SCHRODER EUROPEAN REAL ESTATE
INVESTMENT TRUST PLC

Annual Sustainability Report

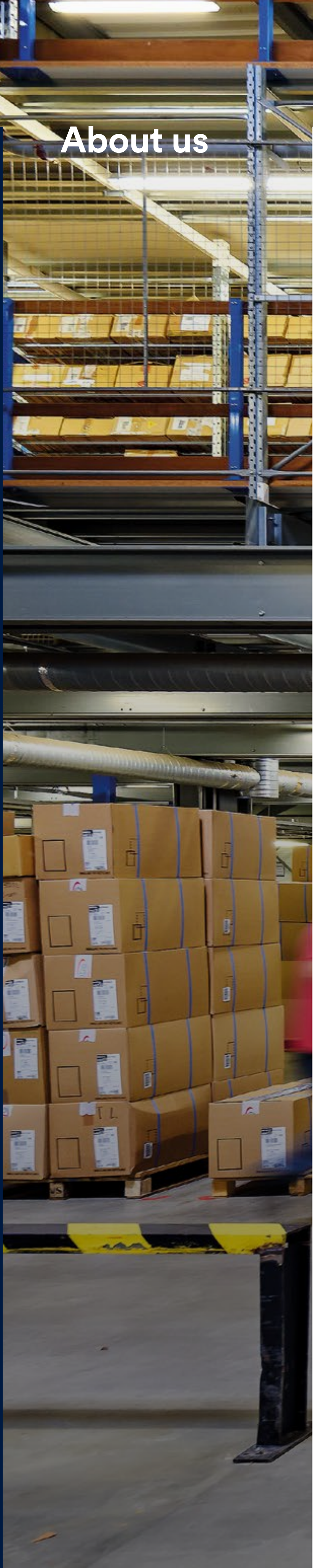
For the year ended 30 September 2023

GRESB 2023

Schroders capital

50 years in Real Estate

About us



Rennes, France

Investment objective and purpose

Schroder European Real Estate Investment Trust plc (the ‘Company’/‘SEREIT’) aims to provide shareholders with a regular and attractive level of income together with the potential for income and capital growth through investing in commercial real estate in Continental Europe.

Company summary

SEREIT invests in European growth cities and regions. It is a UK closed-ended real estate investment company incorporated on 9 January 2015. The Company has a premium listing on the Official List of the UK Listing Authority and its shares have been trading on the Main Market of the London Stock Exchange (ticker: SERE) since 9 December 2015. It also has a secondary listing on the Main Board of the Johannesburg Stock Exchange (ticker: SCD).

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For professional advisers and employee benefits consultants only

Our approach to sustainability

Our sustainability strategy is delivering operational excellence for occupiers as well as demonstrating continued improvements in sustainability performance.

Key achievements

Improved 2023 GRESB score of

4-star rating

Score of 85 (up from 83 in 2022)

GRESB ★★★★☆ 2023

Completed BREEAM-In-Use certifications

5 assets

One BREEAM-In-Use completed in the last reporting year for Stuttgart

Number of assets with specialist sustainability and net zero carbon audits in progress

12

The Board and the Investment Manager believe that focusing on sustainability, and Environmental, Social and Governance ('ESG') considerations more generally, throughout the real estate lifecycle, will deliver enhanced long-term returns for shareholders as well as have a positive impact on the environment and the communities where the Company is investing. A key part of our sustainability strategy is delivering operational excellence for occupiers as well as demonstrating continued improvements in sustainability performance.

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13 CLIMATE ACTION

The Investment Manager's real estate investment strategy, which aims to proactively take action to improve social and environment outcomes, focuses on the pillars of 'People, Planet and Place' which are referenced to three core UN Sustainable Development Goals ('SDGs'): (8) Decent Work and Economic Growth; (13) Climate Action and (11) Sustainable Cities and Communities.

Active management of sustainability performance is a key component of responsible asset and building management. Reducing consumption, improving operational efficiency and delivering higher quality, more sustainable spaces, will benefit tenants' occupational costs and may support tenant retention and attraction. In addition, it will assist in mitigating environmental impacts and help to future-proof the portfolio against future legislation.

This report seeks to present our approach to managing ESG considerations and performance against our sustainability objectives. Asset level initiatives highlighting ESG in practice are used throughout and detailed performance data are presented with the EPRA sBPR aligned Sustainability Performance Measures sections from page 11.

Further information on the Investment Manager's Sustainable Investment Real Estate with Impact approach, and its Sustainability Policy: Real Estate with Impact, can be found here | https://www.schroderscapital.com/en/global/professional/sustainability-and-impact/our-approach/

EPC performance[1]

100%

Compliance with regulation[1,2]

66%

EPC coverage[1,2]

Increasing number of assets with on-site renewables

2 assets with solar PV

Additional solar PV study being undertaken at Berlin Hornbach

Portfolio green lease coverage[1]

41%

By floor area

1 As per March 2023 which is in line with the Company's GRESB reporting year.
2 Partial coverage at 3 French and 6 Dutch assets due to GRESB EPC coverage logic and limitation of country EPC methodology. There is no recognised EPC energy assessment methodology for non-heated/air-conditioned areas within buildings. Industrial/logistic assets tend to be affected the most where the EPC covers only the office area which explains what could often be significant 'missing' floor area coverage.

Environment

Protecting our planet.

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Social

Supporting people and places.

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Governance

Responsible business.

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Environmental

Protecting our planet

In the real estate sector climate change mitigation actions, such as reducing energy demand and implementing renewable energy systems, can collectively contribute to reducing the sector's impact on the climate crises but also have the potential to achieve wellbeing gains from improved indoor air quality and thermal comfort, reduced financial burden and increased productivity. A central focus of our real estate investment strategy is the response to this both in terms of resilience to physical impacts and working to ensure resilience as society transitions to a low-carbon economy.

Performance against objectives

Goal	March 2023 Outcome
Increase use of on-site renewable energy and to source 100% of landlord electricity through renewable tariffs by 2025	– 2 assets with solar PV – 81% of the Company's landlord procured electricity was on a renewable tariff
Annual reduction in landlord energy consumption and associated scope 1 and 2 greenhouse gas ('GHG') emissions on a like-for-like basis	– 6% increase in like-for-like landlord energy consumption – 1% increase in like-for-like landlord GHG emissions
Annual reduction in landlord like-for-like water consumption	– 13% increase in like-for-like landlord water consumption[1]
Send zero waste to landfill and prioritise waste recycling	– Zero waste directly to landfill – 14% of waste was recycled and 86% was incinerated with energy recovery
Maintain 100% compliance with EPC regulations across the portfolio and improve proportion of assets with EPC ratings C or above (floor area)	– EPC coverage is 66%[2] – EPCs C and above rating is 37% (35% in March 2022)
Assess physical climate risk profiles for all assets and develop resilience strategies for all risks identified	Physical climate risk profile determined for all assets using third-party database

Across the portfolio, we have continued to implement a number of initiatives to improve the environmental performance of our buildings which includes:

- Following installation of smart metering at Utrecht, we have utilised the Healthy Workers sustainability platform to improve monitoring and analysis of energy consumption with the aim of improving the quality and robustness of our whole building consumption data.
- Solar PV installation at Houten, EV charging stations installed at Apeldoorn and LED upgrades undertaken at Houten, Venray and Venray II over the year.
- Energy audits undertaken across the French sub-portfolio in preparation for the 2030 Décret Tertiaire.
- Ongoing monitoring of Impact & Sustainability Action Plans ('ISAPs') for each landlord managed asset including measures in Berlin for landscaping, installation of low-flow taps in Paris Saint-Cloud and reviewing options for reducing water usage in Hamburg and Stuttgart.

1 Annual like-for-like performance negatively impacted by impact of Covid-19 on occupancy in previous reporting period 2021.
2 Partial coverage at 3 French and 6 Dutch assets due to GRESB EPC coverage logic and limitation of country EPC methodology. There is no recognised EPC energy assessment methodology for non-heated/air-conditioned areas within buildings. Industrial/logistic assets tend to be affected the most where the EPC covers only the office area which explains what could often be significant 'missing' floor area coverage.

