriate) agrees to recommend the purchase and disposal of properties, asset-backed operating businesses, loan investments, significant lease agreements and/or capital raising and refinancing. It plays an important role in ensuring that due consideration is given to ESG and sustainability factors as part of investment decisions.

Fund management and asset management teams

Fund management and asset management teams ensure ESG factors are incorporated both at the time of acquisition as well as in ongoing monitoring. The fund management teams prepare an ESG Scorecard, which takes a holistic view, encompassing a range of ESG risks and opportunities pertinent to the transaction, and which forms an integral part of the materials reviewed by the IC. Once an acquisition has been completed, the ongoing management of the asset is conducted by the asset management team, working in partnership with the relevant fund manager(s). Among other things, the asset management team will monitor relevant data at the portfolio level as well as progress towards specific goals, ensuring that agreed actions are executed successfully and in a timely manner.

ESG Committee

The ESG Committee forms part of the formal bodies responsible for the integration of ESG and sustainability factors within the organisation. Chaired by the Head of Sustainability, this committee functions as a forum to consistently review and enhance the firm's processes, capabilities and solutions with regard to ESG and sustainability, through the generation and execution of ideas. It comprises representatives from across the Group, including members of the investment team, risk and asset management business divisions, as well as client-facing staff, to ensure full integration and consistent application of our overarching policy with day-to-day operations and deliverables.

Training and capabilities

Our funds have a long track record of direct investment in real estate, renewables infrastructure and social infrastructure, which has allowed us to develop a deep and practical understanding of ESG and sustainability issues. This transferable expertise is applied across all asset areas. We are committed to continuing to develop and broaden sustainable investing expertise across the firm in the belief that sustainability is a shared responsibility. To achieve this, we will enable opportunities for ESG knowledge sharing across the firm and invest in training our wider teams in the drivers and practices of responsible investment and the implementation of our commitments. We will facilitate this through training led by internal individuals or external experts, as well as debate within and between our teams.

Reporting

Aligned with our guiding principles and commitments, we seek to share progress in our sustainability journey with clients and other stakeholders in a realistic and transparent manner, through various reporting frameworks:

TCFD reporting

We recognise the challenge posed by climate change, and the need to strengthen the global response to limit the extent of warming in line with the Paris Agreement. We have recently produced our first Taskforce on Climate-related Financial Disclosures (TCFD) on a voluntary basis, and we will be reporting this annually going forward. We will use the data collected to refine our pathway and track progress to net zero by 2050, as we develop a clearer picture of where we can improve.

Group Sustainability Report

Our sustainability report details the Group's overall approach to sustainability and how this is implemented across the different strategies. We intend to continue to report to our stakeholders on our progress annually.

Sustainability Disclosure Requirements (SDR) and investment labels

Further to the publication of the FCA's policy statement in November 2023, while the thematic integration of ESG and sustainability into our investment processes will remain unaltered, the Group is currently reviewing our product range in the context of the SDR and will determine appropriate alignment to this new disclosure regime for certain products over the coming months.

UN PRI reporting

As signatories of the UN PRI, the Group reports on its responsible investment activities annually, under the UN PRI's Investor Reporting Framework.

UN Global Compact reporting

As participants of the UN Global Compact, we also commit to producing an annual Communication on Progress (CoP) report, reflecting on how the Ten Principles are embedded into our strategy, operation and efforts to support societal priorities.

Global Real Estate Sustainability Benchmark (GRESB)

We first participated in GRESB in 2021. Today, five of our real estate funds are assessed under GRESB annually. As part of our GRESB submission process, we have enhanced energy, water and waste data collection at the occupier level.

Common approach to funds and strategies

ESG and sustainability factors are embedded across our funds and in our investment processes. As a result, our overall approach can be characterised as responsible⁴, while we recognise a range of investment strategies with different levels of ESG and sustainability emphases.

Guidelines and procedures per asset class

The Group invests across a range of asset classes and just as our investment strategies are tailored to each one of them, we adopt different strategies to ESG integration across different asset classes, to ensure they are practical and relevant to context.

Long Lease Real Estate and Commercial Ground Rents

We recognise that the way in which buildings are designed, built, managed, and occupied can significantly influence their impact on the environment and affected communities – both positively and negatively. For this reason, during the investment appraisal and due diligence processes we seek to identify and measure sustainability risks and, where possible, opportunities. We seek to differentiate ourselves by acting as a long-term investment partner and seeking to adopt a partnership approach with our tenants, as opposed to a traditional tenant-landlord relationship. In this partnership, we look to positively engage with tenants in a collaborative and transparent manner.

Social Infrastructure

Our strategy for social infrastructure encompasses three core sectors: health, housing, and education, which form the three pillars of our social infrastructure investment strategy. Social infrastructure assets contribute to societal well-being by facilitating health, housing and education services and activities in communities. As such, our funds aim to increase social infrastructure capacity through financing modern, purpose-built regulation-compliant infrastructure, seeking to address the environmental and social factors in ESG in a sustainable manner. Our ESG due diligence process in this sector incorporates our real estate process.

Renewable Infrastructure

Our renewable infrastructure funds and services invest directly in UK renewable infrastructure, with a focus on onshore UK wind and solar. As well as investing in operational assets, our team has experience in developing and funding projects through the planning, design, building and operational phases. Our ESG due diligence also incorporates a thorough analysis of legal, operational and environmental risks as well as engagement with local communities. We take care as a custodian to minimise visual impact, enhance biodiversity, and protect sites of historical significance across our developments, and where appropriate, contribute to community benefit funds.

