



Shaping the future

Sirius Real Estate Limited
Our ESG Ambitions



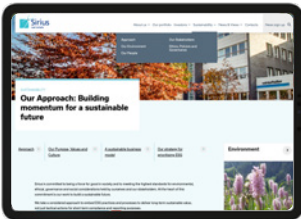
INTRODUCTION

Committed to building a sustainable future

Sirius Real Estate is committed to building a sustainable future based on sound economic foundations. We have always placed people, planet and ethics at the heart of our decision making while working to deliver strong and consistent returns to shareholders.

Three years ago, we started to formalise our environmental, social and governance (ESG) efforts and to establish clear priorities and objectives to embed in our corporate strategy and to support our corporate purpose. Having strengthened our governance structures and engaged our stakeholders, we have taken a leap forward in our evolution as an environmentally responsible business and strong corporate citizen.

We know we are on a journey – and this ESG introductory report is designed to set out our roadmap for our stakeholders to understand and engage in our ambitions. Over the coming years, we intend to refer to it and build on it, so that we can demonstrate our progress, hold ourselves to account and take the right actions environmentally, socially and commercially.



For more information, please visit sirius-real-estate.com/sustainability/approach

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SIRIUS AT A GLANCE

Empowering business, unlocking potential

Sirius is a property company listed in the premium segment of the London Stock Exchange and the main board of the Johannesburg Stock Exchange. We are a leading owner and operator of branded business and industrial parks providing conventional and flexible workspace in Germany and the UK.

Our strategy is to acquire underutilised, multi-tenanted, mixed-use properties and modernise them to provide higher yielding workspaces, enhancing rental and capital value through active portfolio management and improve their sustainable performance over time.

In the UK, we operate as BizSpace, having acquired the brand and its portfolio in 2021.

Our purpose, strategy and ESG ambitions are all intrinsically connected. Our purpose is to empower small and medium-sized businesses to grow and to unlock the potential of our people, our properties and the communities in which we operate. We are continuously working to create sustainable impact and long-term financial and social value.



Germany



78

sites



2 million sqm

lettable space



530

buildings



5,800

tenants

UK



71

sites



400,000 sqm

lettable space



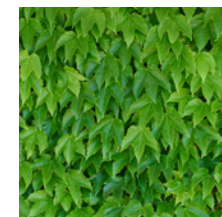
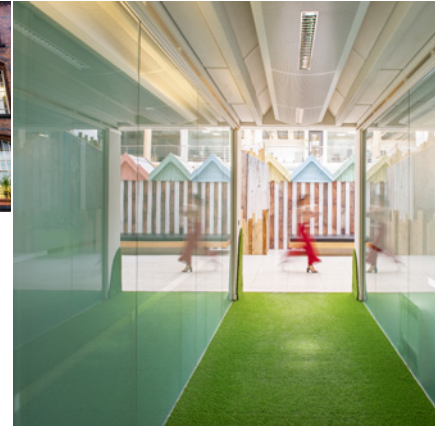
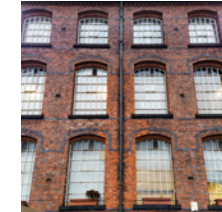
230

buildings



3,250

tenants



OUR VALUES

Building strong partnerships

Our core values are humility, integrity, adaptability and industriousness.

They sum up what matters to us and how we work each day to deliver long-term value for all our stakeholders. Identified through Company-wide consultation two years ago, these values are now being rolled out across our workforce as part of our ESG programme, including in the UK where we are integrating the BizSpace team.

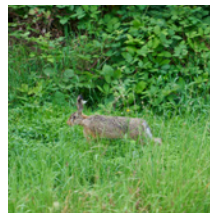
We strive to foster an open and collaborative culture at Sirius, where individuals feel motivated, recognised and rewarded for their contributions, talents and ideas. Although we are spread out across two countries, we are a collaborative team, building strong partnerships with our tenants, suppliers, communities and each other. We are confident this strong and unified culture will stand us in good stead as we continue our ESG journey.

Humility

- » Value openness and inclusivity, and be curious about ideas, opinions and experiences
- » Seek, provide and encourage honest feedback and discussion
- » Be hungry to listen and learn from others

Integrity

- » Act responsibly, take personal accountability for our actions and commit to the success of the team
- » Demonstrate respect towards others at all times and maintain professionalism in everything we do

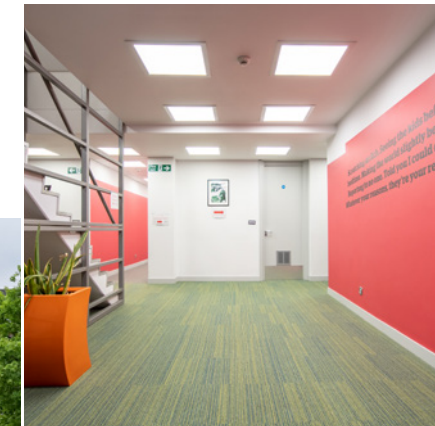


Industriousness

- » Work hard and smart, and show determination to find solutions and achieve results
- » Pursue excellence and define success as doing the right thing well

Adaptability

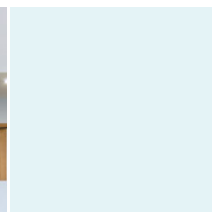
- » Be agile, ready to tackle new challenges when they arise and grasp new opportunities
- » Value flexibility in the way we work and respond to customer needs
- » Be open to change, encourage innovation and be relentless about looking for ways to adapt and improve



LETTER FROM THE CEO

A pragmatic approach to sustainability

“By building on our ongoing efforts to embed ESG into our operations and financial planning, we intend to increase the long-term value of our assets and create opportunities for growth.”



It has been another tumultuous year for the German and UK economies. So, why have we chosen to publish our first environmental, social and governance report outlining how we will embed these considerations into the business?

In a nutshell, we believe sustainability is good for our business. We want to deliver for our stakeholders now and in the future, adapting to the changes in the geopolitical environments, including climate change. By building on our ongoing efforts to embed ESG into our operations and financial planning, we intend to increase the long-term value of our assets and create opportunities for growth.

