

Channel Islands Property Fund

Environmental, Social and Governance
(‘ESG’) Policy



CHANNEL ISLANDS
PROPERTY FUND



TERRA INSTINCT



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Background

Channel Islands Property Fund Limited ('CIPF' or 'the Fund') is a closed-ended investment company incorporated in Guernsey and regulated by the Guernsey Financial Services Commission as an Authorised Collective Investment Scheme. CIPF was established in 2010 with the objective of providing shareholders long-term total returns through the acquisition and management of commercial real estate assets in the jurisdictions of Guernsey, Jersey, and Isle of Man.

As a significant Crown Dependency landlord, CIPF recognises its responsibility to invest in a sustainable and ethical manner that generates long-term value for shareholders while positively contributing to local environments, communities and economies. CIPF committed to develop ESG objectives related to climate change mitigation, community impact and governance.

This ESG policy provides an overview of CIPF's commitments, processes and governance structure to fully integrate ESG considerations into investment and operational activities. CIPF's approach applies best practices tailored to the unique sustainability needs and opportunities of Crown Dependency real estate.

By investing responsibly and engaging stakeholders, CIPF aims to future-proof assets, reduce risk, support the green transition locally and promote ethics, transparency, and performance. CIPF recognises sustainability as being fundamental to the long-term prosperity of the business, local communities, and the Crown Dependencies as a whole. This policy will be reviewed annually and updated to reflect evolving priorities. This policy is structured around the core pillars of Governance, Strategy, Risk Management, and Metrics. These pillars reflect leading sustainability reporting frameworks. Key responsible investment activities like screening acquisitions, performing ESG due diligence, engaging with tenants, and monitoring properties are mapped into these pillars accordingly. The four pillars provide a comprehensive framework for CIPF to embed ESG into decision-making and ownership practices.

Governance:

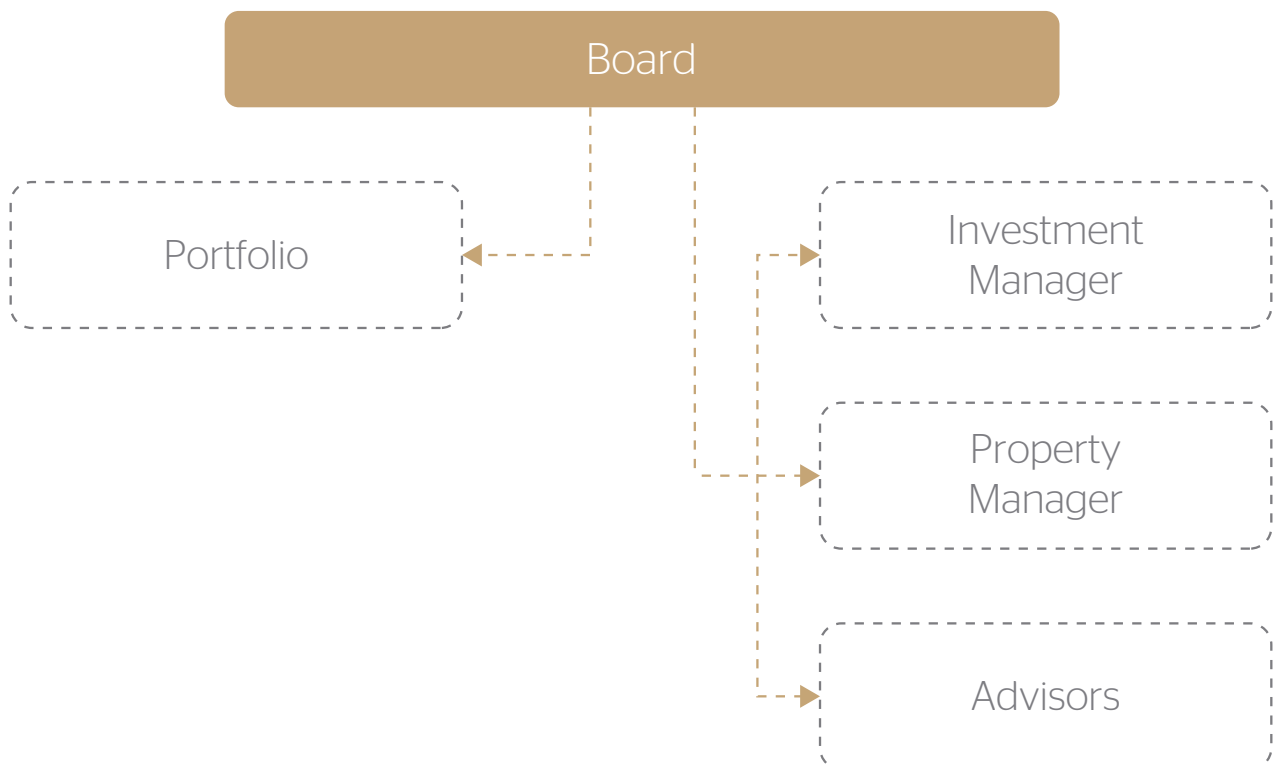
The Board of Directors (the 'Board') of CIPF has four non-executive members. As shown in Figure 1 below, the Board has overall responsibility for the governance and oversight of sustainability-related risks and opportunities. This includes approving CIPF's ESG policies, strategy, and objectives, as well as monitoring performance.

