

KFIM ESG Strategy for Assets under Management (AUM)

Objective

KFIM’s ESG Strategy places environmental, social and governance (ESG) considerations at the heart of all investment decisions and operational practices across our portfolios and assets under management (AUM). By integrating these principles throughout the asset lifecycle—from acquisition through development and ongoing management—we create sustainable value for investors while driving positive impact. The ESG Committee oversees this strategy’s implementation, evolution, and performance monitoring, ensuring we maintain industry-leading standards that adapt to emerging best practices and stakeholder expectations. We seek to apply this framework to our AUM whilst noting that we operate within the terms of our client mandates which may place limits on our ability to apply these strategies in some cases.

Value Environment: Planet Stewardship and Climate Resilience

Approach: Through our active asset management, enhance energy efficiency, reduce net carbon emissions to zero, promote renewable energy use, minimise climate-related risk, implement climate adaptation solutions, achieve biodiversity net gain, promote practices that reduce waste, support recycling and circular economy, improve water efficiency, and enhance indoor air quality.

UN SDG:



Ref	Key Performance Indicator – All AUM	Target
E001	Achieve EPC B or above ratings for all qualifying assets	100% with EPC E or above by May 2023 100% with EPC B or above by 2029
E002	Collect landlord electricity and gas data for Scope 1 and Scope 2 and engage with occupiers to collect Scope 3 data including energy, water consumption, and waste generation	100% coverage Scope 1 & 2 by 2022 and annually 50% coverage Scope 3 by 2025 and achieve 80% by 2030
E003	Procure 100% renewable or zero-carbon electricity for landlord supplies	100% of landlord supply confirmed in 2022 and renewed when contracts expire
E004	Promote 100% renewable or zero-carbon electricity to occupiers	50% of tenants supply renewable by 2030 and achieve 80% by 2040

Building together

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E005	Achieve net zero carbon by reducing energy use, operational carbon, and embodied carbon whilst using minimal carbon offsets	50% GHG intensity reduction (kWh/m2) by 2030 80% GHG intensity reduction (kWh/m2) by 2040 Achieve net zero by 2050
E006	Understand physical climate-related risks under different climate scenarios and suitably adapt relevant assets	Complete assessments with action measures activated 2024 onwards
E007	Understand transitional climate-related risks associated with the global transition toward a low-carbon economy and suitably adapt relevant assets	Complete assessments and planning with action measures activated 2024 onwards
E008	Maximise solar generation	Complete desktop assessments and activate projects. Track solar kW generation
E009	Maximise EV charging	Complete assessments in 2022 with recommendations delivered in 2023, and EV projects activated in 2025 onwards
E010	Engage with tenants on environmental practices and initiatives	Engage annually with tenants to encourage environmental practices and initiatives
E011	Assess baseline biodiversity and promote initiatives to enhance and monitor biodiversity net gains	Conduct biodiversity baselines and promote initiatives to enhance and monitor biodiversity net gains

Value Society: Thriving People and Communities

Approach: Through our activities maximise social impact for the benefit of occupiers and local communities.

UN SDG:



Ref	Key Performance Indicator – All AUM	Target
S01	Implement an ongoing programme of occupier engagement with an overriding objective to assess and improve beneficial social impact	Survey at least every 3 years
S02	Subject to engagement outcomes, for multi-let environments – or other properties where KFIM can hold direct influence – maximise opportunities to improve: Tenant well-being measures Building and environmental amenities	Continued improvements in tenant satisfaction



	Wider community engagement Meaningful public art and celebration of place	
SO3	Subject to engagement outcomes, for single-let environments – or other properties where KFIM cannot directly influence – support opportunities to improve: Tenant well-being measures Building and environmental amenities Wider community engagement Meaningful public art and celebration of place	Continued improvements in tenant satisfaction

Value Governance: Promoting Fairness and Prosperity

Approach: Uphold the highest standards in the way we do business within a transparent and robust governance framework.

UN SDG:



Ref	Key Performance Indicator – All AUM	Target
G01	Signatory of the United Nations (UN) Principles for Responsible Investment (PRI)	Improve scoring year-on-year
G02	Align to the 10 United Nation (UN) Global Compact principles and monitor progress towards selected UN Sustainable Development Goals (SDG)	Report progress in annual report
G03	Align and report to recommendations set by Task Force on Climate-Related Financial Disclosures (TCFD) regulation	Set strategy and start reporting by April 2023
G04	Align and report to Sustainable Finance Disclosure Regulation (SFDR) regulation	Report on applicable funds' categories
G05	Sign-up to the Net Zero Asset Managers to achieve and support investments that achieve net zero greenhouse gas emissions by 2050 or sooner and limit global warming to 1.5 degrees Celsius or less	Set strategy to reach net zero target by 2050 or sooner
G06	Align investment decisions using One Planet Living® framework by Bioregional	Track and report One Planet Living outcomes from investments



G07	Achieve best building certifications with the type and level of the accreditation selected according to viability and relevance	Monitor and improve year-on-year the proportion of accredited buildings
G08	For all clients wishing to participate, submit client data to GRESB benchmark	Improve scoring year-on-year
G09	Vet new tenants and tenancy renewals with a view to maximise ESG alignment and promote the inclusion of Green Clauses	Review process and increase the proportion of tenancy agreements with Green Clauses
G10	Communicate and monitor alignment of suppliers and property managers to KFIM's Supplier Code of Conduct and procurement values	Develop supplier self-assessment and prioritise dissemination. Track % completion rate by supplier spend
G11	Publish progress report	Publish our progress in annual report and improve on targets year-on-year