What opportunities there are. Real estate is the world's largest asset class and Sirius is a role model of the circular economy principles gaining traction with consumers and policymakers. Where once developers were urged to knock down buildings and build from scratch, now there is growing acknowledgement that extending the lifespan of buildings through renovation and retrofitting is key to avoiding embodied emissions and conserving resources. This has been our business model from the start. If and when it becomes an imperative due to regulation, carbon taxes or both, Sirius will be ready.

I am pleased to confirm that we will achieve net-zero for our Scope 1 and 2 emissions this year in Germany. This is thanks to close to 100% renewable energy provision at our new Berlin office and our asset management offices across the portfolio as well as our ongoing efforts to improve efficiencies in our heating and lighting systems, plus the transition of our company cars to hybrid or fully electric vehicles.

Now we need to confront the Scope 3 emissions in our value chain. Sirius is making strong progress towards understanding its carbon footprint, including the creation of an award-winning model to measure its embodied carbon in its refurbishment projects (see page 12). Having established robust baselines, we can now build a credible

and commercially viable net-zero pathway. With the nature of our assets, we recognise the importance and complexity of achieving net-zero across our business, but we are fully committed to doing so as quickly as reasonably possible.

Following our entrance into the UK market through the acquisition of BizSpace in 2021, I am also delighted by the ongoing efforts of our UK and German teams to collaboratively integrate our environmental and social programmes.

Our employees tell us they want to be part of a business that has a positive impact on the world, and we are listening. Our tenants tell us they support our efforts to become more sustainable, and we are listening.

We are listening to our shareholders too. Increasing the value of our assets, making our buildings more efficient to run, anticipating forthcoming regulation, attracting and retaining diverse talent, engaging with our tenants and communities, operating ethically – this all makes sound and sustainable business sense. With economic principles at the forefront of our strategy, we are confident these too will support the continued growth of Sirius Real Estate.

I would also like to express my gratitude for the hard work and commitment of colleagues across the business, including, but not limited to, members of our ESG Committees in Germany and the UK, our TCFD Working Group, our Sustainability and Ethics Committee and our Board. We have a journey ahead of us and we are committed to being completely transparent on our ambitions and how we will achieve them and look forward to updating our stakeholders on our progress.

Andrew Coombs
Chief Executive Officer
December 2022

ESG ROADMAP

Introducing the Sirius ESG roadmap

Sirius is committed to being a force for good in society and working to deliver a sustainable future.

In the three years since we first published our sustainability framework, we have taken great strides in embedding environmental, social and governance (ESG) factors into our business strategy, and in support of our corporate purpose. Now we are building on that progress to create a roadmap for our ESG journey. It will include a pathway to reduce our greenhouse gas emissions to net-zero and will detail how we will look after and develop our people and support our stakeholders.

We expect the journey to be challenging, but we won't be taking shortcuts. All our actions will be grounded in diligent management assessment, science-based principles and the need to generate long-term healthy returns for our shareholders. Robust oversight is given by our Board, which assumes overall accountability for our strategy, including climate-related risks and opportunities, and receives regular updates from our Sustainability and Ethics Committee, our ESG Committees and our TCFD Working Group.

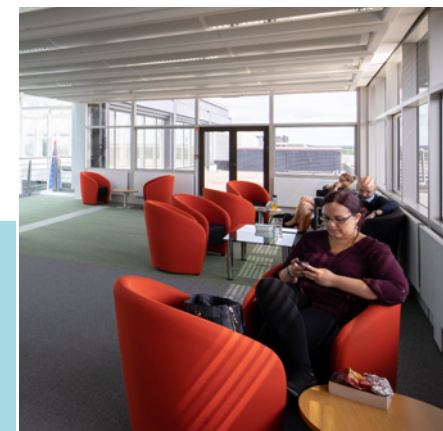
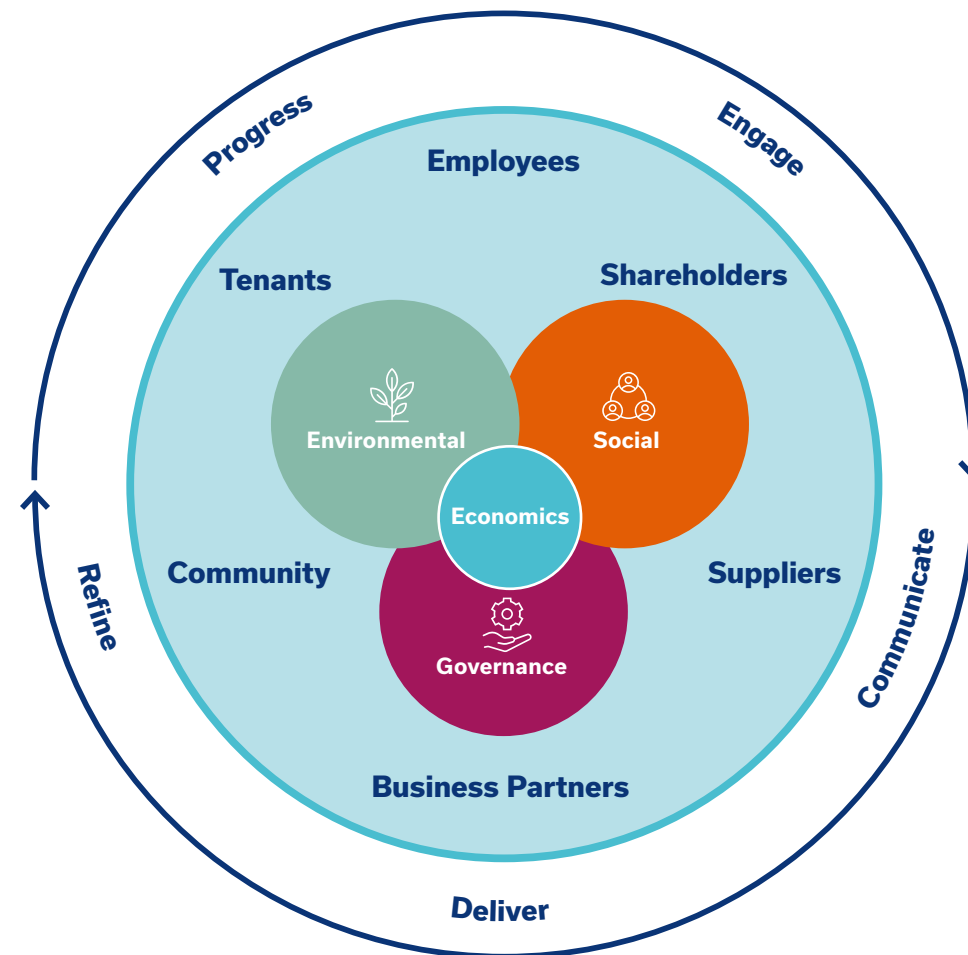
Identifying our key drivers

When developing the ESG programme, we sought to identify the non-financial risks and opportunities that could have the greatest impact on Sirius and establish where we should focus our efforts.