While day-to-day management is delegated to Ravenscroft Specialist Fund Management Limited (the 'Investment Manager'), the Board maintains active engagement and oversight on sustainability issues. The Investment Manager liaises frequently with service providers such as D2 Real Estate (the 'Property Manager') to implement sustainability initiatives and provide regular updates to the Board on progress against goals and targets.

Specifically, the Board evaluates metrics and reports related to environmental performance, stakeholder engagement, and other ESG factors provided by Terra Instinct (the 'ESG Consultant') and Investment Manager. The Board directs the sustainability strategy and approves any substantive changes proposed by the Sustainability Advisor, Property Manager or Investment Manager based on identified risks and opportunities.

By maintaining robust sustainability governance responsibilities, the Board aims to ensure ESG factors are effectively integrated into CIPF's overall strategy and operations.

Figure 1 - Governance Structure





Strategy

Approach

CIPF's objective is to provide shareholders with a total return from a combination of capital growth and dividend income through the acquisition and active management of commercial property predominantly in the Crown Dependencies. As a responsible investor, CIPF aims to have a positive effect on the communities in which it operates, be a landlord of choice based on its sustainable and ethical approach, mitigate climate change risks, and maintain strong governance and integrity.

CIPF's approach to responsible investment centers around integrating ESG factors into investment analysis and decision-making. As a long-term investor and landlord, CIPF also engages with tenants to address material ESG issues.

Risks and Opportunities:

Risks and opportunities are important considerations for CIPF across investment decisions and ongoing portfolio management.

CIPF takes a proactive approach to managing risks to protect and enhance the value of its real estate portfolio. Emerging risks such as climate change, political uncertainty, and ESG factors are regularly monitored. These risks impact investment decisions and strategy.

The ESG Consultant provides insights on ESG and the Board aims to future-proof against regulatory and climate risks on both value and ethical grounds. Ongoing tenant and community engagement identifies potential enhancement opportunities. Overall, CIPF's investment decisions and portfolio management carefully factor in both risks and opportunities through regular monitoring, mitigation strategies, and capturing upside potential, ensuring a sustainable and resilient real estate portfolio.

Engagement

CIPF pursues proportionate engagement across its key stakeholders - tenants, communities, shareholders, and suppliers - to incorporate their input into shaping and implementing its ESG strategy. The Property Manager has continuous engagement with tenants through regular meetings to gather feedback on sustainability priorities and property needs, enabling tenant perspectives to directly inform asset management decisions by the Board.

Decarbonisation is a key aim of CIPF's strategy, lowering operational emissions is central to future proofing real estate investments. Trade-offs are considered on a case-by-case basis, for example the sustainability benefits of retrofitting must be weighed against the return profile of the asset.

Initiatives such as green leases and memoranda of understanding (MOUs), to facilitate collaboration with tenants on improving the environmental performance of its properties are kept under constant review and are required of all new tenants.

While CIPF's community impact is limited, the Property Manager still actively engages with local communities through available channels such as tenant events which can identify potential positive partnerships, an achievable example being waste reduction. Shareholder perspective is gathered periodically through AGMs, investor meetings, and direct Board contact to help shape ESG direction aligned with shareholder priorities.

Biodiversity is recognised as a material consideration for the real estate sector. This is primarily relevant during the construction phase and CIPF has very little (if any) construction activity, apart from occasional refurbishment. The footprints of buildings in the portfolio are very limited in terms of land area. This limits the opportunity for biodiversity enhancement and restricts options to roof developments. The maturity and nature of the portfolio mean that biodiversity is monitored but not considered a material component of the strategy.

CIPF has limited control over tenants once they are subject to a lease agreement (many of which were signed prior to the ESG strategy development). Nonetheless, CIPF uses its influence to promote sustainable practices. If significant new ESG risks emerge, CIPF strives to investigate and address them through multi-channel proactive engagement to respond to stakeholders perspectives and priorities in terms of shaping its sustainability approach.

