



Our Pathway to Net-Zero Carbon

March 2022

COMMITTED TO OUR COMMUNITIES



We recognise that we are in a state of climate emergency. In order to restrict global warming to within the limits adopted by the Paris Climate Agreement in 2015 (below 2°C above pre-industrial levels and pursue efforts to 1.5°C), global emissions must halve by 2030 and reach net-zero by 2050.

Our unique position as a long-term investor in local communities across the United Kingdom creates invaluable opportunities to leverage change. We recognise our responsibility to ensure our portfolio can weather the physical and transitional risks created by a changing climate. This means transitioning to a low-carbon model to ensure the long-term resilience of our business and the returns we achieve for our investors, as well as the all-important communities we serve. We believe that this will serve to support thriving communities, reduce operating costs and unlock growth opportunities, which are central to our investment case.



We established our ESG programme in 2015 with a core intention to minimise our impact on the environment. Through our active approach, we have taken huge strides towards this ambition. Environmental considerations are now woven into the fabric of our business model, the way we assess opportunities, and how we engage with our stakeholders. Our commitment to net-zero is the logical next step on our journey.



We are therefore delighted to share with you, our Pathway to Net-Zero Carbon. This document provides the scope of our commitment and our intentions for measuring our progress, developed in accordance with the Better Buildings Partnership's (BBP) Net-Zero Carbon Pathway Framework and aligned to a 1.5 degree future using the Science-Based Targets (SBT) Methodology.

DEFINING NET-ZERO CARBON

Our net-zero carbon (NZC) commitment aligns with the widely-accepted definition for the commercial real estate sector, defined by the UK Green Building Council (UKGBC). The following provides an explanation of how the definition of NZC applies to NR's value chain.



Current market definition

NewRiver Corporate

“When a net-zero balance between the emission of greenhouse gases into the atmosphere by an organisation and their subsequent removal using long-term carbon sinks ‘offsets’ is met.”

Operationally

“When the amount of carbon associated with the building’s operational energy is zero or negative. A net-zero carbon building is highly energy efficient* and powered from on/off-site renewables, with any remaining carbon balance offset.”

Re-development & Major Refurbishment Projects

“When the amount of carbon emissions associated with a building’s product and construction stages up to practical completion (embodied carbon)* is zero or negative, through the use of offsets or the net export of on-site renewable energy.”

The following must be achieved for NewRiver to achieve NZC

- All carbon emissions associated with NR’s value-chain must be collated and reported (See page 8 for full scope of emissions).
 - At the end of 2025 if there are any residual carbon emissions, credible emission offsets must be purchased.
 - NR will minimise emissions associated with its corporate consumption of utilities and generation of waste, whilst working with employees to pursue efforts to reduce the impact of commuting and business travel. NR will review and engage with goods and services providers, to seek to identify opportunities to reduce their associated carbon impact.
- All carbon emissions associated with the operational running of the asset must be collated and reported. (See page 8 for full scope of emissions).
 - The asset must meet the market defined energy usage intensity (EUI) (kWh/Sq.ft) targets for the relevant asset type (shopping centre, retail park, & leisure).
 - The asset must use 100% renewable energy either from on-or-off site renewable supplies across both landlord common areas and occupier space.
 - The asset should be decarbonised eliminating fossil fuels for space heating and hot water.
 - Credible carbon emission offsets purchased to offset residual emissions at the end of term.
- The project must meet the market defined embodied carbon targets for the relevant property sector*.
 - The asset must be designed to meet the market defined EUI targets for that asset type in its operational phase (shopping centre, retail park, & leisure).
 - The asset must be designed to eliminate reliance on fossil fuels for space heating and hot water.
 - Consideration must be given to assets’ Whole Life-Cycle Carbon.*
 - The total embodied carbon of each project must be offset either through the net-export of on-site renewable energy or through the purchase of credible offsets at point of practical completion.

* Industry working groups are developing embodied carbon targets for refurbishment and new constructions and seeking to developing standardisation for assessing and reporting the Whole Life-Cycle Carbon of an asset

OUR PATHWAY TO NET-ZERO

ALIGNING TO THE SCIENCE

In October 2021, the Science Based Targets initiative (SBTi) published its Corporate net-zero Standard – the world’s first framework for corporate net-zero targets consistent with a 1.5°C future.

Science-based targets (SBTs) provide companies with a clearly defined pathway to future-proof growth by specifying how much and how quickly they need to reduce their GHG emissions to achieve a net-zero world by no later than 2050.

