

Matter Real Estate LLP

Environmental, Social and Governance Policy



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Glossary

ESG – Environmental, Social and Governance

GHG – Greenhouse Gas

GRESB –Global Real Estate Sustainability Framework.

GRI – Global Reporting Initiative

UN PRI – United Nations Principles of Responsible Investment

1. Introduction

At Matter Real Estate LLP (“Matter”, “the Firm”, “We”), impact and sustainability are at the core of our approach. We believe that investing in real estate which meets multiple social and/ or societal needs, reducing our environmental impact wherever possible and operating with good governance, leads to better outcomes for all our stakeholders. We take the view that:

- Improved ESG compliance drives better due diligence and therefore better financial performance – for both our investors and investees.
- As investment advisors, we have the ability – and therefore the responsibility – to allocate capital in a way that protects people and the planet for the long term.
- By demonstrating our own ESG performance, we will both encourage others to do the same, and increase opportunities in raising further capital to invest in business where social and/or societal capital drives demand.
- As an organisation driven to address social and/or societal needs, we believe we should not only manage our risk across all ESG areas but also contribute to solutions through the delivery of impact objectives targeting areas where we will be taking measures to increase our impact.

This document outlines our approach to Environmental, Social, and Governance (“ESG”) integration across all our portfolios as well as how and where we will go beyond our ESG considerations to actively manage our impact. We describe how we work with our key stakeholders and how we monitor and manage relevant ESG and impact factors.

As a Principles for Responsible Investment (PRI) Signatory, we believe that consideration of environmental, social and governance risks and opportunities is in line with our objectives of optimising our clients’ investment outcomes and aligning portfolios to positively impact broader interests of society. We view sustainability as a powerful and enduring driver of positive transformation across markets, nations, and companies. By integrating ESG factors into our decision-making process, we believe that we can make more informed investment choices that not only benefit our clients but also promote long-term sustainable growth.

In developing our approach, we have worked with external ESG and social impact specialists to identify key sustainability and impact metrics. Going forward, we have committed to monitoring, managing, and reporting on the impact created through our investments. This document is part of a suite of ESG policies. It applies to all funds and their general partners where Matter is appointed as Investment Advisor, including but not limited to:

- Matter UK Residential Income Fund SCSp
- Matter Gold GP S.à r.l.
- Placefirst SCSp
- Placefirst GP S.à r.l.
- Ruby Senior Living GP S.à r.l.

We integrate ESG factors throughout our investment process, with oversight from our ESG Committee to ensure consistent implementation.

For funds aiming to be classified under Article 8 of the Sustainable Finance Disclosure
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Regulation (“SFDR”), additional provisions are made to explicitly promote environmental and social characteristics in alignment with the EU Taxonomy. This applies to the following fund:

- Matter UK Residential Income Fund SCSp

2. Policy Statement

Matter is committed to enhancing ESG integration across all our investment activities. We believe that ESG factors are critical to risk management, value creation, and achieving positive environmental and social outcomes. This policy provides a clear framework for how ESG considerations are incorporated across all stages of the investment lifecycle for our entire portfolio.

For funds aiming to be classified under SFDR Article 8, this policy details how we promote specific environmental and social characteristics, ensuring transparency and alignment with regulatory requirements. These funds are subject to enhanced reporting on sustainability-related risks and outcomes in accordance with SFDR and EU Taxonomy guidelines.

This policy will be reviewed on an ongoing basis to drive continuous improvement and performance, and to position Matter as a leader in delivering ESG aligned value and impact.

3. Applicability and Scope

This policy applies to Matter and all staff. The policy applies to all funds and their general partners where Matter is appointed as Investment Advisor.

4. Roles and Responsibilities

1. Governance of Sustainability

The sustainability strategy is determined by the Matter Management Committee and implemented by David Christie, CEO, Matter and senior directors of the Firm. The Matter Management Committee oversees the sustainability approaches of both investment and corporate policies and processes. Both approaches are supervised by the most senior level.