Social

Supporting people and places

In recent years, there has been a growing recognition of the importance of considering social factors in real estate investment, as investors seek to create sustainable and socially responsible portfolios. Social factors, such as occupier and community wellbeing, can have a significant impact on the value and success of real estate investments.

Performance against objectives

Goal	March 2023 Outcome
Improve proportion of tenant surveys undertaken	– 67% of Company assets (10 out of 15 buildings)
Improve proportion of assets where occupier engagement activities are implemented	– 100% of Company assets (15 out of 15 buildings)
Improve proportion of assets where community engagement activities are implemented	– 40% of Company assets (6 out of 15 buildings)
Improve green lease coverage across the portfolio to 100%	– 41% of portfolio with green lease clauses in place (by floor area)

It is widely reported that people now spend around 90% of their time indoors and so the spaces we create and manage have a significant influence over our physical and mental wellbeing. Equally important in the return to the workplace post-Covid is to the ability to offer easy access to high quality amenities. The Board and the Investment Manager also recognise that a building is not located in isolation but rather stands as part of its local community. Improving opportunities for interacting with local communities helps create successful places that foster community relationships, contribute to local prosperity, attract building users and, ultimately, lead to better, more resilient investments. Throughout the period, the Investment Manager has continued to implement the following measures across the portfolio:

- Tenant satisfaction surveys sent to occupiers in Berlin, Houten, Venray II and Alkmaar thereby bringing the total number of assets with tenant satisfaction surveys to 10 buildings.
- Ongoing tenant engagement via regular on-site meetings, sharing the Schroders Tenant Sustainability Guide and improved communication of initiatives across the portfolio including ESG newsletters in Germany, placing signage of building certifications for occupiers and raising awareness on topical issues including the 2023 Earth Hour.
- Community engagement initiatives include using local contractors where possible across the German sub-portfolio thereby prioritising employment within the local community, working with local charities for social integration at Rumilly and improving the parking provision and upgrading the communal outdoor seating area at Utrecht thereby improving safety, accessibility and vibrancy for building users.

Governance

Responsible Investment

The Investment Manager operates an environmental management system ('EMS') externally certified in accordance with ISO 14001 for the asset management of direct real estate investments across Europe. This provides the framework for how sustainability principles (environmental and social) are managed throughout all stages of its investment process and the Investment Manager has provided a suite of tools to support the delivery of sustainability considerations at both asset and portfolio level including an ESG scorecard for acquisitions and ongoing asset performance monitoring, Impact & Sustainability Action Plans ('ISAPs') for standing investments, sustainable development brief for all projects and property manager sustainability requirements for use in all contractual property manager agreements.

The Investment Manager continues to work towards enhancing its understanding of portfolio asset sustainability credentials, commissioning sustainability and net zero carbon audits and certifications over the course of the reporting year which contribute towards improving our buildings' holistic sustainability performance which will be reflected in industry benchmarking platforms such as the Global Real Estate Sustainability Benchmark ('GRESB') and meeting the Company's commitments.

Performance against objectives

Goal	March 2023 Outcome
Improve GRESB rating	– 4-star status (improved score to 85, previously 83) – Fourth in peer group of eight
Increase coverage of sustainability and net zero carbon audits across portfolio	– 12 third-party audits currently in progress
Improve coverage and quality of sustainability certifications (e.g. BREEAM) across portfolio	– Five assets with BREEAM-In-Use certifications (including one BREEAM-In-Use completed in the last reporting year for Stuttgart)

– Strong focus on sustainability throughout the investment process including acquisitions, annual fund strategy, asset business plans and adoption of proprietary ESG Scorecard and sustainability and NZC audits (where feasible) to ensure a robust and consistent approach to sustainability performance analysis and monitoring at asset and portfolio level.

– The Company continues to strengthen its landlord-tenant relationships through leveraging off the Investment Manager's hospitality mindset and operational excellence which includes regular discussions with tenants, raising awareness of ESG matters and sustainability champions represented throughout the investment and asset management teams responsible for ensuring the continuous integration of sustainability considerations in day-to-day activities.

– Expanded Real Estate Sustainability team comprising five dedicated personnel including the Head of Sustainability and Impact Investment along with specialists in Energy and Net Zero Carbon, Climate and Social Impact who are responsible for setting and developing the sustainability and impact investment ambitions, processes and working with the Investment Manager to support the delivery of the programme.

– The independent SEREIT board oversees the performance of the investments and the implementation of the investment strategy, policy and objective of the Investment Manager.

Industry Engagement

Schroders supports, and collaborates with, several industry groups, organisations and initiatives including the United Nations Global Compact, United Nations Principles of Responsible Investment ('UN PRI') and Net Zero Asset Manager's Initiative (of which it is a founding member). Further details of Schroders' industry involvement and compliance with UN PRI are listed at pages 55 of Schroders 2022 Annual Sustainable Investment Report here: https://publications.schroders.com/view/119863317/.

The Investment Manager is a member of several industry bodies including the European Public Real Estate Association ('EPRA'), INREV ('European Association for Investors in Non-Listed Real Estate Vehicles'), British Council for Offices and the British Property Federation. In 2017 became a member of the Better Buildings Partnership and a Fund Manager Member of Global Real Estate Sustainability Benchmark ('GRESB') of which the Company has participated in the annual real estate survey for the past seven years.

Slavery and Human Trafficking Statement

The Company is not required to produce a statement on slavery and human trafficking pursuant to the Modern Slavery Act 2015 as it does not satisfy all the relevant triggers under that Act that required such a statement.

The Investment Manager to the Company, is part of Schroders plc and whose statement on Slavery and Human Trafficking has been published in accordance with the Modern Slavery Act 2015. Schroders' Slavery and Human Trafficking Statement can be found here: https://www.schroders.com/en/sustainability/corporate-responsibility/slavery-and-human-trafficking-statement/.

Sustainability and Net Zero Carbon ('NZC') Audits

Following a global tender process, the Investment Manager has selected and engaged two external providers to carry out sustainability and NZC audits for twelve assets across the portfolio.

Sustainability Audit scope

The audit is aligned to the Investment Manager's proprietary ESG Scorecard (and validated by an external sustainability specialist). It scores assets between 1 to 5 (5 being best) based on 11 key thematic weighted areas including energy and carbon; climate risk and resilience; biodiversity; transport and mobility; health and wellbeing; community and social integration; and building certifications.

It aims to integrate ESG considerations throughout the full asset lifecycle and ownership with scoring improving as asset sustainability measures are undertaken.

NZC Audit scope

In depth analysis of real estate assets' energy and carbon performance. It aims to provide accurate modelling and specific recommendations in the form of costed energy conservation measures ('ECMs'[1]) to achieve Net Zero Carbon by 2050 at the latest for each asset. The clear report outputs will assist in informing asset managers in their asset business plans going forward.

Process

Each audit comprises a desktop analysis and site inspection in order to identify the current condition of the asset and potential improvement opportunities (including expected capital expenditure required).

This ongoing audit programme will help the portfolio to identify intervention points to significantly improve the underlying sustainability credentials of the portfolio in order to drive value and liquidity.

The results of these audits will be key to business plans, capital allocation and strategy.

1 An energy conservation measures ('ECM') is an intervention action employed to improve the energy performance of a building. The objective of ECM's application is to reduce the amount of energy used in buildings by a particular process, technology or installation.

Task Force on Climate-related Financial Disclosures (‘TCFD’)

The Task Force on Climate-related Financial Disclosures (‘TCFD’) aims to mainstream reporting on climate-related risks and opportunities in organisations’ annual financial filings.

The TCFD recommendations are structured around four themes: Governance, Strategy, Risk Management, and Metrics and Targets. Key concepts within the framework include:

- ‘transition’ risks: arising from society’s transition to a low carbon economy (changing regulation and market expectations, new technologies etc.); and
- ‘physical’ risks: relating to the acute (storms, floods and wildfires etc.) and chronic (rising sea levels, increasing heat stress etc.) physical effects of a changing climate.

Additional principles within TCFD include the importance of forward-looking assessment of climate-related risks and opportunities, and ‘scenario analysis’. Scenario analysis is a process of identifying and assessing the potential implications of a range of plausible future states under conditions of uncertainty. The recommendations note that scenario analysis for climate-related issues is a relatively new concept and that practices will evolve over time.

