

The Property Income Trust for Charities (“PITCH”/“the Fund”)

Part A of the public product-level sustainability report (which meets the requirements of clause 5.3 Pre-contractual disclosures of the Sustainability Labelling and Disclosure of Sustainability-Related Financial Information Instrument 2023)

1. Statement:

This product does not have a UK sustainable investment label due to the Sustainability Disclosure Requirements (SDR) minimum requirement for 70% of assets to be invested in accordance with a Sustainability Objective. The Fund aims to achieve a decarbonisation objective, however maintaining a minimum asset alignment of 70% cannot be guaranteed to be met on an ongoing basis.

Due to the nature of real estate, portfolios such as PITCH, may have a high proportion of single let properties that are subject to Full Repairing and Insuring (FRI) lease terms. During the duration of the lease, the landlord will have limited/no control to improve or upgrade properties whilst the tenant is in occupation. It is challenging to anticipate where tenants may exercise break options or choose to extend their lease, allowing for refurbishment and significant upgrades to be made to improve the asset in line with the decarbonisation objective.

Due to these changes in the portfolio and tenant composition, maintaining a minimum asset alignment share of 70% cannot be guaranteed to be met on an ongoing basis. The Fund has however established governance and developed an action plan to monitor progress towards the decarbonisation objective with the view to pursue labelling in the future.

2. Investment Policy and Strategy:

The Fund’s ESG strategy is to acquire assets that have the potential to reduce their carbon intensity and to deliver these carbon intensity reductions in alignment with the Fund’s decarbonisation pathway, aiming to achieve net zero carbon for the Fund by 2050 or sooner. The strategy is implemented across the acquisition, refurbishment and operational phases:

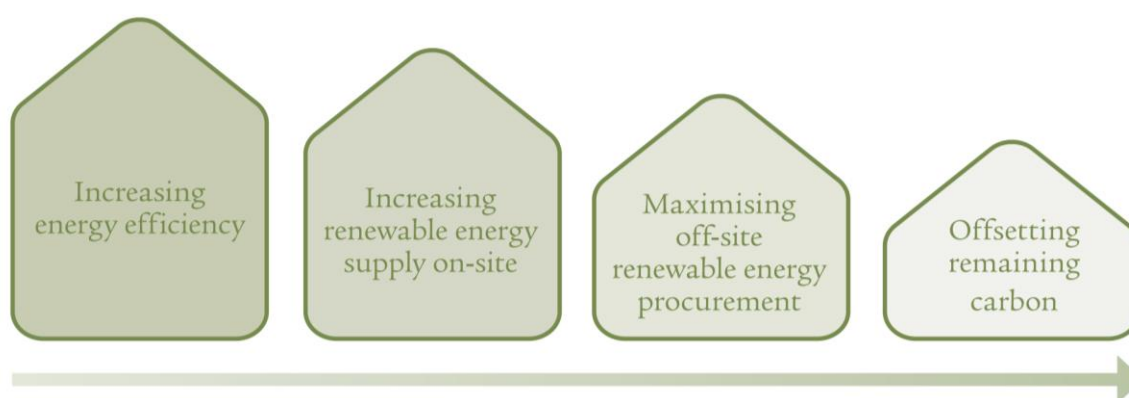
Pre-acquisition: Swiss Life Asset Managers UK Limited in its capacity as Fund Manager for PITCH undertakes Carbon Risk Real Estate Monitor (“CRREM”) analysis and a net zero audit as part of the due diligence process on all potential acquisitions. The results of these assessments are used to:

- a) determine whether or not the Fund should proceed with the acquisition;
- b) determine whether or not a discount should be negotiated on the basis of the investment needed to attain net zero carbon, and
- c) develop a cost-effective business plan for the asset to reduce carbon intensity and achieve net zero carbon in line with the Fund’s decarbonisation objective.

Where there is limited in-use data available, modelling and proxy measures are used as required to estimate consumption and the costs of achieving net zero carbon.

ESG Acquisition Assessments are also undertaken on all new acquisitions in addition to the net zero audits and CRREM analysis. These assessments focus on climate-related, environmental, social and reputational risks. It includes consideration of real estate assets that are used for the purposes of extraction, storage, transport or manufacture of fossil fuels as well as tenant screening against the Swiss Life Asset Managers Exclusions List (e.g. controversial weapons-based exclusions).