2. Implementation of Sustainability

The ESG Committee was established to implement the ESG strategy and oversee sustainability risks. It consists of members from various departments at Matter. The committee is chaired by David Christie, CEO, Matter and reports directly to the Matter Management Committee.

3. Sustainability Risk Management

In alignment with Matter's sustainability objectives, the Matter Investment Committee, in conjunction with the Sustainability Team, oversee the implementation of the Firm's sustainability policy and ensure compliance with relevant sustainability regulations. The Investment Management team is responsible for managing and monitoring ESG-

related investment risks, while the Matter Investment Committee the adequacy and effectiveness of internal controls, with a focus on enhancing risk management and governance across the organisation.

5. ESG Investment Factors

Investment analysis of non-financial factors – commonly referred as Environmental, Social and Governance (ESG) factors – encompasses those aspects of an advisor's operations which may materially influence its ability to meet its financial obligations in the long term. These ESG related risks (and opportunities) will vary by country, industry, as well as by characteristics specific to an advisor such as size and geographical footprint. However, examples of each type of ESG risk could include the following:

- Environmental: Environmental and related risks, energy efficiency, new regulation and potential changes to regulation.
- Social: Workplace health and safety, community relations, corporate behaviour, transparency and accountability.
- Governance: Use of capital, board structure, board independence, shareholder rights, management protocols, accounting and disclosure practices, transparency and accountability.

While these apply to all funds under management, for funds aiming to be classified Article 8 SFDR funds, we provide additional commitments to explicitly promote these characteristics and align with sustainability indicators (please see Appendices I-IV).

6. Consideration of Principal Adverse Impacts

As part of our SFDR compliance, Matter recognizes and mitigates Principal Adverse Impacts (PAIs) across all applicable funds. PAIs are negative effects that investment decisions may have on environmental, social, or governance factors.

For all applicable funds, Matter considers the following PAIs:

- Environmental PAIs:
 - GHG emissions which includes the energy consumption of real estate assets.
 - Negative impacts on biodiversity and local ecosystems during construction and property management.
- Social PAIs:
 - Negative impacts on communities, such as appropriateness of product to the local area and the risk of local displacement of residents.
 - Adverse labour practices or poor working conditions in the supply chain.

For Article 8 SFDR funds, we go further by systematically assessing, managing, and disclosing PAIs in accordance with SFDR guidelines. We provide transparent reporting on how these impacts are mitigated and how investments contribute positively to environmental and social objectives.

7. Objectives

Our objectives in developing this policy are to:

- Outline how we will integrate ESG considerations across the investment lifecycle.
- Identify areas where we aim to increase our impact by defining and measuring impact objectives and outcomes that contribute to solutions.
- Detail how we as a company will deliver on our ESG and impact objectives.
- Explain how we will build improving ESG performance into all aspects of our investment cycle.

We will work with our investors and investees to develop and baseline a key set of metrics. These will be reported on a regular basis to our investors and more widely where appropriate.

8. Our Approach

Our approach to ESG performance is informed by the following:

- Our commitment to align with the UN Principles of Responsible Investment.¹ We became a signatory in 2022.
- The GRESB framework², elements of which we have incorporated to measure our performance against relevant indicators.
- The defining of impact objectives, outcomes and measurement metrics that will drive increased impact across selected ESG considerations.

¹ See: <https://www.unpri.org/pri/about-the-pri>; see also <https://www.unpri.org/download?ac=10287> with a focus on real estate

² See: <https://gresb.com/nl-en/figure-1-esg-measurement-areas-and-impact-objectives-and-outcome>

- UN Principles of Responsible Investment
- **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.

GRESB is an internationally recognised organisation which provides a consistent framework to measure the ESG performance of individual real estate assets and portfolios.

The framework is based on a set of ESG indicators across Management, Performance and Development components. The approach is aligned with a number of internationally recognised standards including the UN Principles for Responsible Investment (PRI), the Paris Climate Agreement, and the Global Reporting Initiative (GRI).

To further increase our understanding of, and control over, our ESG performance we have created an ESG and Impact Measurement and Management System. This outlines our impact objectives and intended outcomes, which are areas where we intend to contribute to solutions to an identified social and/or societal need.