Pragmatic net-zero strategies place the corporate SBT methodology at their hearts, prioritising rapid decarbonisation before the use of carbon offsets. This is the approach that NewRiver will take. Carbon removal should enhance the strategy and enable the attainment of net-zero in the final stages, rather than be led by it.

THE CARBON RISK REAL ESTATE MONITOR (CRREM)

The working definition of a ‘net-zero asset’ is one that has a running energy efficiency (energy demand) which allows for the whole of the UK’s economy to be fully and viably powered by zero carbon energy (renewables) in 2050.

The Carbon Risk Real Estate Monitor (CRREM) has mapped asset energy usage intensity (EUI) targets that must be met by the real estate sector over the next 30 years, to match the demand of renewable energy globally. The UKGBC has asserted that this equates to a 60% reduction in energy intensity across all real estate in the UK, and has begun to set market accepted EUI targets for different sectors.

Achieving a reduction in energy demand is therefore an essential part of our net-zero strategy.

We recognise that the definition of net-zero carbon varies across the industry, primarily in terms of what should be recognised as a net-zero carbon asset or portfolio. As industry understanding improves, NewRiver’s position will be reviewed and updated accordingly. We have adopted the UK Green Building Council’s definition in the development of our pathway.

Our Net-Zero Targets

- 2025: Corporate emissions
- 2040: Landlord-controlled portfolio emissions
- 2050: Development projects and tenant-controlled portfolio emissions

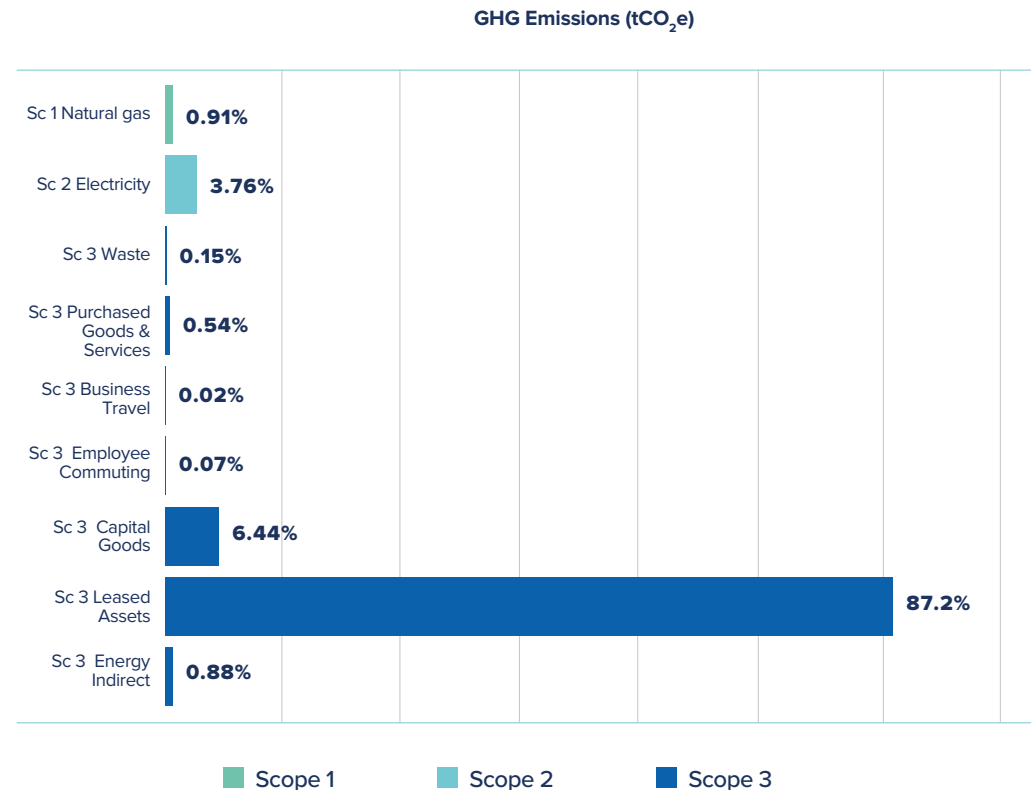
OUR CARBON EMISSIONS BASELINE

The carbon emissions from our leased assets* are the dominant emission source, representing almost 90% of total Scope 1, 2 and 3 greenhouse gas (GHG) emissions.

These emissions may not all be in NewRiver’s direct control, however many of our occupiers are setting their own net-zero commitments and we hope to work closely with them to ensure we are collaboratively realising our objective to decarbonise our real-estate and their operations, together.