The Company, as an investment trust, is exempt from the requirement to report against the TCFD regulation. However, during the reporting year the Investment Manager has continued to review its policies and practices against TCFD criteria and developed a roadmap towards increased alignment. Building on our established consideration of sustainability within the investment process, Schroders believes it will be important to further integrate the assessment of climate-related risks and opportunities into decision-making and reporting processes. The outcome of our review and progress towards further alignment is set out below.

TCFD Recommendation	Approach
Governance	
Describe the board’s oversight of climate-related risks and opportunities.	The Board formally reviews the Manager’s performance, including ESG-related activity, at quarterly Board meetings. A more detailed review of the Manager’s approach to ESG is carried out at the annual strategy review which includes but is not limited to (i) Fund level sustainability performance measured by both the Manager and third parties such as the Global Real Estate Sustainability Benchmark (‘GRESB’); (ii) asset level analysis; (iii) a review of the Manager’s ESG policies and procedures and (iv) presentations from sustainability specialists. The Manager reviews a materiality assessment annually to identify and assess material impacts, sustainability risks and opportunities arising from our sustainability aspects alongside severity, likelihood, and ability to influence. Impacts, risks and opportunities are also identified as originating from normal, abnormal or emergency conditions.
Describe management’s role in assessing and managing climate-related risks and opportunities.	Climate change is an established component of our sustainability programme. Responsibility for assessment and management of climate-related risk and opportunity is delegated to key members of the Investment Management team, supported by regular reporting to the Investment Committee. Schroders Head of Sustainability and Impact Investing recommends the Manager’s annual Sustainability Policy and Objectives, which are reviewed and approved by the Investment Committee. The Manager incorporates climate-related considerations into key stages of the investment process, including acquisition proposals, annual Asset Business Plans and annual Fund Strategy Statements. Each of these steps of the investment process require approval by the Investment Committee. The Manager also prepares annual report and financial accounts for the Company, which include climate-related metrics and supports the Manager and Board’s monitoring of performance and progress towards climate-related goals and targets. During the financial year, the Manager’s sustainability team was bolstered with the recruitment of an Energy and Carbon Lead, alongside a Climate Lead who maintains oversight of the Manager’s climate resilience programme. Engagement is a critical component of the Manager’s climate resilience programme with regular touchpoints with the Schroders Capital Sustainability & Impact working groups ensuring alignment of frameworks and approaches across the business and benefitting from this extensive pool of resource. The Manager includes ESG criteria, including climate-related risks, as part of its formal quarterly investment risk monitoring, which is overseen by Schroders Group Investment Risk function, the results of which are presented to the Company Board as part of the quarterly Board materials and discussed as necessary.

TCFD Recommendation	Approach
Strategy	
Describe the climate-related risks and opportunities the Company has identified over the short, medium, and long term.	Our investment philosophy and process is underpinned by fundamental research and an analytical approach that considers economic, demographic and structural influences on the market. We are considering how climate change may impact on these factors over time, as well as how government policies may enable mitigation of and adaption to climate change. Energy and carbon emissions performance of our assets is a critical climate-related strategic issue. As part of net zero carbon analysis utilising the industry standard Carbon Risk Real Estate Monitor ('CRREM') the Manager has identified those assets which may be exposed to potential stranding risk (including Carbon Value at Risk ('cVaR')) in the short, medium and longer term. The company continues to review asset ratings with respect to Energy Performance Certificates ('EPC') and sustainability certifications (e.g. BREEAM) in recognition of the legislative, policy and investor landscape continuing to strengthen over time in this regard. In the short, medium and longer term, the physical effects of changing climate also present potential material financial impacts to the Company. Using a third-party physical risk database the Manager has identified the highest risks as follows: Drought, Severe Storms, Coastal Flooding, Heating degree days, Heat stress, water pollution and water stress.
Describe the impact of climate-related risks and opportunities on the Company's businesses, strategy, and financial planning.	The Manager's acquisition and asset business planning processes include consideration of climate-related issues, and will include forward-looking assessment of asset alignment to Paris Aligned energy and carbon performance benchmarks, where information permits. We are also reviewing our existing processes for screening acquisitions and standing investments for climate-related physical risks (e.g. flooding). As part of the Net Zero Carbon project on standing investments actions identified in the asset business plans have been fed through, via the asset Impact and Sustainability Action Plans, into the forward-looking decarbonisation pathways to present the impact of known interventions. Conversely this also identifies where more action is required to achieve decarbonisation goals. We recognise the need and opportunity presented by climate change to improve operational efficiency, maintenance costs and generate new income streams (e.g. on-site energy) and which all support asset values. These actions also support the Company with increasing investor expectations in relation to climate action and preparing portfolio assets for new and emerging energy efficiency regulations, increases in energy costs, carbon taxes, changing occupier preferences and valuation considerations. With respect to physical risk adaptations considerations will likely include water recycling, overheating and solar gain reduction, cooling load capacity and plant sizing, high-wind protection, and suitable flooding mitigations should be reviewed moving forward.
Describe the resilience of the Company's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Since 2016, assets of the Company have been included in the Manager's UK energy consumption and carbon emission reduction targets for assets where landlord operational control is retained. As part of the Manager and Company's Net Zero Carbon commitments, during 2022, the Manager reviewed the Company's progress against the baseline exercise conducted in 2021. Net Zero Carbon pathways have been developed using CRREM to present the decarbonisation requirements needed to achieve Net Zero Carbon by 2050 or sooner; aligned with a 'Paris Proof' decarbonisation trajectory to pursue efforts to limit global warming to 1.5°C. The Manager has developed a Net Zero Carbon audit programme to provide accurate modelling and specific recommendations in the form of costed energy conservation measures to achieve Net Zero Carbon by 2050 at the latest for each asset. The outputs of these audits will assist in informing the Manager in developing climate-related actions within asset business plans going forward. Further details on the Company's approach to Net Zero Carbon are presented on page 7. On physical risk, Schroders has licenced a physical risk database through a third-party provider. Heat stress, water stress, flood hazard, heating degree days and cooling degree days are presented as both current and future risk scenarios allowing for interpretation of increasing or decreasing exposure of the portfolio. These are aligned either with RCP4.5 or RCP8.5 scenarios, and range in timeframes from 2030, 2060 and 2100. Natural hazard vulnerability risks are present day assessments. Engaging tenants to collaborate to reduce building energy and carbon emissions is an increasingly important element of our sustainability and business strategy. We have green lease provisions within our standard lease agreement and have developed both a Schroders Sustainable Occupier Guide and Fit Out Guides for Tenants. The Manager continues to engage with the wider sector to determine and develop best practice with regards to climate resilience. One such example being the sponsorship of the ULI C-Change project. This aims to determine sector-level definitions and best practices in accounting for transitional risk cost implications for asset valuations, and inclusion of costs within business plan discounted cash flows.