To manage our ESG risks we use bespoke metrics assessing performance against the impact objectives and outcomes. Areas of assessment are outlined below.

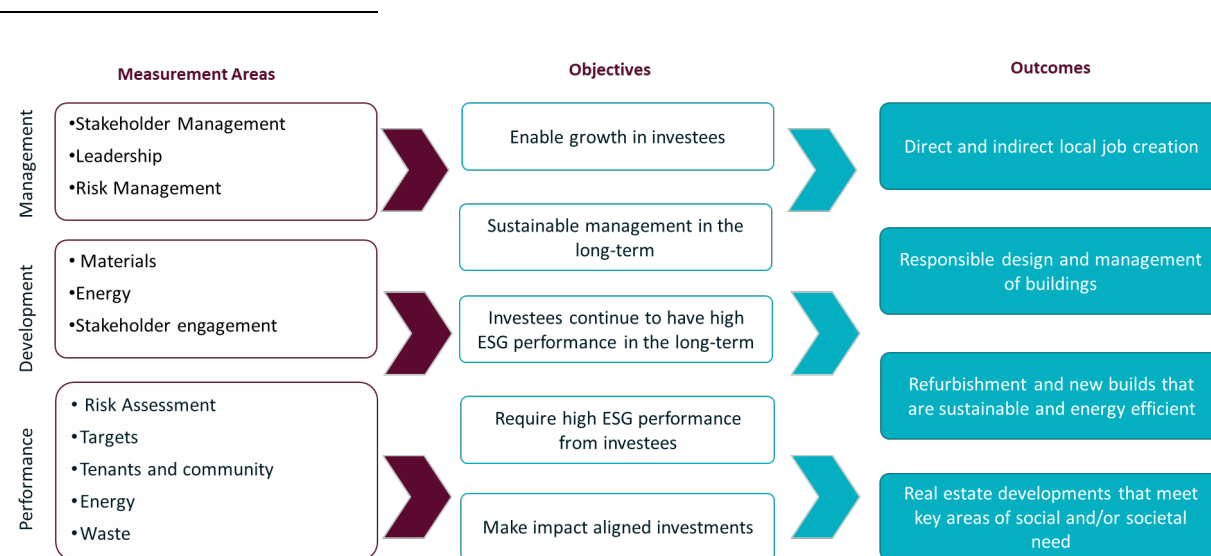


Figure 1 - ESG measurement areas and impact objectives and outcome

We recognise that our approach to sustainability and impact can only be successful if we work in partnership with our investee management and, where applicable, third-party asset and property management teams (“Third Party Advisers”). It is important that our approach is fit for purpose and not unduly burdensome. We also ensure we do not limit the scope of potential investments based on ESG maturity. Instead, ESG considerations are embedded in our approach to supporting real estate businesses through the provision of capital and expertise to enable them to grow their portfolios.

Although less applicable for real estate investment firms, our approach to ESG also ensures an absolute avoidance of investing in alcohol, tobacco, gambling, adult entertainment, military weapons, fossil fuels and nuclear energy alongside PRI negative screening principals.

9. Embedding ESG Across the Investment Cycle

For high ESG compliance it is important to embed ESG across all the stages of our investment cycle – pre-investment, operational, and exit. Below is our Theory of Change outlining how impact will be created during each stage.



Figure 2 - Matter RE Theory of Change

We work in partnership with our investee or Third Party Advisers to have high levels of ESG performance throughout the investment cycle. This is underpinned by the development of specific ESG targets and metrics with an agreed plan of action for each. At the pre-investment phase, we review business plans with potential investees or Third Party Advisers and consider how core ESG considerations align with the opportunity for investment and support. Each business plan must contain a statement on ESG objectives and outcomes.

Where we do pursue investments, investees or Third Party Advisers are asked to report on a quarterly basis on agreed and relevant ESG metrics.

Similarly, during the exit phase of the investment cycle potential investors and buyers will have their ESG performance assessed as part of the selection process.