NewRiver’s FY20 Carbon Emissions baseline

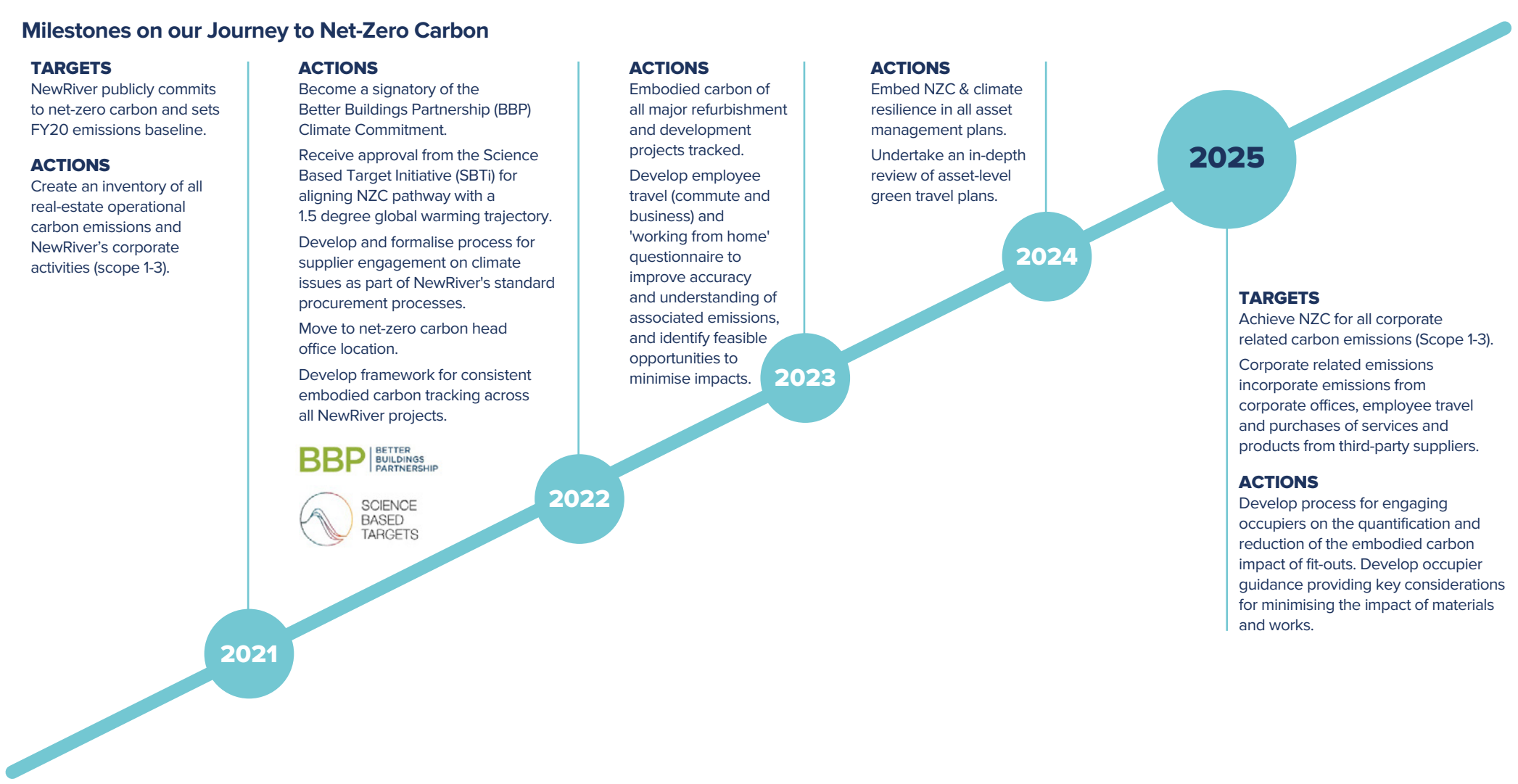
NewRiver’s combined Corporate and Real Estate Scope 1, 2 and 3 GHG emissions for FY20 amounted to 68,274.34 tCO₂e (location-based), and 65,716.40 tCO₂e (market-based).



* The majority of emissions from the leased assets (tenant occupied areas) has been estimated based on sample and industry benchmarks. A key NZC pathway action is to ensure actual tenant data is collected to understand the actual whole building energy performance and carbon emission intensity of NR’s real-estate activities.