Risk Management

ESG Risks

The Board actively manages ESG risks and opportunities through regular updates to stay current on key topics (incl. climate change), expectations and regulations. The Board regularly engages with the ESG Consultant to ensure they are abreast of relevant ESG risks to the portfolio.

The Board also carefully evaluates any opportunities to enhance properties based on ESG factors, weighing reputational and economic impacts.

Pre-investment

CIPF considers environmental sustainability and resource efficiency when evaluating potential property acquisitions. This allows it to align investments with its ESG objectives and strategy. It employs a risk management process overseen by the Board to identify, assess, and manage risks across the business.

This approach takes the form of an informal positive screen, pro-actively seeking alignment with CIPF's ESG values or ensuring there is a feasible roadmap for alignment post-acquisition.

Due Diligence

As the acquisition process develops through the due diligence stage, CIPF will appoint an advisor if there are any areas of particular concern identified in the screening stage. This may be a technical surveyor to assess the energy efficiency of a building or a similar advisor.

Post-investment

CIPF thoroughly engages tenants on integrating comprehensive sustainability best practices into properties such as waste reduction targets, energy conservation guidelines, and eco-friendly refresh materials. The goal is to substantially improve assets over the ownership period through collaborative tenant engagement.

Trade-offs

CIPF recognises that potential trade-offs can arise during the investment process between financial returns and positive sustainability outcomes. Material ESG factors are identified through rigorous due diligence across areas like energy efficiency, climate resilience, community impacts, and regulatory compliance.

If any significant trade-offs are uncovered, CIPF's preference is to engage relevant stakeholders collaboratively to find an optimal solution benefiting both financial and ESG objectives.



Metrics

It is the strategy of CIPF to manage its property portfolio in a way that promotes environmental and social characteristics. As a result, a materiality assessment was conducted by referring to multiple sources and regulations in order to define specific and relevant metrics (refer to Annex I for the metrics). The establishment of metrics to measure sustainability performance for the property portfolio is deemed a critical method of monitoring and managing ESG issues. The metrics have regard to various real estate sustainability guidance and regulations.

Data quality is a key area of focus for CIPF's sustainability reporting. As a property investment company, CIPF has limited direct operations, with activities focused on managing its portfolio of commercial real estate assets. Obtaining comprehensive data on sustainability performance across CIPF's outsourced property management supply chain presents a challenge and will require close engagement with its Property Managers, tenants and suppliers. As CIPF formalises its sustainability policies and reporting procedures emphasising high-quality data collection from external partners will be critical for accurate measurement and oversight of environmental and social impacts.

In this way, CIPF seeks to measure and understand its sustainability impact. CIPF recognises that measurement is only the first stage. The data collected is required to be put in context to turn it into actionable information. Targets are an essential part of this progress. They are set regarding CIPF's overall strategy of reducing its environmental impact and improving the sustainability performance of its properties to protect asset value. There are many factors that impact target setting, not least the ability to engage with tenants and outsourced property managers. These will be considered as CIPF establishes its own sustainability targets as part of formalising its reporting process. Realistic goals need to be defined that align with CIPF's ambition and capabilities around energy, emissions, water, waste, and other priorities identified through materiality assessments. The targets will help drive performance improvement across the aspects where CIPF has the most control and opportunity to manage change.



Annex I: Metrics

Factor	Category	Sustainability Indicator	Metric
Climate	Greenhouse gas emissions	GHG Emissions	Scope 1 GHG Emissions by real estate assets
Climate	Greenhouse gas emissions	GHG Emissions	Scope 2 GHG Emissions by real estate assets
Climate	Greenhouse gas emissions	GHG Emissions	Scope 3 GHG Emissions by real estate assets
Climate	Carbon Intensity	Carbon Intensity	Carbon Intensity (GHG / Revenue)
Climate	Carbon Footprint	Carbon Footprint	Carbon Footprint (GHG / Value)
Nature	Water, waste, and material emissions	Water usage and recycling	<ul style="list-style-type: none">● Average amount of water consumed by the assets (in cubic meters) per million of revenue and sqm.● Weighted average percentage of water recycled and reused by assets.
Nature	Water, waste and material emissions	Non-recycled waste	Tons of non-recycled waste generated by assets per million invested and per sqm. expressed as a weighted average.
Nature	Water, waste and material emissions	Waste production in operations	Share of real estate assets not equipped with facilities for waste sorting and not covered by a waste recovery or recycling contract.
Social	Social and Employee matters	Board gender diversity	Average ratio of female to male board members
Social	Social and Employee matters	Rate of accidents	Rate of accidents from CIPF service provides in investee assets expressed as a weighted average.
Social	Responsible procurement	Supplier code of conduct policy	Suppliers should pay a living wage and comply with human rights and anti-modern slavery / corruption practices. Where possible local suppliers will be used.



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