ESG Strategy – 2024-2040

Our ESG Strategy highlights our key goals, activities and desired outcomes. This strategy drives our approach to ESG and sets out our key focus of work and impact.

Strategy

At Matter we believe that we will create better outcomes for our investors and society as a whole when we focus on meeting specific societal needs

	Environment	Social	Governance
Outcome	Low carbon, highly efficient portfolio	Resident and community enhancement and employee wellbeing	Long-term sustainably managed portfolio
Goal	Net zero emissions by 2040	High quality accessible living, job creation, engaged workforce	A high standard of ESG firm-wide
Actions	Investee company reduction pathways - retrofitting with renewables, insulation etc GHG emissions and energy use measurement systems (including tenant emissions) Ensuring natural environment protection during building and use stage	Local procurement and local job creation strategies Community relations and tenant engagement activities Resident and employee health, safety & wellbeing practices	Investee companies report against ESG KPIs Matter and relevant investee companies complete external framework reporting including GRESB and PRI A firm-wide ESG policy suite and policy principles
ESG Governance: Matter ESG Lead > Policy Suite> ESG Committee > Investee ESG Leads > Investee Boards			

Figure 3 - MATTER Real Estate LLP - ESG Strategy

10. ESG Reporting

As part of our commitment to the ESG framework, Matter will, as required by the Financial Conduct Authority or as otherwise required by legislation, develop and make available an ESG report. The report will cover all aspects of ESG that are covered by the Firm to ensure openness and transparency.

Where reporting is necessary, the report will broadly cover four main subject areas, and will assess the then current success of the Firm in establishing and maintaining ESG targets as outlined in the report. These subject areas are as follows:

- Governance;
- Strategy;
- Risk Management; and
- Metrics and targets.

Where it is identified that further work is required to ensure that the Firm's ESG targets are achieved the report will outline what will be done to achieve the target and the timeframe for achievement. This will then be reviewed and monitored internally to ensure that the outcome is achieved.

Signed

A handwritten signature in black ink, appearing to read 'D Christie', with a stylized flourish at the end.

David Christie

Chief Executive Officer, Matter Real Estate LLP

11 October 2024

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Appendix I: Integration of Sustainability Risks

For funds aiming to be classified under Article 8 of the SFDR, we recognise the importance of integrating sustainability risks in identifying investment opportunities, managing risks, and enhancing returns for our investors. Sustainability risks refer to environmental, social, and governance (ESG) factors that could, if not managed, have a material negative effect on the value of investments.

1. **Materiality of Sustainability Risks:** We embed sustainability risks throughout our investment process, particularly when assessing their financial materiality. We assess risks such as climate impact, resource efficiency, and governance practices as part of our investment strategy. Investments with high sustainability risks are subject to enhanced scrutiny to ensure such risks are mitigated, or the investment is avoided.

2. **Climate Change Risk:** Given the long-term nature of real estate investment, we assess the physical and transition risks posed by climate change. This includes analysing how factors like extreme weather events, regulatory changes, and energy efficiency standards may affect asset performance. Buildings' resilience to these risks and potential compliance with future climate regulations are central to our risk management strategy.

3. **Legal and Regulatory Landscape:** We actively monitor the evolving legal and regulatory frameworks around sustainable finance, particularly those related to real estate. This enables us to ensure that our investment strategies remain compliant with both current regulations and anticipated changes, particularly regarding energy efficiency and green building standards.

4. **Integration into Investment Valuation:** When assessing potential investments, we integrate ESG risks into the investment screening and valuation process alongside traditional financial metrics. This ensures a holistic view of sustainability risks, ensuring that financial viability is considered alongside ESG performance. Where the risks are significant and cannot be mitigated, we may choose not to invest.

5. **Mitigation Efforts:** While it may not always be possible to eliminate all sustainability risks, we are committed to minimising them through active engagement with partners and developers.

6. **Commitment to Continuous Improvement:** As part of our Article 8 SFDR compliance, we are aware that sustainability risks are constantly evolving. Therefore, we continually review our assets' performance against ESG benchmarks and adjust our practices accordingly to ensure we meet investor expectations and align with emerging industry standards. This commitment enables us to remain at the forefront of sustainable real estate investment, delivering long-term financial and social value.