To gain insight, we engaged specialist consultants to conduct a formal review of our ESG activities and identify the material drivers of ESG, seeking to understand the views of our stakeholders. In early 2021, they spoke to shareholders, tenants, suppliers, employees, managers and the Board, gathering both qualitative and quantitative data through surveys and in-depth interviews. Our consultants also analysed the real estate sector at large, benchmarked us against our peers and referenced the issues identified by global standard setters SASB (the Sustainability Accounting Standards Board).

By combining these insights and analyses, we were able to identify the key environmental, social and governance issues that are materially relevant to the long-term success of our business. We were encouraged to find that most were already part of our ESG programme. However, the results have helped us cement our formal programme and better understand how we can continue to develop and improve.

+ For more information on the materiality findings, please see the Annual Report and Accounts 2022



OUR PRIORITY OBJECTIVES

Our priority objectives

Driving positive change must be commercially practical and compatible with the resources available to the business. Our materiality assessment helped us crystallise the areas where we should focus our investment, time and efforts to make the greatest impact, while safeguarding the needs of our business.

We have identified three overarching strategic goals, supported by 14 objectives which we are embedding into our strategy and operations.

We recognise that stakeholder priorities and sector trends are likely to change over time, so we intend to carry out a full materiality assessment every three years. This will ensure that we remain well informed of the sustainability issues relevant to our long-term financial performance. Our next materiality assessment will be conducted in FY2023/24.

Our strategic goals and objectives



Environmental

Strategic goal

Reduce our carbon footprint, achieve net-zero emissions and have a positive environmental impact across our platform, portfolio and value chain

Objectives

- 1: Create a GHG emissions reduction plan leading to net-zero emissions across the business
- 2: Embed environmental and social considerations into our modernisation, refurbishment and acquisition processes
- 3: Protect, support and expand biodiversity across our portfolio
- 4: Ensure the management and efficient reduction of water usage and waste

+ Read more on page 8



Social

Strategic goal

Encourage and invest in the training, development and wellbeing of our people, and enhance our positive impact on our local communities

Objectives

- 1: Support personal and career growth through a comprehensive training and development programme
- 2: Integrate wellbeing considerations across our business
- 3: Promote our purpose, values and culture
- 4: Cultivate a positive work environment through a clear diversity and inclusion programme
- 5: Make a positive economic and social contribution to our local communities

+ Read more on page 13



Governance

Strategic goal

Ensure our governance structures and policies support our strategy and enable us to identify and manage ESG risks and opportunities

Objectives

- 1: Encourage and support the development and management of ESG through appropriate structures and programmes
- 2: Put processes in place to identify and manage ESG-related risks and opportunities
- 3: Effectively engage with employees, shareholders, tenants, suppliers and business partners to promote our ESG objectives and ambitions
- 4: Ensure all our activities and procedures are in line with best practice and account for relevant UK/ German corporate regulations and codes
- 5: Provide clear, consistent and transparent communications and reporting

+ Read more on page 18



ALIGNING WITH THE UN SDGs

Embedding the UN Sustainable Development Goals

We wholeheartedly support the United Nations Sustainable Development Goals (SDGs), a global blueprint for peace and prosperity adopted by all member states in 2015.

When developing our ESG roadmap, we closely reviewed the 17 SDGs, which seek to end poverty, improve health and education, reduce inequality and spur on economic growth. We ran management workshops to identify and prioritise the SDGs where we believe we can have a positive impact or help to reduce negative impact. As a result of the workshops, we are focusing on four SDGs which will become integrated into our ESG programme.

Good for the planet – Good for business

As well as the clear benefits for people and planet, we believe there is a strong business case for Sirius to align with the SDGs:

- » Increasing the long-term value of our assets
- » Lowering utility costs through smarter, more efficient buildings
- » Mitigating risk by staying ahead of the curve in regulatory compliance
- » Increasing our attractiveness to a wider pool of investors
- » Meeting rising expectations of existing tenants for sustainable business practices
- » Improving recruitment and retention through our enhanced attractiveness as an employer



Ensure access to affordable, reliable, sustainable and modern energy for all



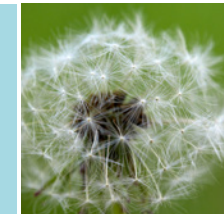
Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation



Make cities and human settlements inclusive, safe, resilient and sustainable



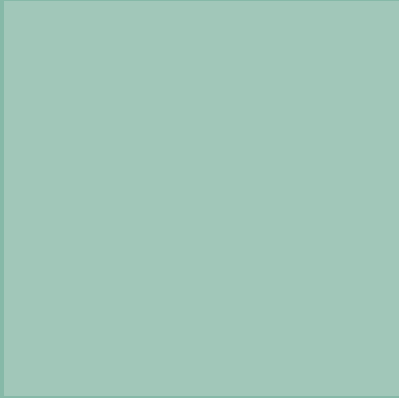
Take urgent action to combat climate change and its impacts





Environmental

Reduce our carbon footprint, achieve net-zero carbon emissions, and have a positive environmental impact across our platform, portfolio and value chain.





Environmental objectives

Objective 1

Create a GHG emissions reduction plan leading to net-zero emissions across the business

Sirius is committed to reducing greenhouse gas emissions to net-zero across our entire business, while also continuing to generate healthy returns for our shareholders.

Our German platform is on track to become net-zero by the end of FY2022/23 for Scope 1 and 2 emissions – namely emissions from sources we own and control, as well as electricity we purchase for our own operations. Within FY2023/24, we will also set Scope 1 and 2 reduction targets for our UK platform, with the intention of achieving carbon neutrality.

