

Our route to Net Zero



PLANET

IM PROPERTIES SUSTAINABLE FUTURES

Introduction

We know that we must play our role in supporting the UK on the trajectory to Net Zero. As part of our sustainable futures framework, we have set a commitment that by 2030, we will be a Net Zero carbon company and all our developments will be Net Zero Ready, meaning we will implement Net Zero construction, and design all our developments to meet Net Zero operation. It's ambitious, but this statement of intent builds on our track record, and our new partnership with the UK Green Building Council as a gold leaf member.

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The climate emergency declared in 2019 by the UK Government together with over 75% of local authorities making similar declarations has put climate change firmly on public and private sectors agenda.

A raft of new legislation and policy (such as the Future Homes and Building Standard) are driving rapid improvements in the

of sustainability, to investors analysing the risk & opportunities on investments to our supply chain implementing new & innovative ways to reduce carbon emissions.

IM Properties want to be part of the solution, to find new ways to decarbonise across the value chain from the properties we invest in, to the new developments we deliver



sustainability performance of new buildings. This coupled with increasing corporate disclosure requirements of sustainability performance through Streamlined Energy & Carbon Reporting and the pending Sustainability Disclosure Requirements put companies under increasing scrutiny by wider stakeholders.

Increasingly our stakeholders are changing as well. From occupiers who are demanding higher standards

and the homes we build. We know that partnerships will be key to driving change and we are proud to be members of the UK Green Building Council who are unifying the built environment around sustainability.

With the launch of our sustainability framework, we are reimagining the way we do business. This document provides further detail on one of our key target areas - Managing Energy and Carbon.

It sets out the roadmap to reduce our own directly controlled emissions, advance Net Zero across our development activities and engage with our customers & occupiers on this agenda.

We recognise that our biggest opportunity for climate leadership is with our development activities. This ambition is matched only by the desire from our staff and leaders of the business to go further where possible and establish a pathway to creating a Net Zero business both from a corporate and development perspective.

This document summarises a period of extensive work with external advisors which has culminated in a 'Route to Net Zero' for both our corporate and development activities. Our development activities include our industrial and commercial office schemes together with our housebuilding business, Spitfire.

Whilst progress has been made to date, it is recognised that this is a journey towards being a Net Zero business by 2030. We look forward to sharing our progress with you over the coming years.



IM Properties, want to be part of the solution, to find new ways to decarbonise across the value chain.

Achieving Net Zero

The adoption of a Net Zero commitment is an important lever for driving ambitious climate action. At IMP, we have defined Net Zero as reaching a state of no impact on the climate from greenhouse gas (GHG) emissions.

Engagement, leadership, and innovation from our colleagues has been central to the development of our commitments. Every aspect of the route to Net Zero has been developed using best practice but guided by the aspirations of the IMP team.

OUR PERFORMANCE, EXPERIENCE AND 2030 COMMITMENTS

OUR PERFORMANCE

Understanding our corporate carbon footprint is key to planning our roadmap to advance towards being a Net Zero business by 2030.

Our 2020 carbon footprint is reported in line with the Greenhouse Gas Protocol (GHG) reporting standard. Annually we report in line with the Streamlined Energy & Reporting Requirements (SECR).

Our total emissions for 2020 was calculated at 1,672 tonnes of which 85% are made up of directly controlled emissions (Scope 1 and 2).

As we improve our data capture for all our emissions across Scope 1, 2 and 3

(supply chain & customers), we anticipate our carbon footprint will increase before it starts to decrease. We are actively working to improve the accuracy of data in relation to our investment & development sites and wider Scope 3 emissions.

BUILDING ON OUR EXPERIENCE

Over the past 10 years, we have grown to be the market leading employment developer in the Midlands. In setting our new sustainability framework and commitments, we have drawn on our extensive experience of delivering highly sustainable, innovative buildings and developments.

With each project delivered, we have generated knowledge and experience that has proved invaluable in the development of this strategy.