Appendix II: Governance

Within Matter, we understand the crucial role of robust governance practices in ensuring the integrity and ethical alignment of our investments. We are dedicated to upholding the highest standards of transparency, accountability, and honesty. Our governance framework is guided by the following principles:

1. To uphold our integrity and ethical standards, we are committed to exclude companies and real estate investments engaged in dishonest practices related to their ESG commitments. We conduct comprehensive due diligence to evaluate the ESG practices and track records of potential investments. This process helps us identify and avoid companies and real estate investments ensuring our investments align with our standards.

2. Control and Reporting Advantages in Real Estate:

Real estate investments offer advantages and challenges compared to equities and corporate fixed-income investments. A notable advantage is our frequent majority or full ownership of the properties we invest in, which grants us enhanced control over defining, applying, and reporting ESG data.

With this advantage, we are committed to:

a) **Comprehensive and Tailored Reporting:** We leverage our control over real estate assets to deliver comprehensive and tailored ESG reporting that exceeds industry standards. This involves providing detailed disclosures about the environmental, social, and governance aspects of our properties, offering investors and stakeholders a thorough view of our real estate portfolio's ESG performance.

b) **Enhanced Data Quality:** Our direct ownership facilitates better access to property-level data, ensuring the accuracy and reliability of ESG information. We use robust data collection and management systems to capture relevant ESG data, enabling informed decision-making and precise reporting to our stakeholders.

c) **Proactive ESG Management:** With our control over real estate assets, we proactively manage ESG factors throughout the lifecycle of our investments. This includes implementing ESG improvement plans, monitoring performance, and taking corrective actions where necessary. Our ability to directly influence and manage ESG practices within our real estate holdings reinforces our commitment to sustainable and responsible investment practices.

3. Compliance with Laws and Prevention of Extortion, Bribery, and Financial Crime:

We prioritise ethical conduct, integrity, and the prevention of extortion, bribery, and financial crime. Our approach includes:

a) **Adherence to Applicable Laws:** We strictly adhere to all relevant laws, regulations, and guidelines related to anti-extortion, anti-bribery, and anti-financial crime measures. We continuously stay updated with legal frameworks to ensure full compliance in the UK and other jurisdictions where we operate.

b) Robust Internal Controls: We have established strong internal controls and risk management systems to prevent and detect extortion, bribery, or financial crime within our operations. These controls are regularly reviewed and updated to align with evolving industry standards and regulatory requirements.

c) Due Diligence: We perform thorough due diligence on our business partners, suppliers, and other stakeholders to ensure their commitment to ethical business practices and to mitigate risks related to extortion, bribery, or financial crime. Transparency, integrity, and reputation are critical in our selection and maintenance of business relationships.

d) Training and Awareness: We offer comprehensive training and awareness programs for our employees and managers to foster a culture of compliance and ethical conduct. These programs cover anti-extortion, anti-bribery, and anti-financial crime measures, as well as reporting mechanisms and whistleblowing procedures.

e) Reporting and Investigation: We maintain a robust reporting and investigation mechanism to encourage employees and stakeholders to report suspected or actual instances of extortion, bribery, or financial crime. All reports are handled confidentially and investigated thoroughly, with appropriate actions taken to address substantiated concerns.

By adhering to all applicable laws and promoting best practices in preventing extortion, bribery, and financial crime, we demonstrate our commitment to the highest standards of ethical conduct, transparency, and accountability. This approach enhances our ESG framework, fosters trust among our stakeholders, and contributes to the overall sustainability and integrity of the Matter UK Residential Income Fund SCSp and its investments.

By emphasizing strong governance practices, including avoiding companies with dishonest ESG practices and leveraging the control and reporting advantages of real estate investments, we uphold the highest ethical standards and strive to provide transparent and reliable ESG information to our investors and stakeholders. These principles reinforce our commitment to sustainable and responsible investment practices in the real estate sector.