Some 98% of our total greenhouse gas (GHG) emissions, however, are in our value chain, mainly linked to the heating of properties by our 9,000 tenants across Germany and the UK. We understand that reducing these Scope 3 emissions is our biggest environmental challenge.

Defining a net-zero pathway

This year we conducted a rigorous assessment on a representative sample of our German properties, including office, industrial and storage workspaces. We used the EU-supported Carbon Risk Real Estate Monitor (CRREM) tool and the UN-supported Science-Based Targets initiative (SBTi) framework, which is the gold standard for corporate net-zero target setting anchored in Paris-aligned climate science. This assessment was then extrapolated across our entire German portfolio to give us a first indication of our potential to achieve net-zero.

Thanks to the insights from this analysis, we are now looking at the feasibility, both in practical and economic terms, of achieving net-zero emissions in Germany by 2045. We intend to be in a position to define a net-zero pathway for our German portfolio in FY2023/24.

We will then do the same analysis in the UK for the BizSpace assets, starting a process to assess the portfolio in FY2023/24.

In addition, we commit to publishing audited and certified reports of Scope 1, 2 and 3 GHG emissions across our business in FY2022/23 and to engage with CDP (formerly known as the Carbon Disclosure Project).

Accelerating carbon reduction

Our net-zero pathway will build on our ongoing carbon-reduction efforts. A step forward in curbing our platform emissions came in September, when we moved to our new Berlin office. The Sirius Group Services Centre is now located in a leased building with gold standard DGNB certification and powered by close to 100% renewable electricity. This matches our ambition to provide 100% renewable electricity to our German and UK portfolio. We are also transitioning our company cars to hybrid and battery electric vehicles, and making efficiencies in our procurement of food, IT, office supplies and shipping, to bring our emissions further down. As well as continuing to provide the maximum available renewable energy at our business parks, we are examining opportunities to generate our own renewable electricity on site, primarily through roof-mounted solar panels. An initial assessment of the potential for photovoltaic installations at a selection of our German business parks is due to be completed by the end of 2023.

Meanwhile our roll-out of smart energy meters across our German sites continues at pace and is on track to be completed by 2027. When lighting systems require replacement, the old inefficient lighting is converted to LED as part of a continual roll-out at all our properties.

We are also completing heating system checks in line with German regulations and currently have identified 17 heating systems that will be replaced, adjusted or more efficiently run over a ten-year period. This programme of heating system replacement will continue to evolve across the portfolio.

Despite our best decarbonisation efforts, we will inevitably be left with some unavoidable remaining GHG emissions. For these, we will use an accredited, credible and transparent carbon-offsetting programme, thereby achieving our net-zero goal.

We understand the importance of setting short-term decarbonisation targets, as well as our overall net-zero target. With the nature of our portfolio this also creates significant challenges. However, we are committed to putting these in place once we have undertaken the proper management and fiscal assessment, and we will be in a position to update stakeholders during FY2023/24.



ENVIRONMENTAL CONTINUED



Environmental objectives

Objective 1 continued

Staying ahead of the regulatory curve

In FY2022/23, we will complete an important step in our journey to integrate BizSpace into our environmental programme and eventual net-zero pathway – a review of the energy performance certificate (EPC) ratings of all our UK properties. This will be finalised to coincide with our first anniversary of the business acquisition. As part of the project, we have reviewed all EPCs across the portfolio so that we have the data to plan in upgrades, when economically viable. This is in line with the UK government's proposed plans for all commercial rental property to have an EPC rating of "C" by 2027 and "B" by 2030. We have linked this energy performance assessment to our decarbonisation plan by also taking into account all activities that can both improve the EPC rating and play a role in our intention to achieve net-zero emissions for our UK portfolio. Our work in this area will form part of our net-zero assessment due to be undertaken during FY2023/24.

Carbon pricing is another area where we are mitigating risk by anticipating future regulations. With governments signed up to the Paris Agreement, it seems inevitable that carbon pricing – a cost imposed per tonne of emitted CO₂e through taxes or trading systems – will become the regulatory norm across all sectors including real estate.

We have already begun factoring an internal carbon price into our financial planning for Germany. As clarity develops around the planned regulations for carbon pricing in Germany and the UK, we will be well prepared for any future impact on our business.



Objective 2

Embed environmental and social considerations into our modernisation, refurbishment and acquisition processes

Extending the lifespan of older buildings is core to our strategy and our sustainable approach is a key element of competitive advantage, as well as our carbon responsibility. We recently developed an award-winning model to calculate the carbon "embodied" in the materials used to renovate and refurbish our buildings. We will now use this data in our net-zero pathway and to promote the message that modernising existing buildings is often far more environmentally responsible than building new ones.

Every year we will measure and disclose the embodied carbon in the building materials used in our refurbishment work. By sharing this information with our supply chain through an engagement programme, we will encourage environmental responsibility and raise awareness of the Sirius net-zero pathway. We will also review our procurement and tender policies and target inclusion of ESG-related clauses.

As well as a responsibility to reduce our carbon, we believe we have a social responsibility to our tenants and employees. As part of our work to improve the infrastructure of our properties, we are continuing the roll-out of EV charging points in Germany. We are aiming to add a further 20 in FY2022/23 and to provide EV charging at all eligible German sites in the future. We are starting to explore opportunities to do the same in the UK. For our employees, we are supporting the formal bicycle leasing programme in Germany and the cycle-to-work scheme in the UK. This promotes wellbeing as well as reducing carbon emissions.

[+ Read more on page 12](#)





Environmental objectives

Objective 3

Protect, support and expand biodiversity across our portfolio

Humanity's survival depends on the diversity of plants and animals on Earth, and we recognise the contribution we can make in this context as owners of more than 500,000sqm of green space in Germany alone. Focusing on trees, bees and flowers, we will continue to protect and create space for biodiversity. We have identified over 30,000sqm that were previously lawns, to be converted into natural wildflower meadows which will be completed by the end of FY2022/23. We have over 9,000 trees on Sirius properties in Germany and during FY2021/22 we added 10,458 trees to the Sirius corporate forest which funds tree-planting in the Amazon, Kenya, Madagascar, Tanzania, Nepal and Spain. This accounted for 1,129.5 tonnes of carbon dioxide being absorbed through our reforestation projects. We plant a tree for every employee anniversary, conclusion of a rental agreement, completion of a tenant questionnaire and participation in a Sirius conference.