Task Force on Climate-related Financial Disclosures ('TCFD') continued

TCFD Recommendation	Approach
Risk Management	
Describe the Company's processes for identifying and assessing climate-related risks.	Schroders' Environmental Management System ('EMS') is certified to ISO 14001 and applies to the asset management of the Company's real estate assets. Key components of the EMS include a detailed materiality assessment of risks and opportunities, and a register to monitor existing and emerging regulatory requirements related to energy and carbon emissions. The EMS includes subscription to a third-party sustainability legal review partner which supports ongoing compliance and future resilience. The Company's processes for climate-related (including transition and physical risks) risk management are as defined in the 'Strategy' section above.
Describe the Company's processes for managing climate-related risks.	Climate-related risks are tracked and managed through ongoing monitoring (e.g. energy and greenhouse emissions trends), action plans (e.g. energy efficiency improvement measures), certification programmes (e.g. Energy Performance Certificates) and technical energy audits. Impact and Sustainability Action Plans also promote and track initiatives relating to climate opportunities (e.g. on-site renewables and electric vehicle charging provision). Applying an assessment of Paris Alignment using the CRREM tool as part of our Net Zero Pathway enables consideration of 'stranding risk' which will also feed into our asset action plans for managed standing investments. On physical risk, the strategy is to utilise the third-party physical risk database to screen acquisitions, assess standing investment portfolios and identify required risk mitigation (i.e. enhanced defences, divestment), adaptation, or transfer (i.e. revised insurance policies) strategies. During the reporting year the Manager developed an ESG Scorecard to help quantify the sustainability performance of its real estate assets and manage opportunities for improvement. The Company has adopted this as part of its sustainability audits programme and will seek to roll this out universally starting with mandatory adoption for all new acquisitions.
Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the Company's overall risk management.	The Manager includes ESG criteria, including climate-related risks, as part of its formal quarterly investment risk monitoring, which is overseen by Schroders Group Investment Risk function, the results of which are presented to the Company Board as part of the quarterly Board materials and discussed as necessary.
Metrics and Targets	
Disclose the metrics used by the Company to assess climate-related risks and opportunities in line with its strategy and risk management process.	In the 'Sustainability Performance Measures (Environmental) (unaudited)' section of this report we provide detailed performance trend data, intensity ratios and assessment methodologies covering energy consumption, GHG emissions, water consumption, waste generation, Energy Performance Certificate ('EPC') profiles and other sustainability certifications (e.g. BREEAM). The Manager's subscription to a third-party physical risk database enables the Company to quantify its exposure to physical risks at the asset and portfolio level including weighted averages based on Gross Asset Value.
Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas ('GHG') emissions, and the related risks.	Scope 1 and Scope 2 emissions for operational energy usage for the reporting year are disclosed in the 'Sustainability Performance Measures (Environmental) (unaudited)'. Scope 3 emissions are not currently presented in the 'Sustainability Performance Measures (Environmental) (unaudited)'. However, where available, emissions associated with tenant energy data have been included within the Manager's operational Net Zero Carbon baseline.
Describe the targets used by the Company to manage climate-related risks and opportunities and performance against targets.	Net Zero Carbon pathways have been developed, using the Carbon Risk Real Estate Methodology ('CRREM') tool, to present the decarbonisation requirements needed to achieve Net Zero Carbon by 2050 or sooner; aligned with a 'Paris Proof' decarbonisation trajectory to pursue efforts to limit global warming to 1.5°C and include interim milestones at 2030. At portfolio level this equates to a 41% reduction in GHG emissions to be achieved by 2030, based on a 2019 baseline, with the portfolio demonstrating a 35% reduction as of March 2022. The Company adopts the Managers target as part of Schroders PLC's RE100 commitment to source 100% of landlord electricity using renewable sources by 2025. The Company continues to measure its exposure to physical climate risks using a third-party data provider.

Sustainability Performance Measures (Environmental) (unaudited)

The Company reports sustainability information in accordance with EPRA Best Practice Recommendations on Sustainability Reporting (sBPR) 2017, 3rd Edition for the 12 months 1 April 2022 – 31 March 2023, presented with comparison against 2021/22. As permitted by the EPRA Sustainability Reporting Guidelines, environmental data has been developed and presented in line with the Global Real Estate Sustainability Benchmark ('GRESB').

The reporting boundary has been scoped to where the Company has operational control: managed properties where the Company is responsible for payment of utility invoices and/or arrangement of waste disposal contracts. 'Operational control' has been selected as the reporting boundary (as opposed to 'financial control' or 'equity share') as this reflects the portion of the portfolio where the Company can influence operational procedures and, ultimately, sustainability performance. The operational control approach is the most commonly applied within the industry.

In 2022/23, out of the total 15 assets held by the Company at 31 March 2023, five were within the operational control reporting boundary of the Company (i.e. 'managed'). Energy and water consumption data is reported according to automatic meter reads, manual meter reads or invoice estimates. Historic consumption data have been restated where more complete and or accurate records have become available. Where required, missing consumption data has been estimated by pro-rating data from other periods using recognised techniques. The proportion of data that is estimated is presented in the footnotes to the data tables.

The Company at 31 March 2023 had one part time direct employee and is served by the employees of Schroder Real Estate Investment Management ('SREIM') as Investment Manager to the Company. Accordingly, the EPRA Overarching Recommendation for companies to report on the environmental impact of their own offices is not relevant/material and not presented in this report. This report has been prepared by energy and sustainability consultants, EVORA Global.

The Sustainability Performance Measures have been assured in accordance with AA1000 to provide a Type 2 Moderate Assurance unqualified audit of the sustainability content located on page 25 of this document. The full Assurance Statement can be found at the following link: https://mybrand.schroders.com/m/740e9841acfa639d/original/SEREIT-EPRA-Annual-Report-Assurance-statement_Updated-Signed.pdf.

Total energy consumption (Elec-Abs; DH&C-Abs; Fuels-Abs)

The table below sets out total landlord obtained energy consumption from the Company's managed portfolio by sector.

	Total electricity consumption (kWh)		Total fuel consumption (kWh)		Total district heating/ cooling consumption (kWh)	
Sector	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**
Retail: Retail Centres: Warehouse	**92,133**	**107,394**	**267,721**	**554,537**	**–**	**–**
Coverage (landlord-procured consumption)	100%	100%	100%	100%	–	–
Office: Corporate: Mid-Rise Office	**733,113**	**674,449**	**–**	**–**	**655,725**	**527,698**
Coverage (landlord-procured consumption)	100%	100%	–	–	100%	100%
Office: Corporate: High-Rise Office	**207,315**	**227,049**	**1,432,741**	**1,143,511**	**1,179,753**	**1,010,561**
Coverage (landlord-procured consumption)	100%	100%	100%	100%	100%	100%
Industrial: Industrial Park	**235,377**	**200,519**	**62,655**	**74,797**	**–**	**–**
Coverage (landlord-procured consumption)	100%	100%	100%	100%	–	–
Total	**1,267,938**	**1,209,411**	**1,763,118**	**1,772,845**	**1,835,478**	**1,538,259**
Coverage (landlord-procured consumption)	100%	100%	100%	100%	100%	100%
Total electricity, fuels and district heating	**4,866,534**	**4,520,514**				
Coverage (landlord-procured consumption)	100%	100%				
Renewable electricity %	**84%**	**81%**				
Coverage (landlord-procured consumption)	100%	100%				

- Consumption data relates to the managed portfolio only:
  - Retail: Retail Centres: Warehouse: common parts and shared services.
  - Office: Corporate: Mid-Rise Office: common parts and shared services.
  - Office: Corporate: High-Rise Office: common parts, shared services and tenant space, where procured by the landlord.
  - Industrial: Industrial Park: whole building.

Sustainability Performance Measures (Environmental) (unaudited) continued

- Energy procured directly by tenants is not reported.
- Percentage of data estimated through pro-rating across both 2021/22 and 2022/23 reporting period: electricity 4.31%, gas 8.98%, district heating and district heating/cooling 6.09%.
- Renewable electricity (%) is calculated according to the attributes of energy supply contracts as at 31 March 2023 and only reflects renewable electricity procured under a 100% 'green tariff'. The renewables percentage of standard (non 'green tariff') energy supplies are not currently known and therefore has not been included within this number.
- All energy was procured from a third-party supplier. No 'self-generated' renewable energy was consumed during the reporting period and therefore is not presented here.
- Coverage (landlord-procured consumption) percentage relates to the proportion of assets for which landlord obtained data has been reported by count over the number of assets within scope for the sector/utility. For L4L coverage the same rule has been applied, therefore only keeping in scope the assets that are L4L.
- Where appropriate (for relevant assets), consumption data and asset NLA/GIA has been adjusted to reflect the Company's share of ownership.

Like for like energy consumption (Elec-LfL; DH&C-LfL; Fuels-LfL; Energy-Int)

The table below sets out the like for like landlord obtained energy consumption from the Company's managed portfolio by sector.