Appendix III: Matter UK Residential Income Fund SCSp

The Matter UK Residential Income Fund SCSp (the “Fund”) is dedicated to promoting environmental and social characteristics in line with the aim of being classified under Article 8 of the Sustainable Finance Disclosure Regulation (SFDR). The following ESG principles are specifically applied to this fund:

1. Commitment to Sustainability

The Fund integrates environmental, social, and governance (ESG) criteria throughout its operations, ensuring responsible investment strategies that promote long-term sustainability. Key commitments include:

- **GRESB Participation:** Full engagement in the Global ESG Benchmark for Real Assets (GRESB) to track and enhance the sustainability performance of the Fund's assets.
- **Net Zero Target by 2040:** Aiming to achieve net zero carbon emissions by 2040, implementing energy efficiency measures across the portfolio.
- **Renewable Energy Investments:** Where feasible, the Fund invests in renewable energy solutions (such as solar panels) to offset carbon emissions associated with its assets.

2. Environmental Focus

The Fund emphasizes the reduction of its environmental footprint through the following actions:

- **Energy Performance:** Investments are restricted to residential properties with a minimum Energy Performance Certificate (EPC) rating of B. For assets below this standard, a clear business plan with timeframes and costs for improvement to achieve EPC B must be submitted and approved by the Fund's Advisory Board.
- **Scope 1, 2, and 3 Emissions:** The Fund targets energy efficiency across its portfolio, covering direct (Scope 1), indirect (Scope 2), and value chain (Scope 3) emissions, subject to specific conditions.
- **Carbon Auditing:** The Fund works with specialist advisors to audit the carbon footprint of its investments, continuously improving environmental performance.

3. Social Characteristics

The Fund places a strong emphasis on creating a positive social impact, focusing on:

- **Community Regeneration:** Investing in projects that revitalise underdeveloped areas, improving housing quality and social infrastructure.
- **Inclusive Housing:** Developing residential properties that cater to a diverse population, including essential workers, to foster inclusive communities.
- **Professionally Managed, High Quality, Well Maintained Housing:** Ensuring the availability of professionally managed, well-maintained rental properties that provide social benefits and stability to tenants.

4. Governance and Oversight

Governance structures are a key component of the ESG policy, ensuring ethical and transparent operations. The Fund adheres to:

- **Strong Governance Frameworks:** Clear and transparent governance protocols for property management, including regular reporting, maintenance schedules, and tenant relations.
- **Health and Safety Compliance:** All properties in the Fund are required to meet stringent health, safety, and building regulations, ensuring tenant safety and well-being.
- **UNPRI Commitment:** Matter Real Estate's commitment to the UN Principles for Responsible Investment (UNPRI) ensures that all operations adhere to its standards of responsible investment.

5. ESG Due Diligence Process

As part of the Fund's commitment to responsible investment, a thorough ESG Due Diligence Process is conducted before any investment is made. This process assesses both physical and transition risks to ensure all investments align with the Fund's sustainability goals.

- **Physical Risks:**
 - **Condition Survey:** For non-new build properties, an assessment of the property's condition.
 - **Environmental Survey:** A desktop review of environmental risks, including contamination and site-specific hazards.
 - **ESG Risk Assessment:** Assessment of flood risk, heat stress, and adverse

weather impacts.

- Transition Risks:
 - Metering Strategy: Evaluation of how tenant energy use data will be captured, reported and monitored.
 - Heating, Hot Water, and M&E Installations: Assessment of whether the property uses electric systems, the presence of electric vehicle (EV) charging, and review of overall energy efficiency of key M&E systems installed in the homes.
 - Regulatory Risk: A review of EPC ratings in relation to current and expected regulatory requirements.
 - Energy Efficiency: A review of improvements in energy efficiency and achieving carbon reduction and identifying risks associated with this goal.

Aiming to be classified under Article 8 of the SFDR, the Matter UK Residential Income Fund SCSp explicitly promotes environmental and social characteristics while ensuring good governance practices. The integration of sustainability risks is an ongoing process that includes identifying and addressing environmental, social, and governance factors that may materially affect investment performance.

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