We have also set a target of adding another 20,000 trees to our company forest from our activities in Germany by the end of FY2022/23, plus a further 5,000 trees from our actions in the UK, working with our reforestation platform Tree Nation. These measures do not constitute a carbon offsetting programme for Sirius but are our positive contribution to global ecosystems in recognition of the crucial role played by trees.

Through our partnership with Hektar Nektar, we are also supporting and protecting the German and Austrian bee population which is under threat. We have sponsored a further 10 hives this year so that we now have 20 hives across the country and it is estimated that we have increased the bee population by over one million bees. We are in conversation with Hektar Nektar about how to continue to take this successful project forward.

In the UK, we are just beginning to look at the biodiversity potential and are working to complete our biodiversity mapping of the BizSpace portfolio, so that we can identify opportunities to improve during FY2023/24.

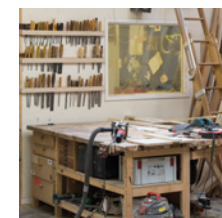
Objective 4

Ensure the management and efficient reduction of water usage and waste

Recent droughts and flooding in Europe are a stark reminder that proper water management is vital. Waste also remains a pernicious problem with the average European generating 4.8 tonnes a year. At Sirius, we are determined to address these issues through scrupulous management.

In Germany, we are aiming to replace all our main water meters with smart meters by the end of 2023, helping us identify leaks and excessive use. This will be followed by a review of our sub-metering systems. The roll-out will also give us an understanding of regular water usage across our portfolio so that we can set reduction targets. This will be backed up by enhanced reporting on water use and intensity levels.

Having centralised waste collection across the portfolio, we can now calculate our waste-related carbon emissions, which will help us reduce them. We commit to setting out a clear waste management strategy that will include reduction targets and improved monitoring of recycling, landfill and waste-to-energy rates. We are in dialogue with our waste contractors in both Germany and the UK about how we can work together to identify and achieve agreed targets, and we will update our stakeholders in the near future on this key part of our environmental programme.



SPOTLIGHT ON APPROACH TO EMBODIED CARBON



Our award-winning approach to embodied carbon

A staggering 39% of the world's carbon emissions is created by the construction and operation of buildings.

Most of that is the energy used every day to keep spaces warm, cool and well lit, but a significant 11% is "embodied carbon". This is the CO₂ created during the whole lifecycle of a building, from the extraction of raw materials to their refinement, manufacture, transportation and installation, as well as eventual demolition and disposal.

Counting this carbon is a huge challenge for companies, especially given the complexity of supply chains and the vast array of products and materials used in construction, from varying types of steel and concrete to different specifications of windows, carpets, insulation panels and paint.

A ground-breaking study

Sirius and our engineering partners Arcadis Germany recently won a national award for our innovative work in this field. Presented by the German Sustainable Building Council (DGNB), the Green-BIM Award 2022 recognises the building information modelling (BIM) system we devised to calculate embodied carbon associated with our refurbishment projects.

We studied a representative sample of our portfolio that included office, storage and industrial spaces. From this, we were able to create a catalogue of all the materials, components and specifications used as standard in our fit-outs, from cement to ceiling panels. We then assigned a CO₂e value to each material or component, using either precise data or market estimates.

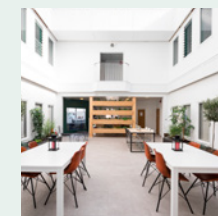
By creating 3D models of prototype spaces and extrapolating the data, we were able to calculate that the FY2021/22 emissions of our German portfolio comprised 6,777 MTCO₂e of embodied carbon.

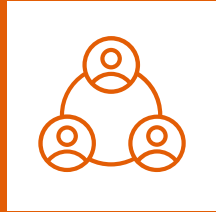
A scalable model

There were some surprises. For example, we discovered that steel accounted for almost 60% of the embodied carbon in our office projects, due to its use in drywall frames.

This advanced understanding of the drivers of CO₂ in our portfolio will propel us forward on our net-zero pathway. We now have a scalable model that we can use when planning future renovation projects. Equipped with robust data, we can make more sustainable supply chain choices and encourage our suppliers to develop less carbon-intensive solutions.

We are grateful to the Sirius team and our engineering partners for their work on this project. This key piece in the sustainability puzzle will be hugely beneficial to our business, enabling us to add long-term value to our assets and mitigate risk by creating workspaces for a carbon-conscious age.





Social

Encourage and invest in the training, development and wellbeing of our people, and enhance our positive impact on our local communities.





Social objectives

Objective 1

Support personal and career growth through a comprehensive training and development programme

Sirius aspires to be more than a great employer. We want to be exceptional. So, when our employees told us they craved more opportunities to learn, progress their careers and get involved with the Company, we listened and acted.

In October 2022 we launched the Sirius Training Centre, which includes the Sirius Academy. It is located in our new Berlin office and will enable us to coordinate our employee development activities (both virtual and in person) across Germany and the UK. The Training Centre offers a multitude of learning and development opportunities to employees in all locations and at all seniority levels.

Employees will be able to access a wide range of initiatives focusing on enhancing technical skills, managerial and leadership competencies, as well as learning about our values and completing compulsory compliance-related training. Founded on the principles of autonomy, mastery and purpose, the Training Centre will empower employees to pursue and master skills that match their own goals, while supporting their continued progress within the business and even beyond. Many programmes will be fully accessible online and we will create opportunities for German and UK employees in the field to benefit from face-to-face learning at our new office in Berlin. We believe that this will be a key driver in enhancing individual engagement, while supporting the achievement of our commercial goals for our shareholders.