	Total electricity consumption (kWh)			Total fuel consumption (kWh)			Total district heating consumption (kWh)			Like-for-like energy intensity (kWh/m²)		
Sector	**2021**	**2022**	**% Change**	**2021**	**2022**	**% Change**	**2021**	**2022**	**% Change**	**2021**	**2022**	**% Change**
Retail: Retail Centres: Warehouse	**92,133**	**107,394**	**17%**	**267,721**	**554,537**	**107%**	**–**	**–**	**–**	**64**	**117**	**84%**
Coverage (landlord-procured consumption)	100%	100%		100%	100%		–	–		100%	100%	
Office: Corporate: Mid-Rise Office	**656,139**	**674,449**	**3%**	**–**	**–**	**–**	**655,725.00**	**527,698.00**	**(20%)**	**77**	**70**	**(8%)**
Coverage (landlord-procured consumption)	100%	100%		–	–		100%	100%		100%	100%	
Office: Corporate: High-Rise Office	**205,208.15**	**225,267.21**	**10%**	**1,432,741.32**	**1,143,510.55**	**(20%)**	**657,167.18**	**1,010,560.62**	**54%**	**136**	**141**	**4%**
Coverage (landlord-procured consumption)	100%	100%		100%	100%		100%	100%		100%	100%	
Industrial: Industrial Park	**235,376.71**	**200,519.00**	**(15%)**	**62,655.35**	**74,796.92**	**19%**	**–**	**–**	**–**	**118**	**109**	**(8%)**
Coverage (landlord-procured consumption)	100%	100%		100%	100%		–	–		100%	100%	
Total	**1,188,857**	**1,207,629**	**2%**	**1,763,118**	**1,772,845**	**1%**	**1,312,892**	**1,538,259**	**17.17%**			
Coverage (landlord-procured consumption)	100%	100%		100%	100%		100%	100%				
Total electricity, fuels and district heating	**4,264,867**	**4,518,732**	**6%**									

Sector	Total electricity consumption (kWh) 2021	2022	% Change	Total fuel consumption (kWh) 2021	2022	% Change	Total district heating consumption (kWh) 2021	2022	% Change	Like-for-like energy intensity (kWh/m²) 2021	2022	% Change
Coverage (landlord-procured consumption)	100%	100%										
Renewable electricity %	**83%**	**81%**										
Coverage (landlord-procured consumption)	100%	100%										

Like for like excludes assets that were purchased, sold, under refurbishment or subject to a significant change in the scope of reported data during the two years reported.

- Consumption data relates to the managed portfolio only:
  - Retail: Retail Centres: Warehouse: common parts and shared services.
  - Office: Corporate: Mid-Rise Office: common parts and shared services.
  - Office: Corporate: High-Rise Office: common parts, shared services and tenant space, where procured by the landlord.
  - Industrial: Industrial Park: whole building.
- Energy procured directly by tenants is not reported.
- Percentage of data estimated through pro-rating across both 2021/22 and 2022/23 reporting period: electricity 4.31%, gas 8.98%, district heating and district heating/cooling 6.09%.
- Renewable electricity (%) is calculated according to the attributes of energy supply contracts as at 31 March 2023 and only reflects renewable electricity procured under a 100% 'green tariff' (i.e. where generation is from 100% renewable source). The renewables percentage of standard (non 'green tariff') energy supplies are not currently known and therefore has not been included within this number.
- Intensity: An intensity measure is reported for assets within the like for like portfolio. Numerators/denominators are aligned at the sector level as follows:
  - All sectors: Where the building has Whole Building Energy coverage the energy consumption (kWh) is divided by Gross Internal Area ('GIAm²').
  - All sectors: Where only the Common areas is present the energy consumption (kWh) divided by common parts area ('CPAm²').
- All energy was procured from a third-party supplier. No 'self-generated' renewable energy was consumed during the reporting period and therefore is not presented here.
- Coverage (landlord-procured consumption) relates to the proportion of assets for which landlord obtained data has been reported.

Sustainability Performance Measures (Environmental) (unaudited) continued

Greenhouse gas emissions (GHG-Dir-Abs; GHG-Indir-Abs; GHG-Int)

The table below sets out the Company's managed portfolio greenhouse gas emissions by sector.

	Absolute emissions (tCO_2e)		Like-for-like emissions (tCO_2e)			Like-for-like intensity (kg CO_2e/m^2)		
Sector	**2021**	**2022**	**2021**	**2022**	**% Change**	**2021**	**2022**	**% Change**
Retail: Retail Centres: Warehouse								
Scope 1	49	101	49	101	106%			
Scope 2	32	34	32	34	5%	14	24	66%
Scopes 1 & 2	81	135	81	135	66%			
Coverage	100%	100%	100%	100%		100%	100%	
Office: Corporate: Mid-Rise Office								
Scope 1	–	–	–	–	–			
Scope 2	417	341	390	341	(13%)	23	20	(13%)
Scopes 1 & 2	417	341	390	341	(13%)			
Coverage (landlord-procured consumption)	100%	100%	100%	100%		100%	100%	
Office: Corporate: High-Rise Office								
Scope 1	263.62	209.26	263.62	209.26	(21%)			
Scope 2	302.64	261.28	173.44	261.19	51%	26	28	8%
Scopes 1 & 2	566.26	470.54	437.07	470.45	8%			
Coverage	100%	100%	100%	100%		100%	100%	
Industrial: Industrial Park								
Scope 1	12	14	12	14	19%			
Scope 2	87	61	87	61	(30%)	39	29	(24%)
Scopes 1 & 2	98	74	98	74	(24%)			
Coverage (landlord-procured consumption)	100%	100%	100%	100%		100%	100%	
Total Scope 1	**324**	**324**	**324**	**324**	**0%**			
Total Scope 2	**838**	**697**	**682**	**697**	**2%**			
Total Scope 1 & 2	**1,162**	**1,021**	**1,006**	**1,021**	**1%**			
Coverage (landlord-procured consumption)	100%	100%	100%	100%				

– Like for like excludes assets that were purchased, sold, under refurbishment or subject to a significant change in the scope of reported data during the two years reported.

  - The Fund's greenhouse gas ('GHG') inventory has been developed as follows:
  - Scope 1 GHG emissions relate to the use on-site of natural gas only.
  - Scope 2 GHG emissions relate to the use of electricity, district heating and district cooling.
  - GHG emissions from electricity (Scope 2) are reported according to the 'location-based' approach.
  - GHG emissions are presented as tonnes of carbon dioxide equivalent (tCO_2e) and GHG intensity is presented as kilograms of carbon dioxide equivalent ($kgCO_2e/m^2$), where available greenhouse gas emissions conversion factors allow.
  - Electricity GHG emissions factors are taken from the CO_2 Emissions from Fuel Combustion, International Energy Agency (2022 and 2021).
  - Natural gas GHG emissions factors are taken from CoM Default Emission Factors for the Member States of the European Union (2022)
  - District Heating and Cooling GHG emissions factors are taken from the EVORA default district cooling carbon emissions factor respectively, which is the national average factor for Germany.

– Emissions data relates to the managed portfolio only:

  - Retail: Retail Centres: Warehouse: common parts and shared services.
  - Office: Corporate: Mid-Rise Office: common parts and shared services.
  - Office: Corporate: High-Rise Office: common parts, shared services and tenant space, where procured by the landlord.
  - Industrial: Industrial Park: whole building.

- Emissions associated with energy procured directly by tenants is not reported.
- Intensity: An intensity measure is reported for assets within the like for like portfolio. Numerators/denominators are aligned at the sector level as follows:
  - All sectors: Where the building has Whole Building Energy coverage the energy consumption (kWh) is divided by Gross Internal Area ('GIAm²').
  - All sectors: Where only the Common areas is present the energy consumption (kWh) divided by common parts area ('CPAm²').
- Coverage (landlord-procured consumption) relates to the proportion of assets for which landlord obtained data has been reported.

Water (Water-Abs; Water-LfL; Water-Int)

The table below sets out water consumption from the Company's managed portfolio by sector.