Post-acquisition: Once an asset is acquired, the decarbonisation targets will be met principally by following the operational net zero carbon hierarchy¹:



Operational Net Zero Carbon hierarchy: PITCH approach to decarbonisation

The following actions will also be implemented in conjunction with the net zero carbon hierarchy stages:

- Stakeholder engagement to reduce carbon emissions in tenant-demised areas;
- Stand-alone improvements;
- Refurbishments with net zero carbon measures integrated by design;
- Disposals.

Determining the assets the product invests in

In instances where attainment of net zero carbon is technically viable but the capital expenditure requirements are high, the Fund Manager will aim to negotiate a discount on the purchase price before proceeding with the acquisition. For PITCH, in addition to the fund ethical exclusions, the Fund Manager also considers exclusion of real estate assets where the primary function is the extraction, storage, transport or manufacture of fossil fuels (e.g. petrol stations).

Robust, evidence-based standard of sustainability

¹[Green Building Principles: The Action Plan for Net-Zero Carbon Buildings](#), World Economic Forum in collaboration with JLL, October 2021.

The Fund Manager selected CRREM as the robust, evidence-based standard to baseline and monitor the sustainability performance of the Fund's assets on the basis that:

- CRREM is a science-based standard that is widely adopted across the real estate industry. CRREM project partners are supported on an ongoing basis by the Global Scientific and Investor Committee (GSIC). GSIC is an advisory board comprised of senior executives and key decision makers who provide input into the design and development of CRREM, and challenge the results and outcomes to enhance credibility. In addition, from January - August 2022, the Science Based Targets initiative (SBTi) and CRREM technical teams collaborated to ensure the underlying assumptions, carbon budgets and methodological foundations of the pathways are fully aligned.
- It was recommended by a third party ESG consultancy as the basis for the Swiss Life Asset Managers decarbonisation pathway with the project and methodological choice overseen by the Head of ESG for Real Assets. This recommendation was subsequently approved by the ESG Board² which is chaired by the Head of ESG and is responsible for defining the ESG vision, mission and strategy of Swiss Life Asset Managers.

The pre-acquisition CRREM analyses and net-zero audits commissioned by the Fund Manager are completed by independent building surveyors or mechanical engineers.

3. Sustainability Metrics:

The Fund monitors progress towards meeting the decarbonisation objective on an annual basis through its internal decarbonisation dashboard:

- Carbon intensity ($\text{kgCO}_2\text{e/m}^2$), including scopes 1-3³, is used to monitor progress towards the overarching 2050 carbon intensity reduction goal, including interim targets.

To ensure the data is accurate and complete, the Fund continues to focus efforts on improving data coverage and has appointed a third-party to automate tenant data collection where permissible by the tenant⁴. Where real, measured data is unavailable, partial or incomplete, data is extrapolated or estimated using appropriate benchmarks for the property type. To ensure robustness, energy consumption and carbon emissions data is assured, to

² The ESG Board is chaired by the Head of ESG and also includes the Chief Risk Officer, Group Chief Investment Officer, Head of Securities and the Head of Legal and Compliance. For further detail and additional information on ESG Board members please see page 10 of the [Responsible Investment Report 2023](#).

³ Scope 1, 2 and 3 greenhouse gas (GHG) emissions are defined in accordance with the definitions provided by [GRESB](#) (Global Real Estate Sustainability Benchmark), and are summarised below:

Scope 1 Direct GHG from sources owned or controlled by the organisation (e.g. GHG emissions from gas boilers).

Scope 2 Indirect GHG emissions from the generation of imported electricity, heat or steam consumed by the organisation (e.g. GHG emissions from the electricity procured to operate the landlord controlled areas of the building).

Scope 3 The emissions associated with tenant areas unless they are already reported as scope 1 or scope 2 emissions (e.g. GHG emissions generated by the tenant's use of electricity). Scope 3 emissions do not include emissions generated through the entity's operations or by its employees, transmission losses or upstream supply chain.

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the AA1000AS Assurance Standard, on an annual basis as part of the PITCH GRESB submission process.

The Fund reports performance against the decarbonisation objective annually within the PITCH ESG Report. This shows the current annual carbon intensity compared to the 1.5 degree CRREM pathway, as well as other sustainability performance KPIs. The latest ESG Report can be found [here](#).