Objective 2

Integrate wellbeing considerations across our business

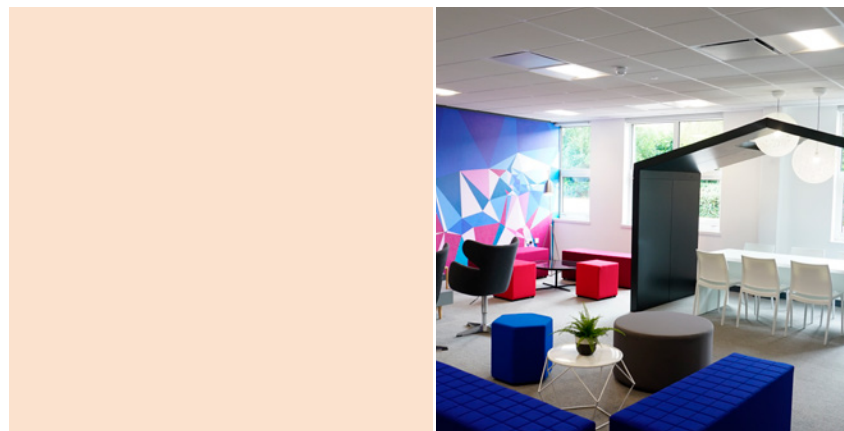
The mental and physical wellbeing of our employees is of paramount importance to Sirius. We will continue to ensure that all ongoing efforts form part of an overall health and wellbeing strategy and programme.

Independent mental health support is available 24/7 for all our employees. For Sirius staff in Germany, this is delivered through the Fürstenberg Institut employee assistance programme (EAP). BizSpace employees and their households have access to an EAP, which also provides mindfulness videos and monthly engagement emails.

Our internal team of mental health first aiders is also growing and has been widely used and appreciated. Wellness is also firmly embedded within the Sirius Training Centre offering, through which we aim to raise awareness and foster dialogue about mental health while encouraging employees to incorporate good mental and physical habits into their daily lives. We also offer and support our employees through membership options of gym, yoga, volleyball and football clubs.

As part of our ongoing work, we will include mental health considerations in employee engagement and training and enhance policies to support employee wellbeing and work-life balance.

Over the next year we will continue to roll out a cultural, social and business-focused events calendar, with a mixture of in-person, hybrid and online opportunities to foster connection and collaboration, which are the cornerstones of excellence in performance. Open lunch events with Directors, networking breakfasts and quarterly catch-ups will empower people at all seniority levels to share knowledge and perspectives. Film screenings, football evenings and other entertainment will give them a chance to get to know each other better.



SOCIAL CONTINUED



Social objectives

Objective 3

Promote our purpose, values and culture

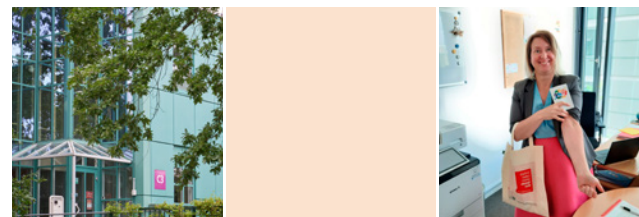
Humility, integrity, adaptability and industriousness are the core values that sum up what is important to us. Having identified them through Company-wide consultation two years ago, we are now embedding them in the behaviours and practices our employees use in their day-to-day working lives, from onboarding to customer relationship management. By doing so, we aim to create a unified open and collaborative culture and fulfil our purpose to empower businesses and unlock the potential of our people, properties and communities.

We will continue to promote our values, purpose and culture across the organisation through platforms such as our annual employee survey, workshops and other events, meeting face-to-face where possible. We recently held a gathering in Spain, for example, bringing together as many members of the workforce as possible to forge relationships and share knowledge and ideas.

Our CEO Andrew Coombs will continue to tour our business parks with other senior leaders, including our Chairman, to gain vital first-hand feedback from colleagues in the field, providing another opportunity for us to spread the word. We will also increasingly embed environmental and social ambitions into our values and competencies, as well as our Sirius Training Centre programmes.

Sharing the success of Sirius

Because our people are the key to our success, we want to increase the number who have a stake in that success. As of FY2021/22, 101 of our colleagues in Germany, representing 35% of the workforce, are shareholders through our LTIP, SIP or Discretionary Employee Award (DEA). In the future, we aim to increase these by actively promoting the benefits of employee ownership across both Sirius and BizSpace.



♂
51%

employees are female

♀
49%

employees are male



Objective 4

Cultivate a positive work environment through a clear diversity and inclusion programme

Sirius strives to provide a safe and welcoming working environment, where everyone feels valued, included and able to thrive.

We are proud of the equal gender balance in both our UK and German teams, where 51% of employees are female and 49% male. We also recognise that we are enriched by the cultural and ethnic diversity of our employees, who represent no fewer than 40 nationalities and have an age range of 20 to 68.

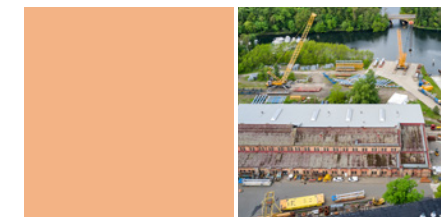
We will continue to promote a clear anti-discrimination and diversity policy and to set existing initiatives within an overarching strategy led by the ambassadors in our Diversity Working Group spanning Germany and the UK.

Tackling unconscious bias

Our trial of unconscious bias training for management in 2022 was a huge success and we will now make this compulsory for all employees on top of existing online equality and diversity training which takes place every two years. We have also introduced a zero-tolerance policy against abusive behaviours and discrimination. It applies to tenants as well as employees.

We will continue to actively recruit with diversity and inclusion in mind, particularly at senior levels, and to use the Frauen-Karriere-Index (women's career index) which benchmarks companies that support the advancement of women and promotes diversity.

Diversity Action Week and attendance at Pride Day events are just some of the ways that employees are encouraged to actively embrace diversity and inclusion.





Social objectives

Objective 5

Make a positive economic and social contribution to our local communities

With more than 9,000 commercial tenants on our business parks, Sirius is a hub for close to 150 communities across Germany and the UK.

We recognise the importance of engagement, not only to minimise any potential negative impact, but also to make a positive contribution to the communities in which we operate.

Our workforce in Germany is on target to achieve 480 hours of charity work by the end of FY2022/23, thanks to paid time off for volunteering. BizSpace employees can each take one full working day per year for community work, and this year we have launched a similar scheme for Sirius employees, who can take half a day annually or donate this time to colleagues keen to volunteer more regularly.

Bringing communities together

Across our business parks in Germany, we plan to open independent cafes that will be available to our on site staff as well as tenants and local residents (where possible) so that our field officers can foster links with their communities.