	Absolute Water consumption (m^3)		Like-for-like water consumption (m^3)			Like-for-like intensity (m^3/m^2)		
Sector	**2021**	**2022**	**2021**	**2022**	**% Change**	**2021**	**2022**	**% Change**
Retail: Retail Centres: Warehouse	**363**	**443**	**363**	**443**	**22%**	**0**	**0**	
Coverage (landlord-procured consumption)	100%	100%	100%	100%		100%	100%	22%
Office: Corporate: Mid-Rise Office	**2,129**	**2,382**	**2,129**	**2,382**	**12%**	**0.12**	**0.14**	
Coverage (landlord-procured consumption)	100%	100%	100%	100%		100%	100%	12%
Office: Corporate: High-Rise Office	**26,632**	**–**	**–**	**–**	**–**	**–**	**–**	
Coverage (landlord-procured consumption)	–	–	–	–		100%	–	–
Industrial: Industrial Park	**108**	**116**	**108**	**116**	**8%**	**0**	**0**	
Coverage (landlord-procured consumption)	100%	100%	100%	100%		100%	100%	8%
Total	**29,232**	**2,941**	**2,599**	**2,941**	**13%**			
Coverage (landlord-procured consumption)	100%	100%	100%	100%				

- Like for like excludes assets that were purchased, sold, under refurbishment or subject to a significant change in the scope of reported data during the two years reported. A number of assets do not have 2021/22 and/or 2022/23 data available, and therefore cannot be incorporated in the like for like calculation.
- Consumption data relates to the manage portfolio only:
  - Retail: Retail Centres: Warehouse: whole building.
  - Office: Corporate: Mid-Rise Office: whole building.
  - Office: Corporate: High-Rise Office: whole building.
  - Industrial: Industrial Park: whole building.
- All water was procured from a municipal supply. As far as we are aware, no surface, ground, rainwater or wastewater from another organisation was consumed during the reporting period and therefore is not presented here.
- Percentage of water data estimated through pro-rating across both 2021/22 and 2022/23 reporting period: 0%. Intensity: An intensity measure is reported for assets within the like for like portfolio. Numerators/denominators are aligned at the sector level as follows:
  - All sectors: Where the building has Whole Building Energy coverage the energy consumption (kWh) is divided by Gross Internal Area ('GIAm²').
- Coverage (landlord-procured consumption) relates to the proportion of assets for which landlord obtained data has been reported.
- Company ownership share is 100% for all assets included, therefore consumption data and asset NLA/GIA has not been adjusted to reflect the Company's share of ownership.

Sustainability Performance Measures (Environmental) (unaudited) continued

Waste (Waste-Abs; Waste-LfL)

The table below sets out waste from the Company's managed portfolio by disposal route and sector.

		Absolute tonnes				Like-for-like tonnes				
		2021		2022		2021		2022		
		Tonnes	%	Tonnes	%	Tonnes	%	Tonnes	%	% Change
Retail: Retail Centres: Warehouse	Recycled	0	0%	0	0%	0	0%	0	0.0%	–
	Incineration with energy recovery	8	100%	8	100%	8	100%	8	100.0%	–
	Unknown	0	0%	0	0%	0	0%	0	0.0%	–
	Landfill	0	0%	0	0%	0	0%	0	0.0%	–
	Total	**8**		**8**		**8**		**8**		**0.0%**
	Coverage	**100%**		**100%**		**100%**		**100%**		
Office: Corporate: Mid-Rise Office	Recycled	10	16%	10	16%	10	16%	10	16%	0.0%
	Incineration with energy recovery	55	84%	55	84%	55	84%	55	84%	0.0%
	Unknown	0	0%	0	0%	0	0%	0	0%	–
	Landfill	0	0%	0	0%	0	0%	0	0%	–
	Total	**65**		**65**		**65**		**65**		**0.0%**
	Coverage (landlord-procured consumption)	**100%**		**100%**		**100%**		**100%**		
Office: Corporate: High-Rise Office	Recycled	0.00	–	0.00	–	0.00	–	0.00	–	–
	Incineration with energy recovery	0.00	–	0.00	–	0.00	–	0.00	–	–
	Unknown	0.00	–	0.00	–	0.00	–	0.00	–	–
	Landfill	0.00	–	0.00	–	0.00	–	0.00	–	–
	Total	**0.00**		**0.00**		**0**		**0.00**		**–**
	Coverage	**–**		**–**		**–**		**–**		
Industrial: Industrial Park	Recycled	2	36%	2	11%	0	–	0	–	–
	Incineration with energy recovery	4	64%	13	89%	0	–	0	–	–
	Unknown	0	0%	0	0%	0	–	0	–	–
	Landfill	0	0%	0	0%	0	–	0	–	–
	Total	**7**		**14**		**0**		**0**		**–**
	Coverage (landlord-procured consumption)	**100%**		**100%**		**–**		**–**		
Total	**Recycled**	**13**	**15.89%**	**12**	**13.6%**	**10**	**14.0%**	**10**	**14.0%**	**0.0%**
	Incineration with energy recovery	**68**	**84.11%**	**76**	**86.4%**	**64**	**86.0%**	**64**	**86.0%**	**0.0%**
	Unknown	**0**	**0.00%**	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**	**–**
	Landfill	**0**	**0.00%**	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**	**–**
	Total	**81**		**88**		**74**		**74**		**0.0%**
	Coverage (landlord-procured consumption)	100%		100%		100%		100%		

- Whilst zero waste is sent direct to landfill, a residual component of the 'recycled' and 'incineration with energy recovery' waste streams may end up in landfill.
- Like for like excludes assets that were purchased, sold, under refurbishment or subject to a significant change in the scope of reported data during the two years reported.
- Waste data relates to the managed portfolio only.
- Waste management procured directly by tenants is not reported.
- Reported data relates to non-hazardous waste only, robust tonnage data on the small quantities of hazardous waste produced is not available.

- Coverage (landlord-procured consumption) relates to the proportion of assets for which landlord obtained data has been reported.

Sustainability certification: Green building certificates (Cert-Tot)

The table below sets out the proportion of the Company's total portfolio with a Green Building Certificate by floor area.

Rating	Portfolio by floor area
(BREEAM In Use: Outstanding)	0%
(BREEAM In Use: Excellent)	0%
(BREEAM In Use: Very Good)	0%
(BREEAM In Use: Good)	30%
(BREEAM In Use: Pass)	0%
(BREEAM In Use: Unclassified)	0%
Coverage	**30%**

- Green building certificate records for the Company are provided as at 31 March 2023 by portfolio floor area.
- Data provided includes managed and non-managed assets (i.e. the whole portfolio).

Sustainability certification: Energy Performance Certificates (Cert-Tot)

The table below sets out the proportion of the Company's total portfolio with an Energy Performance Certificate by floor area.

Energy performance certificates Rating	Portfolio by floor area
A+	1.4%
A	7.3%
B	16.7%
C	11.8%
D	18.3%
E	1.3%
F	9.4%
G	0.0%
Exempt	0.0%
No EPC	33.8%
Total	**100.0%**
Coverage	**100%**

- Energy Performance Certificate ('EPC') records for the Company are provided for the portfolio as at 31 March 2023 by portfolio floor area.
- Data provided includes the whole portfolio i.e. managed and non-managed assets.

Sustainability Performance Measures (Social)

EPRA's Sustainability Best Practices Recommendations Guidelines 2017 ('EPRA's Guidelines') include Social and Governance reporting measures to be disclosed for the entity i.e. the Company. The Company is an externally managed real estate investment trust and has one part time direct employee. A number of these Social Performance measures relate to entity employees and therefore these measures are not relevant for reporting at the entity level. The Investment Manager to the Company, Schroder Real Estate Investment Management Limited, is part of Schroders PLC which has responsibility for the employees that support the Company. The Company aims to comply with EPRA's Guidelines and therefore has included Social and Governance Performance Measure disclosures in this report. However, these are presented as appropriate for the activities and responsibilities of the Schroder Real Estate Investment Trust Limited (the 'Company'), Schroders PLC or the Investment Manager, Schroder Real Estate Investment Management Limited.

The Schroders PLC Annual Report and Accounts for the 12 months to 31 December 2022 supports the performance measures in relation to the Investment Manager as set out below. Schroders PLC's principles in relation to people including diversity, gender pay gap, values, employee satisfaction survey, wellbeing and retention can be found at:

- https://mybrand.schroders.com/m/50eb9de07f463077/original/Schroders_Annual-Report-and-Accounts_2022.pdf
- https://mybrand.schroders.com/m/f0e958d03af2f62/original/Schroders_Inclusion-Report_2022.pdf

Inclusion (including diversity and gender pay ratio)

As at 30 September 2023 the Company Board comprised four members: 1 (25% female); 3 (75% male).