⁴ Please see "Definitions" section

Exclusions

We apply common standards in relation to the assessment of ESG factors including negative sector screens. Our exclusions are formalised in our Exclusion Policy.

Pre-acquisition

We seek to evaluate transactions against a set of ESG criteria, which may include, dependent on the asset class, energy emissions, physical risks, environmental due diligence, and biodiversity, as well as metrics and characteristics relevant to societal benefits and governance, such as health and safety, modern slavery, conflicts of interest, anti-corruption practices and tax transparency.

Incorporation of ESG factors into our investment process is facilitated using an ESG Scorecard, which covers a range of sustainability risks and opportunities pertinent to the transaction and forms an integral part of the materials reviewed by the IC. Risk level and mitigants are identified where risk is deemed material for each of the factors across E, S and G.

The format and contents of the ESG Scorecard may vary across funds, depending on the nature of the investments and the availability of tools and data. In such cases, ESG due diligence may be evidenced using an adapted form of the ESG Scorecard or alternative methods approved by the Group.

Monitoring and management

To ensure we are appropriately measuring and managing sustainability and ESG performance, we employ a range of third-party decision tools. Sustainability measurement and management are constantly evolving, and we keep tools and methodologies under continuous review.

Climate-related risks

Assessment of physical and transitional risks of our real estate assets and portfolios through MSCI Real Estate solution and Carbon Risk Real Estate Monitor (CRREM).

Alignment with the UN Sustainable Development Goals (SDGs)

Asset alignment/contribution to the UN SDGs, where there is a clear linkage between investment and the respective goal's target(s). Monitoring of SDG alignment at the portfolio level is reviewed regularly.

Independent regulator ratings for health and education assets reflecting assessment of key performance indicators including quality, safety, and user outcomes.

Third-party social value measurement

Independent verification and measurement constitute an area of ongoing development.

In 2023, we engaged a third-party specialist to help us assess and report on the social impact delivered by our social infrastructure investments.

As a result of this work, we have strengthened our impact management framework, which includes tools that enable a better assessment and monitoring of the outcomes delivered through our investments.

We continue to seek to collaborate with third-party providers and peers to move towards an industry-agreed methodology for social value measurement. We are also committed to continuously improving the assessment of the impact delivered through our Social Infrastructure investments.

Energy efficiency ratings and standards

We instruct surveyors to report on Minimum Energy Efficiency Standards, EPC, BREEAM and other environmental ratings, where appropriate.

'Green Clauses' in tenant leases

We monitor the proportion of leases containing a 'green clause' at portfolio level. This clause aims to positively influence tenant behaviour with regard to the environmental performance of the property and environmental best practices, and optimise compliance with the relevant environmental laws.

Engagement and stewardship

Our engagement approach will differ depending on the asset class and underlying investment approach. As the manager on behalf of landlords, shareholders, or lenders, we seek to engage with tenants or management teams on ESG-related topics, at initial negotiations and ongoing monitoring meetings such as annual reviews. Our ability to exert influence depends on the scale and nature of the investment and the type of asset.

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Many of our funds operate in private markets, where the availability of data is generally lower than in public markets. This presents challenges to measuring, demonstrating, and driving sustainability outcomes.

In the case of our real estate investments, we are inherently restricted in our ability to directly influence sustainability activity where assets are managed under fully repairing and insuring (FRI) leases with control resting with the occupier. Where this is the case, we focus on engaging with tenant occupiers and relevant stakeholders to try and secure sufficient information to accurately gauge sustainability performance and to collectively discuss actions to improve.

In other cases, such as direct investments in renewable infrastructure, our funds acquire, own and operate the assets. All renewable energy projects we manage are subject to operations and maintenance programmes, and we continuously monitor and audit our managed renewable assets to identify and, where necessary, mitigate environmental issues. This may involve engaging with local communities and local authorities to develop habitat improvement and conservation management plans.

Collaborative engagement

AlphaReal is a signatory of the UN PRI and a participant of the UN Global Compact. We are also members of INREV and Pensions for Purpose, as well as associate members of AREF. TIME is also a member of the UK Sustainable Investment and Finance Association (UKSIF).

We believe our business has a role to play in supporting and promoting responsible investment through participation in industry bodies and working with strategic partners. We see collaborative engagement as an efficient way to address ESG and sustainability challenges. We continuously seek to strengthen our participation and collaboration, encouraging members of the team to play an active role in the memberships held.

I. ESG factors

Environmental, Social and Governance factors used to assess the sustainability of companies and other investee entities.

- a. Environmental Factors: Issues relating to the quality and functioning of the natural environment and natural systems, identified or assessed in responsible investment processes.
- b. Social Factors: Issues relating to the rights, well-being and interests of people and communities, identified, or assessed in responsible investment processes.
- c. Governance Factors: Issues relating to the governance of companies and other investee entities, identified in responsible investment processes.

II. Responsible Investment

According to the UN PRI, responsible investments consider environmental, social and governance (ESG) issues when making investment decisions and influencing companies or assets.⁵

III. Engagement

Purposeful, targeted communication with our stakeholders on matters of concern with the goal of influencing positive behaviours and collecting the knowledge necessary to assess impact.

⁵ <https://www.unpri.org/introductory-guides-to-responsible-investment/what-is-responsible-investment/4780.article>

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Real assets. Real security.

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