To further engage with and support our local communities, we are now developing two programmes to generate a positive social impact. Firstly, during FY2023/24 we will launch a programme whereby businesses that can demonstrate a strong local social purpose can apply for favourable terms to our agreements. Secondly, we are also planning to launch an internship and apprenticeship programme targeted at residents local to our sites, which will be rolled out in FY2023/24.



480

Hours target looking to be achieved at FY2022/23 in Germany



SPOTLIGHT ON INTEGRATING BIZSPACE



Integrating BizSpace

When we welcomed BizSpace to the Sirius Group in 2021, we were confident our combined businesses would be a natural fit.

After all, BizSpace is a leading owner and operator of flexible workspaces on the edge of towns and cities in the UK, catering particularly for small and medium-sized businesses. The operational and financial synergies with our German business were obvious. What took us by surprise was the extent of common ground between our social programmes and outlooks.

By coincidence, the gender balance of our teams was identical – 51% female, 49% male – and our shared interest in diversity and inclusion made it straightforward to unite our diversity and inclusion teams into a single Diversity Action Group spanning Germany and the UK.

We also had similar core values which provided a strong foundation for our combined future. After exchanging ideas through workshops, focus groups and a gathering of the entire workforce in Spain, we have now incorporated our values and behaviours into a unified culture and way of working and begun rolling this out across the Group.



Forging cultural connections

With people from multiple nationalities working at Sirius, we have always provided our staff in Germany with the opportunity to take both German and English classes. When 140 UK-based staff joined the team, it was a natural step to offer German classes to them. We plan to build on cultural links through visits and work exchanges across our two countries. This will also provide an opportunity for our BizSpace colleagues to visit our new office in Berlin, to forge relationships, enjoy our social and wellbeing facilities and benefit from face-to-face training and career development through our Sirius Training Centre (see page 14).



>89%

of our total workforce responded to our annual employee survey

Fostering Company-wide cohesion

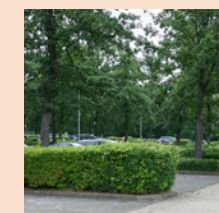
With employees spread out across close to 150 business parks in Germany and the UK, engagement is hugely important. Our annual employee survey in the spring provided a golden opportunity to connect with our BizSpace colleagues and find out what mattered to them.

More than 89% of our total workforce responded and 75% signalled strong approval of the Sirius leadership team. We were pleased to learn that our employees appreciated the deepened focus on Company values, diversity and inclusion and employee development as well as our new Values Champion Awards, in which colleagues can nominate and vote for role models who put our values into practice every day. But most of all, we were delighted to learn that our employees were happy with colleague and team communication and cohesion. With BizSpace on board, we are confident the Sirius Group will go from strength to strength.



75%

signalled strong approval of the Sirius leadership team





Governance

Ensure our governance structures and policies support our strategy and enable us to identify and manage ESG risks and opportunities.



Governance objectives

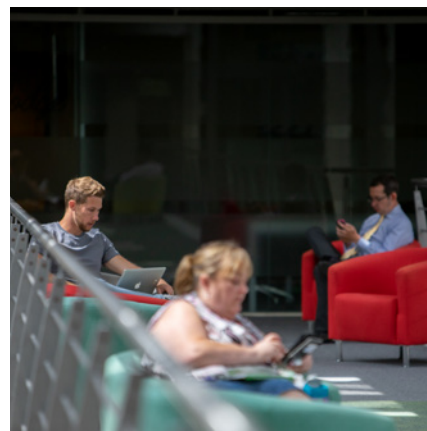
Objective 1

Encourage and support the development and management of ESG through appropriate structures and programmes

Robust governance structures underpin our ESG strategy with clear oversight responsibilities at Board and executive level. The Board will continue to assume overall responsibility and accountability for the management of climate-related and social risks and opportunities, with ESG included on the agenda at every meeting. As Chair of the Sustainability and Ethics Committee, the CEO will provide regular updates to the Board on ESG matters and work with executive management to shape policy and strategy to improve the Group's environmental and social performance. Via this Committee, the Board also receives reports from the ESG Committees and TCFD Working Group, headed by the Chief Marketing and Impact Officer, Kremena Wissel.

We commit to carrying out materiality assessments to assess ESG progress every three years with the next due in FY2023/24.

Executive Directors and qualifying staff will continue to be set annual objectives on ESG matters. As we develop more detailed environmental and social targets, for example on our decarbonisation and net-zero pathway, it is our intention that these will be considered as part of the management review and remuneration processes and disclosed accordingly for full transparency.



Objective 2

Put processes in place to identify and manage ESG-related risks and opportunities

We have a transparent approach to risk, with management and reporting overseen by our Board and Audit Committee. We will ensure our risk management process and framework accounts for ESG-related factors and timeframes, with regular reviews.

To understand the climate resilience of our entire portfolio, we are committed to continuing with an in-depth assessment and management of transitional and physical risks and opportunities, in compliance with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). This includes identifying and reporting climate-related risks and opportunities that may arrive in the short, medium and long term. During the current year, we will be integrating BizSpace into the TCFD methodology for the first time. This will include undertaking a 1.5–2.0°C scenario in line with the Paris Agreement, as well as a late mitigation scenario of 3.0–4.0°C of climate change for both BizSpace and Sirius' German portfolio.

A physical risk assessment for a sample of UK and German assets will also be completed.

We will integrate these TCFD findings into our risk management process and report within FY2022/23.

As part of our risk process, we have also integrated environmental, social and governance factors such as climate and biodiversity into our pre-acquisition due diligence process.



GOVERNANCE CONTINUED



Governance objectives

Objective 3

Effectively engage with employees, shareholders, tenants, suppliers and business partners to promote our ESG objectives and ambitions

Understanding the views and priorities of all our stakeholders is key to our long-term performance. We will continue to regularly consult them to gather insights on operational, strategic and ESG issues. This will include both our triennial materiality assessment and more regular surveys gauging levels of satisfaction.

Acting on feedback from employees that they want to get more involved, we will create processes in FY2022/23 to engage our workforce and keep them well informed as we deliver the decarbonisation pathway. This will be done through CEO forums, the Sirius Training Centre and environmental training, starting with employees and longer-term involving other stakeholders.

In FY2023/24 we will continue to engage with our stakeholders, including tenants, suppliers and business partners. As we set out our decarbonisation pathway towards net-zero, this will include a programme of awareness, education, engagement and cooperation with our stakeholders. We will act in partnership with our suppliers and tenants, both listening to their issues and working with them on solutions as part of our efforts to decarbonise our operations.