The remuneration of the Company Board is set out on page 50 of the 2023 SEREIT Annual Report and Accounts:

- https://mybrand.schroders.com/m/5a14d1c1fc275444/original/SEREIT_AR23_WEB_Final.pdf

For further information on Schroders PLC employee gender diversity, female representation and pay covering more employee categories, please refer to Schroders 2022 Annual Report and Accounts (page 30):

- https://mybrand.schroders.com/m/50eb9de07f463077/original/Schroders_Annual-Report-and-Accounts_2022.pdf; and
- https://mybrand.schroders.com/m/f0e958d03af2f62/original/schroders_inclusion-report_2022.pdf/

The following are reported for Schroders in relation to the Investment Management of the Company:

Training and development (Emp-Training)

Schroders requires employees to complete mandatory internal training. Schroders encourages all staff with professional qualifications to maintain the training requirements of their respective professional body.

Employee performance appraisals (Emp-Dev)

Schroders performance management process requires annual performance objective setting and annual performance reviews for all staff. The Investment Manager confirms that performance appraisals were completed for 100% of investment staff relevant to the Company in 2022/23.

The following are reported for Schroders PLC:

Employee turnover and retention (Emp-Turnover)

For Schroders PLC turnover and retention rates please refer to Schroders Annual Report and Accounts (page 30): https://mybrand.schroders.com/m/50eb9de07f463077/original/Schroders_Annual-Report-and-Accounts_2022.pdf.

Employee health and safety (H&S-Emp)

Schroders PLC does not include employee health and safety performance measures in its Annual Report and Accounts.

The following are reported in relation to the assets held in the Company's portfolio over the reporting period to 30 September 2023:

Asset health and safety assessments (H&S-Asset)

The table below sets out the proportion of the Company's total landlord-controlled portfolio where health and safety impacts were assessed or reviewed for compliance or improvement.

	Portfolio by floor area (%)	
	2021/22	**2023/23**
All sectors	100%	100%
Coverage	**100%**	**100%**

Asset health and safety compliance (H&S-Comp)

The table below sets out the number of incidents of non-compliance with regulations/and or voluntary codes identified across the landlord-controlled portfolio.

	Number of incidents	
	2021/22	**2022/23**
All sectors	0%	0
Coverage	**100%**	**100%**

Community engagement, impact assessments and development programmes (Comty-Eng)

The table below sets out the proportion of the Company's total portfolio completed local community engagement, impact assessments and/or development programs.

	Portfolio by number assets (%)	
	2021/22*	**2022/23***
Retail: Retail Centres: Shopping Centre	**15%**	
Retail: Retail Centres: Warehouse		12%
Office: Corporate: Mid-Rise Office		9%
Office: Corporate: High-Rise Office		
Industrial: Industrial Park		
Mixed use: Other		16%
Industrial: Manufacturing		
Industrial, Non-Refrigerated Warehouse	22%	9%
Industrial: Manufacturing		
Retail: Other		
Total	**37%**	**47%**

* Calculated using gross internal area ('GIA').

Sustainability Performance Measures (Governance)

Composition of the highest governance body (Gov-Board)

The Board of the Company comprised 4 non-independent directors (0 executive board members) as at 30 September 2023:

– The average tenure of the four directors to 30 September 2023 is 6 years and 9 months.
– The number of directors with competencies relating to environmental and social topics is 4/4 and their experience can be seen in their biographies.

Nominating and selecting the highest governance body (Gov-Select)

The role of the Nomination and Remuneration Committee, chaired by Sir Julian Berney Bt., is to consider and make recommendations to the Board on its composition so as to maintain an appropriate balance of skills, experience and diversity, including gender, and to ensure progressive refreshing of the Board. The Committee also ensures the level of Directors' fees remain appropriate to attract candidates with relevant experience and knowledge and competitive with peers and market practice. On individual appointments, the Nomination and Remuneration Committee leads the process and makes recommendations to the Board.

Before the appointment of a new director, the Nomination and Remuneration Committee prepares a description of the role and capabilities required for a particular appointment. While the Nomination and Remuneration Committee is dedicated to selecting the best person for the role, it aims to promote diversification and the Board recognises the importance of diversity. The Board agrees that its members should possess a range of experience, knowledge, professional skills and personal qualities as well as the independence necessary to provide effective oversight of the affairs of the Company.

Process for managing conflicts of interest (Gov-CoI)

The Company's Conflicts of Interest Policy sets out the policy and procedures of the Board and the Company Secretary for the management of conflicts of interest: https://www.schroders.com/en/identification-and-management-of-conflicts-of-interest/

The Board has approved a policy on Directors' conflicts of interest. Under this policy, Directors are required to disclose all actual and potential conflicts of interest to the Board as they arise for consideration and approval. The Board may impose restrictions or refuse to authorise such conflicts if deemed appropriate.

Streamlined Energy and Carbon Report

Schroder European Real Estate Investment Trust plc (the 'Company'/'SEREIT') invests in European growth cities and regions. It is a UK closed ended real estate investment company incorporated on 9 January 2015.

The Company has a premium listing on the Official List of the UK Listing Authority and its shares have been trading on the Main Market of the London Stock Exchange (ticker: SERE) since 9 December 2015. It also has a secondary listing on the Main Board of the Johannesburg Stock Exchange (ticker: SCD).

The Company is within the scope of the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, (the 'Regulations') and is required to report on its UK energy use, associated Scope 1 (direct) and 2 (indirect) greenhouse gas ('GHG') emissions, an intensity metric and, where applicable, global energy use (as defined in section 92 of the Climate Change Act 2008). This reporting is also referred to as Streamlined Energy and Carbon Reporting ('SECR'). In addition, the Regulations advise providing a narrative on energy efficiency actions taken in the previous financial year.

This Energy and Carbon Report applies for the Company's Annual Report for the 12 months to 30 September 2023. The statement has however been prepared for the 12 months to 31 March 2023, to report annual figures for emissions and energy use for the period for which such information is available. The usage for the period 1 April 2022 to 31 March 2023 will be included in the annual report for the 12 months to 30 September 2023.

As a property company, energy consumption and emissions result from the operation of buildings. The reporting boundary has been scoped to those held properties where the Company retained operational control: where the Company is responsible for operating the entire building, shared services (e.g. common parts lighting, heating and air conditioning), external lighting and/or void spaces. 'Operational control' has been selected as the reporting boundary (as opposed to 'financial control' or 'equity share') as this reflects the portion of the portfolio where the Company can influence operational procedures and, ultimately, sustainability performance. This incorporates consumption in tenant areas, where the landlord procures energy for the whole building.

At 31 March 2023 the Company held five properties with operational control in total all of which are located in Continental Europe (i.e. outside of the UK and offshore area).

The Company is not directly responsible for any GHG emissions/energy usage at single let/Full Repairing and Insuring assets nor at multi-let assets where the tenant is counterparty to the energy contract. These emissions form part of the wider value chain (i.e. 'Scope 3') emissions, which are not required to be reported on and not monitored at present. As a real estate company with only one part time direct employee and no company owned vehicles as at 31 March 2023, energy consumption and emissions associated with travel and occupation of corporate offices is either not relevant or material to report. Fugitive emissions associated with refrigerant losses from air conditioning equipment are not typically collected and aggregated across portfolios by the industry, however over the next year will look to improve monitoring emissions associated with refrigerant losses.

In addition to reporting absolute energy consumption and GHG emissions, the Company has reported separately on performance within the 'like-for-like' portfolio, as well as providing intensity ratios, where appropriate. The like-for-like portfolio and intensity ratios include buildings where each of the following conditions is met:

- Owned for the full 24-month period (sales/acquisitions are excluded).
- No major renovation or refurbishment has taken place.
- At least 24 months' data is available.

Note also that voids where utility responsibility may be temporarily met by the Landlord are excluded.

For the intensity ratios, the denominator determined to be relevant to the business is square metres of gross internal area for most sectors, including Offices, Retail Warehouses and Industrial Parks. Intensity ratio is expressed as:

- Energy: kilowatt hours per metre square (gross internal area or common parts area) per year, or, $kWh/m^2/yr$.
- GHG: kilograms carbon dioxide equivalent per metre square (gross internal area or common parts area) per year, or, $kgCO_2e/m^2/yr$.