OUR 2025 NET-ZERO COMMITMENT PATHWAY

NewRiver commits to achieving NZC for all corporate emissions by 2025, NZC for landlord-controlled areas of our portfolio by 2040 and tenant-controlled areas by 2050. The scope of our commitment will be reviewed each year to ensure it remains relevant to our business activities and aligns with best practice. Our pathway to 2025 is as follows:

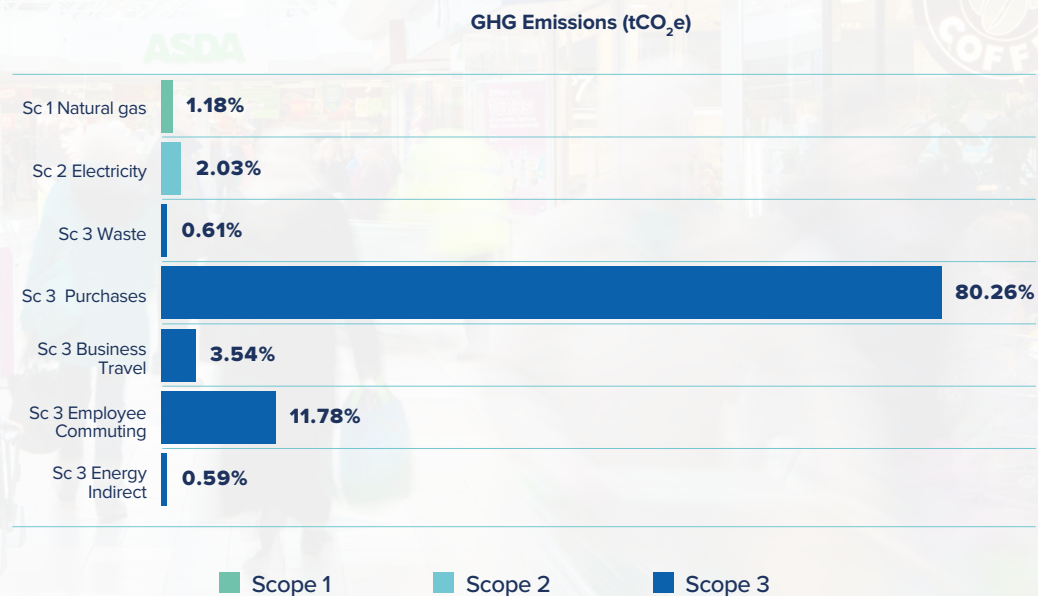


OUR CORPORATE EMISSIONS BASELINE

NewRiver's FY20 Corporate Emissions Baseline

The graph shows NewRiver's FY20 carbon emissions baseline across our corporate activities, to which our 2025 net-zero target applies. The majority of our emissions are Scope 3 emissions, over which we have only indirect control. We are committed to ensuring all emissions for which we are directly and indirectly responsible fall within the scope of our commitment, and will seek to engage with the suppliers of our purchased goods & services on the issue of emissions reductions.