Objective 4

Ensure all our activities and procedures are in line with best practice and account for relevant UK/German corporate regulations and codes

We will regularly review and update our Code of Conduct and policy documents to ensure we remain in line with best practice and the law, including the UK Corporate Governance Code, Companies Act, Bribery Act and Modern Slavery Act, as well as their German equivalents.

All ESG policies will be fully reviewed to ensure they are up to date in FY2022/23.

We will also ensure our health and safety practices remain robust through raising awareness and training. We will maintain a process for raising awareness of policies and carrying out employee training as appropriate.





Governance objectives

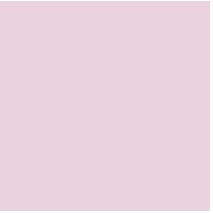
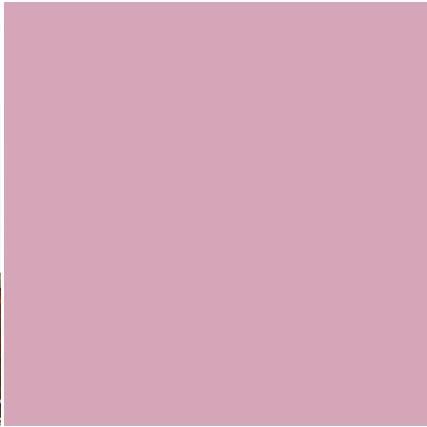
Objective 5

Provide clear, consistent and transparent communications and reporting

Trust and reliability underpin our relationships with stakeholders. So, last but not least, we commit to providing consistent and accurate reporting of our ESG programme, including our progress against targets and KPIs. As the programme evolves, this will include more defined targets, which we will communicate consistently and transparently through our website, Annual Report and ESG Report. We are committed to maintaining open communication with investors, employees and tenants and to creating a process for monitoring their feedback and recognising their input in our decision making.

Staying engaged, aware and informed

We believe that our intention to continually update our ESG materiality assessment will enable us to focus on the areas that will have the most influence on our business performance and resilience in an economic manner to drive shareholder value. We will provide clear and consistent communication to all our stakeholders on our developments and engage, as appropriate, with the recognised ratings agencies.



SPOTLIGHT ON EFFECTIVE GOVERNANCE



Integrating climate change into our business

Climate change resilience is a priority for Sirius and we take a proactive approach to futureproofing our business and its reputation.

Understanding the climate-related risks and opportunities to our business in the short, medium and long term is an increasingly important focus of our ESG and risk management strategies. Starting with our German assets, we began climate scenario planning in alignment with the Task Force on Climate-Related Financial Disclosures (TCFD) in FY2021/22. We carried out an analysis based on the transition risks and potential impact of a global rise in temperature of 1.5–2.0°C – a level acceptable under the terms of the Paris Agreement – and also an initial assessment of our physical risks up to 1.2°C of climate change.

By the end of FY2022/23, we aim to have analysed the transition risks and potential impact of 1.5–2.0°C of climate change on our UK assets. We will also undertake a further climate scenario analysis for the whole business for 3.0–4.0°C of climate change and conduct a further physical risk assessment.

Our transition and physical risks

Our transition risks include reduced demand for assets without a carbon-reduction plan, increased operating costs due to the introduction of carbon pricing, higher insurance rates for buildings with high emission intensities and the threat of lawsuits or operational problems due to regulatory changes.

Based on 1.2°C of climate change, our physical risks include flooding, coastal storm surges and windstorms, although the exposure of our German assets is low. See our website or Annual Report for our findings in full.

www.sirius-real-estate.com/investors/reports

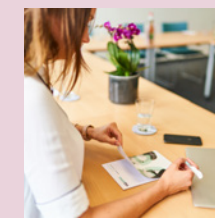


Mitigating our risks

Operationally and strategically, we have in place, or are developing, several mitigating actions to address these transition and physical risks:

- » our business model prioritises refurbishment over demolition and reconstruction;
- » our developing ESG framework and strategy including climate-related risks;
- » our developing carbon-reduction plan and net-zero pathway, including robust tracking and targets;
- » our management of sustainability within the supply chain;
- » our continued monitoring of the regulatory landscape; and
- » our evolving risk framework which includes ESG and climate-related matters.

Thanks to robust oversight from our Board, with input from the Sustainability and Ethics Committee, Audit Committee, ESG Committees and TCFD Working Group, we are integrating climate-related risks and opportunities into our decision making at every level. As a result, we hope to remain resilient in the face of climate change and to merit the confidence that our stakeholders place in us.



OUR IMMEDIATE PRIORITIES

Our immediate targets

As our ESG programme evolves, we hold ourselves accountable by measuring our performance against agreed targets and objectives:

Target 1

Achieve net-zero for our Scope 1 and 2 emissions in Germany in FY2022/23 and be carbon neutral in the UK in FY2023/24

Target 2

Set out a long-term pathway to achieve net-zero emissions, including shorter term decarbonisation targets, for Germany in FY2023/24 and for the UK in FY2024/25

Target 3

Complete a detailed assessment of the opportunity and feasibility for on-site renewable energy generation for the German portfolio in FY2023/24

Target 4

Continue to improve our alignment with TCFD and advance our carbon-emissions reporting through a full submission to CDP in 2023

Target 5

Complete a detailed assessment of the UK property portfolio to understand the required actions and investment needed to meet UK government regulations for EPC "C" by 2027 and "B" by 2030, and link to our decarbonisation pathway, in FY2023/24

Target 6

Update our biodiversity strategy in Germany and outline our plans for the UK portfolio in FY2023/24

Target 7

Promote a clear waste and water management strategy across the wider business in FY2023/24

Target 8

Continue to build out our Sirius Training Centre and set targets for total training hours in Germany and the UK in FY2023/24

Target 9

Launch our programme to support local, positive social impact businesses in FY2023/24

Target 10

Launch our local internship and apprenticeship support programme in FY2023/24

Target 11

Ensure our tenants are part of our ESG journey through the development of a tenant engagement programme in FY2023/24

Target 12

Update our ESG materiality assessment covering Germany and the UK in FY2023/24




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