Streamlined Energy and Carbon Report continued

Energy consumption and greenhouse gas emissions

The table below sets out the Company's energy consumption.

	Absolute energy (kWh)		Like-for-like energy (kWh)	
	2021/22	2022/23	2021/22	2022/23
Gas	1,763,118	1,772,845	1,763,118	1,772,845
Electricity	1,267,938	1,209,411	1,188,857	1,207,629
District heating/District cooling	1,835,478	1,538,259	1,312,892	1,538,259
Total	**4,866,534**	**4,520,514**	**4,264,867**	**4,518,732**
Change in energy		**(7%)**		**6%**

The table below sets out the Company's greenhouse gas emissions.

	Absolute emissions (tCO_2e)		Like-for-like emissions (tCO_2e)	
	2021/22	2022/23	2021/22	2022/23
Scope 1 (Direct emissions from gas consumption)	324	324	324	324
Scope 2 (Indirect emissions from electricity)	838	697	682	697
Total	**1,162**	**1,021**	**1,006**	**1,021**
Change in emissions		**(12%)**		**1%**

The like for like energy consumption for the 2022 fiscal year for the managed assets held within the Company has increased by 6%, the greenhouse gas emissions have increased by 1%.

The table below sets out the Company's like for like energy and GHG intensities by sector.

	Energy intensities (kWh per m^2)		Emissions intensities (tCO_2e per m^2)	
	2021/22	2022/23	2021/22	2022/23
Retail: Retail Centres: Warehouse	64	117	14	24
Office: Corporate: Mid-Rise Office	77	70	23	20
Office: Corporate: High-Rise Office	136	141	26	28
Industrial: Industrial Park	118	109	39	29

Methodology

- All energy consumption and GHG emissions reported occurred at the Company's assets all of which are located in Continental Europe (i.e. outside UK and offshore area).
- Energy consumption data is reported according to automatic meter reads, manual meter reads or invoice estimates. Historic energy and consumption data have been restated where more complete and or accurate records have become available. Where required, missing consumption data has been estimated through pro-rata extrapolation. Data has been adjusted to reflect the Company's share of asset ownership, where relevant.
- Data reported aligns with that reported under the EPRA Sustainability Reporting Performance Measures also disclosed within the Company's Report and Accounts. EPRA Sustainability Reporting Performance Measures have been assured by an independent third party, in accordance with AA1000 Assurance Standard. The short form Assurance Statement can be found on page 25.
- The Company's GHG emissions are calculated according to the principles of the Greenhouse Gas ('GHG') Protocol Corporate Standard.
  - The Company's Greenhouse Gas Emissions are reported as tonnes of carbon dioxide equivalent (tCO_2e), which includes the following emissions covered by the GHG Protocol (where relevant and available greenhouse gas emissions factors allow): carbon dioxide (CO_2), methane (CH_4), hydrofluorocarbons ('HFCs'), nitrous oxide (N_20), perfluorocarbons ('PFCs'), sulphur hexafluoride (SF_6) and nitrogen trifluoride (NF_3).
  - GHG emissions from electricity (Scope 2) are reported according to the 'location-based' approach.
  - The following greenhouse gas emissions conversion factors and sources have been applied:

Country	Emissions source	GHG emissions factor per kWh	Emissions factor data source
France	Electricity 2021	0.0542kgCO_2e	CO_2 Emissions from Fuel Combustion, International Energy Agency (2021), (2022)
	Electricity 2022	0.0514kgCO_2e	
	District Cooling 2022	0.247kgCO_2e	EVORA default district cooling carbon emission factor – National average factor for Germany.
Germany	Electricity 2021	0.3476kgCO_2e	CO_2 Emissions from Fuel Combustion, International Energy Agency (2021), (2022)
	Electricity 2022	0.3127gCO_2e	
	District heating	0.247kgCO_2e	EVORA default district heating carbon emission factor – National average factor for Germany.
The Netherlands	Electricity 2021	0.3678kgCO_2e	CO_2 Emissions from Fuel Combustion, International Energy Agency (2021), (2022)
	Electricity 2022	0.3028kgCO_2e	
France, Germany, the Netherlands	Gas 2021	0.1840kgCO_2e	CRREM (2021), (2022) which aligns with DEGRA/BEIS
	Gas 2022	0.1830kgCO_2e	

Energy Efficiency Actions

Environmental data management system and quarterly reporting

Environmental data for the Company is collated by sustainability consultants Evora Global supported by their proprietary environmental data management system SIERA. Energy, water, waste and greenhouse gas emission data are collected and validated for all assets where the portfolio has operational control on a quarterly basis.

Streamlined Energy and Carbon Report continued

Energy target, audits and improvement programme

The Investment Manager has an energy and GHG emissions performance reduction target to achieve 43% reduction in SEREIT energy intensity by 2030 (2021 baseline – calculated on whole building performance from landlord-controlled assets). This is accompanied by a target of 15% reduction in GHG emissions intensity by 2030 (2021 baseline – calculated on whole building performance from landlord-controlled assets); this target is inclusive of decarbonisation of Germany's, France's and the Netherlands' electricity grid over recent years.

The Investment Manager, together with sustainability consultants Evora Global and property managers, looks to identify and deliver energy and greenhouse gas emissions reductions on a cost-effective basis. The programme involves reviewing all managed assets within the Fund and identifying and implementing improvement initiatives, where viable. The process is of continual review and improvement.

Energy performance improvement initiatives undertaken at several assets during the reporting period include LED upgrades, BMS upgrades to smarter systems, HVAC upgrades to efficient technologies. Energy audits to identify opportunities and to support the Energy Savings Opportunity Scheme compliance and energy demand monitoring programmes.

Recognising the need for the real estate industry to address its carbon impact The Investment Manager joined other members of the Better Buildings Partnership ('BBP') in September 2019 to sign the Member Climate Change Commitment, and in December 2020, published its 'Pathway to Net Zero Carbon' – which can be found https://www.schroders.com/en/sysglobalassets/email/uk/realestate/2020/schroder-real-estate-net-zero-carbon-pathway-december-2020_1621372_v1.pdf.

Renewable electricity tariffs and carbon offsets

The Investment Manager has an objective to procure 100% renewable electricity for all landlord-controlled supplies for which it has responsibility, which includes the assets of the Fund, by 2025. As at 31 March 2023, 81% of the Fund's landlord-controlled electricity was on renewable tariffs. No carbon offsets were purchased during the reporting period.

Assurance Summary Statement

S&P Global Sustainable1, a business of S&P Global Inc. ('Sustainable1') was engaged by Schroder Real Estate Investment Management Limited ('SREIM') to provide assurance of the EPRA sustainability content of the Schroder European Real Estate Investment Trust plc's ('SEREIT') Annual report and Consolidated Financial Statements 2023 (the 'Report'). The Report is prepared for the year ended 30 September 2023, however the EPRA sustainability data which forms part of this assurance pertains to the period 1 April 2022 to 31 March 2023.

The assurance was provided in accordance with AccountAbility's AA1000 Assurance Standard V3 (AA1000AS) Type 2 moderate level and EPRA Best Practice Recommendations for Sustainability Reporting (sBPR) 2017 3rd Edition. The scope of assurance covered a series of indicators and assertions contained in the report including:

- Absolute and Like-For-Like:
  - Electricity Consumption (kWh)
  - District Heating/cooling (kWh)
  - Fuels Consumption (kWh)
  - Water Consumption (m^3)
  - Greenhouse Gas ('GHG') Emissions (tCO_2e)
  - Waste (tonnes)
- Intensity Calculations:
  - Energy (kWh/m^2)
  - GHG ($kgCO_2e/m^2$)
  - Water (m^3/m^2)
- Energy rating coverage (%)
- Green Building Certification coverage (%)
- Alignment check of SEREIT's reporting against EPRA sBPR Guidelines 2017 across all the performance measures.

Sustainable1's full assurance statement includes certain limitations, findings and recommendations for improvement, adherence to AA1000 Accountability Principles, and a detailed assurance methodology.

The full assurance statement with Sustainable1's independent opinion can be found at https://mybrand.schroders.com/m/740e9841acfa639d/original/SEREIT-EPRA-Annual-Report-Assurance-statement_Updated-Signed.pdf.

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