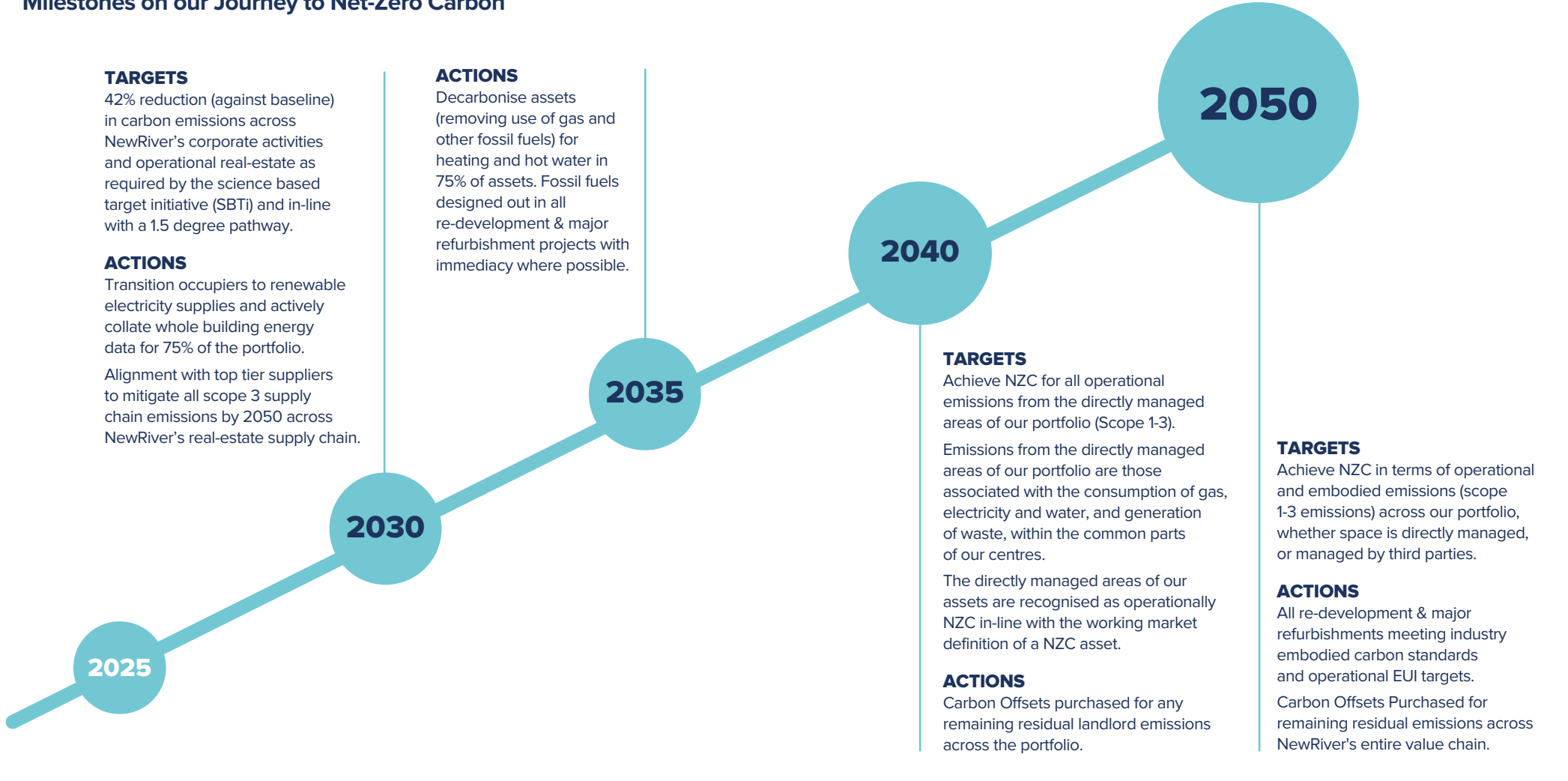
Combined Scope 1, 2 and 3 Corporate GHG emissions in FY20 amounted to 414.96 tonnes.



OUR NET-ZERO COMMITMENT PATHWAY: BEYOND 2025

By 2030 we will be well on our way to fully decarbonising our portfolio with our aim to be NZC across landlord-controlled areas by 2040 and tenant-occupied areas by 2050.