This includes:

The Hub, Birmingham

Operational in 2019 and deploying innovative battery technology linked to an extensive PV array, The Hub, Birmingham can generate and store renewable electricity during the day for use at night or during peak electricity demand. Preliminary data from the Hub suggests that it can run 'off-grid' for several weeks during the year and that during a calendar year it can be 'Electricity Cost Neutral'.

Peddimore – Best in class employment Park.

Occupying a strategic position on the edge of Birmingham, Peddimore will be one of the Midlands' most important economic assets for the area.

With planning permission secured in September 2019, the strategic infrastructure is being delivered to open up the site, including roads, landscaping, utilities, footpaths and cycle routes. We are also working with a prospective occupier for the first building, which will be completed in 2023 and create more than 1,000 full-time jobs².

To ensure a best-in-class employment park, the sustainability strategy for the buildings and infrastructure on site demonstrates a rapidly growing sustainability ambition:

- **EPA A rated offices**
- **Deployment of extensive renewable energy technologies to provide heat and power**
- **Buildings anticipated to exceed Building Regulations by at least 40%**
- **An all-electric energy strategy for the buildings**
- **BREEAM Excellent**
- **An extensive social value strategy³**

Mercia Park. J11 M42.

Following the granting of planning approval in Autumn 2019, construction started at Mercia Park⁴, a major new high-quality employment park in Northwest Leicestershire adjacent to Junction 11 of the M42.

Jaguar Land Rover and DSV Group, the two principal operators will occupy the majority of the new 238-acre employment park.

Mercia Park is the first IM Logistics scheme to commit to Net Zero construction as presented within the UK Green Building Council's Net Zero Carbon Buildings Framework⁵.

Working in partnership with our supply chain to reduce the embodied carbon of the development through design interventions and the use of an 'as built' Life Cycle Assessment (LCA), all residual carbon emissions will be offset using our preferred offsetting partner, Natural Capital Partners and ClimateCare.

Sherbourne House

The refurbishment of an existing commercial building, Sherbourne House, in central Coventry is another scheme targeting Net Zero construction. By replacing the existing gas boilers with air source heat pumps and a large solar PV array, the building will also meet the UKGBC's performance standards for Net Zero operational office buildings.

² <https://impeddimore.co.uk/>

³ <https://www.improperties.co.uk/im-properties-to-work-alongside-four-social-value-partners-on-peddimore/>

⁴ <https://merciaparkconstruction.co.uk/>

⁵ <https://www.ukgbc.org/ukgbc-work/net-zero-carbon-buildings-a-framework-definition/>



OUR 2030 COMMITMENTS

Our commitments to 2030 are both challenging and deliverable. We are committed being a Net Zero company by 2030 meaning all greenhouse gas emissions emitted through our operations are balanced to achieve zero emissions through reduction, offsetting, or sequestration. Our roadmap is structured around 3 key areas:

1. Reducing our directly controlled emissions

To reduce our directly controlled emissions (Scope 1 & 2) and decarbonise our investment portfolio we will:

- Develop our corporate Net Zero roadmap and set science-based targets in line with the Science Based Targets initiative (SBTi). We want our targets to be based on science in line with the ambition to limit warming to 1.5c in accordance with the Paris Agreement. However, we recognise we must improve the quality of our data before we can set these targets. We are actively working to better understand our directly and indirectly controlled emissions which will enable us, by 2023 to set our corporate roadmap & targets in line with the Science Based Targets initiative.
- Ensure energy and carbon is integral to our investment approach from 2021 and we will develop our Net Zero roadmap for the investment portfolio by 2023. Our direct carbon emissions are largely derived from the energy consumption from the buildings we own and manage. Legislation such as Minimum Energy Efficiency Standards (MEES) and the recent consultation on operational energy use ratings means the energy intensity of our investment portfolio will be key to letting our buildings in the future. We recognise that integrating energy & carbon and wider sustainability issues into our decision making for our investment acquisitions and disposals today is critical and we are starting on our journey by better understanding the energy

intensity of our portfolio. This will allow us by 2023 to set a clear roadmap which will include target setting, implementing energy efficiency solutions, improving the energy efficiency of our investment portfolio through green financing, and working with occupiers to ensure they have real time data on sustainability to better engage them on these issues.