Milestones on our Journey to Net-Zero Carbon



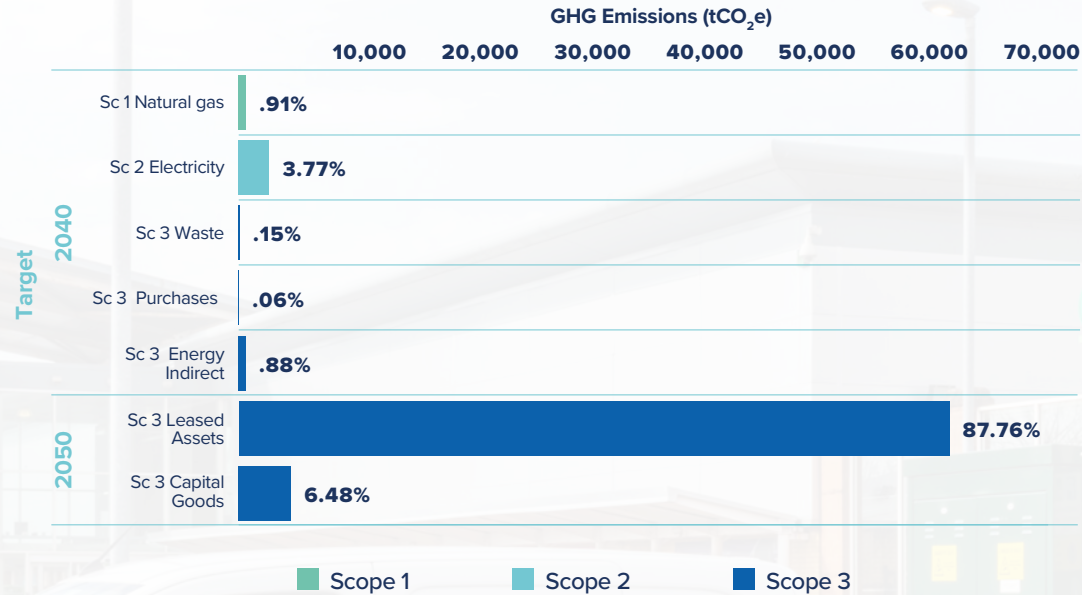
OUR PORTFOLIO EMISSIONS BASELINE

NewRiver's FY20 Portfolio Emissions Baseline

The graph shows NewRiver's FY20 carbon emissions baseline across our real estate portfolio, for which we have committed to NZC by 2040 for landlord controlled areas and 2050 for tenant-controlled areas. Our combined Scope 1, 2 and 3 portfolio GHG emissions for FY20 amounted to 67,859.79 tCO₂e (location-based), and 65,301.84 tCO₂e (market-based).



Our 2040 & 2050 Net-Zero commitments



Please note our portfolio emissions baseline excludes purchased goods & services associated with the operational management of the estate, such as property management and maintenance services, as the accounting of different GHG emissions sources will be staggered as data collection methods evolve and transparency increases. For the avoidance of doubt, these emissions do fall within the scope of our commitment and we will work closely with our suppliers of these services to understand and account for associated emissions as accurately as possible, well in advance of our 2040 target.

Emissions from occupier fit-out & refurbishment projects have not been included in the scope of our commitment. Our current level of oversight of these activities is limited, which presents a significant challenge to us and the sector as a whole. As a signatory to the BBP Climate Commitment, we have set a 2025 pathway action to begin engaging with our occupiers on the carbon impacts of fit-out and refurbishment works and, in doing so, will consider how the inclusion of this emissions source in our commitment might be achieved in future. Further details of the current scope and how it aligns with the BBP's requirements can be found on page 8.

GARDEN CENTRE



DETAILED SCOPE OF OUR NET-ZERO COMMITMENT

In setting our NZC pathway, we have aligned the reporting boundary to the BBP's net-zero framework. The BBP requires signatories to include the following activities within the scope of their net-zero carbon targets. This is also closely aligned with the emissions sources addressed by the UK GBC's definition of a net-zero asset.

The following scope will apply to all NewRiver assets and corporate activities in alignment with the BBP net-zero carbon pathway and the Greenhouse Gas (GHG) Protocol.

AREA	ACTIVITY	GHG SCOPE	BBP REQUIREMENT	NEWRIVER'S NET-ZERO SCOPE			
				GHG emissions to be accounted for as part of this commitment*	Net-Zero Pathway Actions to be set as part of commitment		
NEWRIVER CORPORATE ACTIVITIES	Energy consumption	Scope 1 & 2	No	Yes	Yes		
	Waste production	Scope 3	No	Yes	Yes		
	Business travel	Scope 3	No	Yes	Yes		
	Employee commuting	Scope 3	No	Yes	Yes		
	Purchased goods and services	Scope 3	No	Yes	Yes		
NEWRIVER OPERATIONAL PORTFOLIO	Energy (fuels and electricity) purchased	Landlord	Scope 1 & 2	Yes	Yes	Yes	
		Occupier	Scope 3	Yes	Yes	Yes	
	Refrigerants	Landlord	Scope 1 & 2	Yes	Yes	Yes	
		Occupier	Scope 3	No	No	Yes	
	Water	Landlord	Scope 3	Yes	Yes	Yes	
		Occupier	Scope 3	No	No	Yes	
	Managed Waste	Landlord	Scope 3	Yes	Yes	Yes	
		Occupier	Scope 3	No	No	Yes	
	Purchase of goods and services**	Landlord	Scope 3	Yes	Yes	Yes	
		Occupier	Scope 3	No	No	No	
	Occupier Transport (landlord impacts)		Scope 3	No	No	Yes	
	NEWRIVER DEVELOPMENT, REFURBISHMENT & DEVELOPMENT ACTIVITIES	New development works		Scope 3	Yes	Yes	Yes
Refurbishment works			Scope 3	Yes	Yes	Yes	
Controlled fit-out works		Landlord		Scope 3	Yes	Yes	Yes
		Occupier		Scope 3	Yes	No	Yes
End of life			Scope 3	No	No	Yes	

* The accounting of GHG emissions sources will be staggered as data collection methods evolve and transparency of data increases through advancements in technology across the portfolio and direct collaboration with occupiers and suppliers.

** This relates to services procured by the landlord to service and maintain the space i.e. property management, service charge recoverable items and minor CapEx items e.g. minor replacements.

OUR NET-ZERO DELIVERY STRATEGY

The NZC status of our real estate operations presents significant opportunity to mitigate risk and create value for our shareholders. The following diagram presents the key NZC pathway actions across the property life-cycle.

1. Disciplined capital allocation

NewRiver will:

- Embed Net-Zero Carbon and climate resilience in due diligence and analysis of stock selection from 2022

5. Flexible Balance Sheet

NewRiver will:

- Leverage the flexibility of our balance sheet to ensure investment in energy efficiency over the next 20 years is well accounted for in financial planning and that the value of our investments is protected from current and future market & legislative risks

4. Capital Partnerships

NewRiver will:

- Leverage our strong relationships with UK high street retail brands, local councils and our joint venture partners, to ensure efforts are collaborative and long-term
- When managing assets owned by third parties, leverage our scale, expertise and learnings on our journey to net-zero, to promote environmental best practice beyond our own portfolio



2. Active asset management

NewRiver will:

- Prepare costed asset management plans to NZC for all managed assets by 2024
- Actively engage with our top 30 occupiers to align our level of commitment
- Actively apply green lease commitments across all occupier transactions
- Actively engage NewRiver's top tier suppliers to align commitment for products and services purchased to mitigate supply chain emissions
- Actively pursue procurement of renewable energy across all landlord and occupier space

3. Regeneration

NewRiver will:

- Adopt NewRiver's re-development & major refurbishment ESG framework across all relevant projects
- Measure the embodied carbon emissions of all re-developments & major refurbishments by undertaking 'Life Cycle Assessments' (LCA), from 2023
- Embed minimum fit-out requirements for occupier licenced fit-outs from 2021
- Design out fossil fuels from all major refurbishment projects and re-development projects with immediacy

CHALLENGES AND OPPORTUNITIES

The working definition of net-zero carbon

There is growing consensus that the accepted definition of a net-zero carbon asset is one which has an energy usage intensity (EUI) in-line with regional & market expectations. There is, however, a level of ambiguity that brings uncertainty to how EUIs will apply across a spectrum of asset types, and how this coincides with occupiers' own operational usage. There is additional uncertainty as to how a NZC portfolio should be reported if not all assets reach the EUI targets set by the industry, but where residual emissions at a portfolio level are offset. A recognised independent certification system for NZC in operational assets and for real-estate portfolios would provide much needed clarity in this space.

Accessibility to performance data

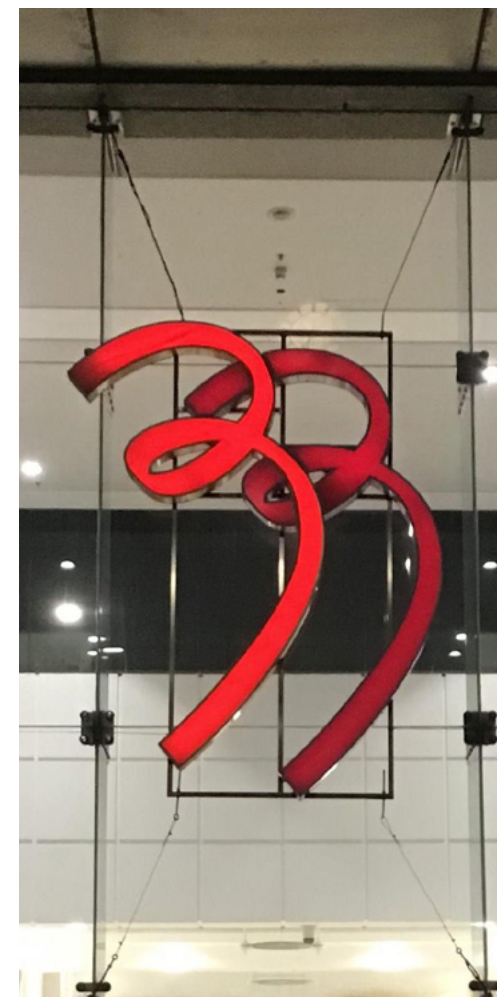
Within the majority of NewRiver's asset types, tenants often procure their own energy, with no oversight of contracting or usage data by the landlord. The challenge of accessing this data is going to be administratively heavy. Reliance will be placed on strong occupier and asset manager engagement, proactive implementation of green lease clauses and the use of data acquisition technologies to automate and reduce human error.

Verification standards

As part of NZC, annual verification of data and performance is required. Currently, there are no net-zero carbon specific standards, only GHG verification methodologies such as ISO14063. It is expected that new standards will arise for verifying the efficacy of a net-zero carbon asset against local requirements over time. For the time being, however, no such standard exists. This challenge is in tandem with 'the working definition of net-zero carbon'.

Long-lease terms

Where lease terms exceed our NZC time horizon, we will seek to collaborate with our occupiers to agree required interventions during their period of occupation. This poses both an opportunity and a risk. We hope to strengthen our relationships with our occupiers on longer leases, but know that our NZC ambition may not directly align with theirs. We expect that changes in the Energy Performance legislation will help to clarify asset and occupier accountabilities.



CONSIDERATIONS IN OFFSETTING

We will periodically strategically review the offset market in order to inform the approach taken.

As the transition to a zero carbon economy gets underway and organisations pledge to achieve net-zero carbon emissions, there will be an increasing need for removal of carbon from the atmosphere. Voluntary carbon offsetting, the process by which organisations purchase credits from carbon removal projects, is increasingly being utilised as part of an organisation's climate strategy and

transition to net-zero. Despite their rise in prevalence, there are concerns about the provenance of offsets purchased by organisations unaware of how different schemes work.

A report commissioned by the European Commission on carbon offset credits stated that an estimated >70% have a low likelihood that emission reductions are additional and not over-estimated. This includes verified standards including the Gold Standard and the Verified Carbon Standard.

NewRiver will ensure the following five principles are met in order to have confidence that offsets are high-quality and linked to nature-based carbon removal projects:

- They are additional (GHG reductions provided by the project would not have happened anyway)
- They are not overestimated (Organisations follow good greenhouse gas (GHG) accounting practices to ensure schemes are proportionate).
- They lead to permanent removals (The offsets must be active on the same timescale as CO₂ in the atmosphere (ca. 100 years)).
- Claims are not double counted (The offsets must not be claimed by another company)
- Projects do not cause wider harm (The chosen project should not significantly contribute to social or environmental harms)



GLOSSARY OF TERMS

GREENHOUSE GAS	Any gas that has the property of absorbing infrared radiation.
GREENHOUSE GAS PROTOCOL (GHG)	An initiative between the World Resources Institute (WRI) and World Business Council for Sustainable Development (WBCSD), which establishes global frameworks to measure and manage GHG emissions from private and public sector organisations.
OPERATIONAL CONTROL	A company has operational control over an operation if it has the full authority to introduce and implement its operating policies at the operation.
GHG SCOPE 1	all direct emissions from the activities of an organisation or under their control. i.e. fuel combustion on site in gas boilers, fleet vehicles and refrigerant leaks.
GHG SCOPE 2	indirect emissions from electricity purchased and consumed by the organisation.
GHG SCOPE 3	All other indirect emissions from activities of the organisation, occurring from sources that they do not own or control.
1.5D/1.5°C	1.5 degrees climate scenario – the level of decarbonisation needed to sustain a 50% chance of limiting peak warming between present and 2100 to below 1.5°C.
2D/2°C	2 degrees climate scenario – the level of decarbonisation needed to sustain a 50% chance of limiting peak warming between present and 2100 to below 2°C.
EMBODIED CARBON	The carbon impact concerned in extraction, manufacture, transportation and assembly of the materials and systems that make up a building. Embodied carbon is relevant for new construction and major renovation activities, as well as for refurbishment and fit-out works.
HIGH ENERGY EFFICIENCY	The definition of 'highly efficient' is where the energy efficiency (energy demand) of the assets tracks in line or below the required energy usage intensity (EUI) for the whole of the UK's economy to be fully and viably powered by zero carbon energy (from renewables) in 2050. The defined EUI target is based on the proportion of renewables on the grid.
ENERGY USAGE INTENSITY	This a metric to assess energy efficiency, reported as kWh per Sqft/m2.
SCIENCE BASED TARGET	Science-based targets (SBTs) provide companies with a clearly defined pathway to future-proof growth by specifying how much and how quickly they need to reduce their GHG emissions to achieve robust emissions reduction targets.

For more information on NewRiver's Net-Zero Carbon Pathway, please contact a member of our ESG Committee:

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