2. Advancing Net Zero across our Development activities

In developing our Net Zero commitments we have aligned our work with the UK Green Building Council (UKGBC) Net Zero Carbon Buildings Framework. The principles of this framework are being applied to several current projects. To advance Net Zero across our developments, we are committing to:

Net Zero carbon ready for all new commercial buildings from this point forward and all new dwellings constructed by Spitfire Homes will target Net Zero ready by 2030.

Securing Net Zero ready buildings will be delivered by:

- Achieving Net Zero construction; and
- Implementing a range of design measures (including the use of renewable technologies) in our new buildings to enable Net Zero operation should the owner / tenant or resident procure renewable energy.

Despite recognising the challenges of constructing Net Zero ready dwellings, Spitfire Homes are committed to delivering their first Net Zero ready dwellings in line with the UKGBC definition by 2025 which will begin the upskilling of the supply chain for mass delivery by 2030. As a recognised housebuilder, Spitfire Homes are also a signatory to the Future Homes Delivery Plan set out by the Future Homes Taskforce. The plan creates a sector wide climate & environmental plan for high quality homes and places.

We will target Net Zero operation for all new commercial buildings by 2025 where IMP retain direct responsibility for procuring energy e.g. offices with landlord areas. Where the opportunity presents itself, we will seek to procure renewable energy for buildings where we are responsible in advance of the 2025 target.

Net Zero construction is an important first step in our journey to delivering Net Zero ready & full Net Zero buildings. Our Mercia Park development is the first project working to this standard and it is providing valuable insight for us in our Net Zero roadmap. The construction industry and supply chain have an enormous opportunity to reduce embodied carbon and we are engaging positively with our suppliers to reduce construction carbon through design interventions. We will prioritise reductions on site and look to progressively increase this over time, only using high quality, accredited carbon offsetting as a last resort.

Our new Sustainability Supplier Code of Conduct will set out our expectations of our supply chain to support our long-term sustainability commitments. We will also facilitate Supply Chain Net Zero workshops to share best practice and invite innovation. Working in partnership with technology suppliers & innovators will enable us to explore innovative solutions which will also drive down carbon emissions.

Our standard building specification has been evolved to facilitate Net Zero ready with the following design measures incorporated.

- An EPC rating of A for the offices attached to our buildings
- An all-electric energy strategy with primary energy delivered without fossil fuels
- Air Source Heat Pumps to provide heating and hot water to the main offices
- High levels of air tightness and insulation
- LED lighting throughout; and
- The use of PV cells or other low carbon technology to provide renewable power

For all our developments which meet net zero definitions in accordance with UKGBC, we will be transparent in the actions taken by producing a publicly available project report.

Carbon Offsetting: Achieving Net Zero construction, Net Zero ready & Net Zero operation may require the use of carbon offsetting for the mitigation of unavoidable, residual emissions. We recognise that carbon offsetting projects can achieve much greater environmental benefit than just carbon mitigation.

Aligning to the UKGBC Renewable Energy Procurement and Carbon Offsetting Guidance⁷, all carbon credits we procure will meet these principles and we have partnered with Natural Capital Partners and ClimateCare to provide us with the specialist advice and credits from high-quality projects required.

Renewable Energy: Procuring renewable energy will be a key requirement to achieve Net Zero ready & Net Zero operation buildings. We will align to the UKGBC Guidance and have partnered with market leading organisations to advise us on the management, monitoring and procurement of all energy.

Inspiring our customers and occupiers on energy efficiency issues

Occupier engagement is central to the achievement of our Net Zero commitments. We will use technology to explore and implement new customer-based initiatives, and work with occupiers to minimise energy use and carbon emissions by 2025.





Partnering

Partnerships is a key strand in our sustainability framework. We recognise that working with our colleagues, customers, peers, suppliers, and wider stakeholders is fundamental to delivery of our Net Zero commitments.

OUR PARTNERS INCLUDE:

Our colleagues: Colleagues share our passion and commitment to reduce our impact upon climate change. Delivering on Net Zero requires the support from all colleagues by thinking differently and challenging the way we do things today.

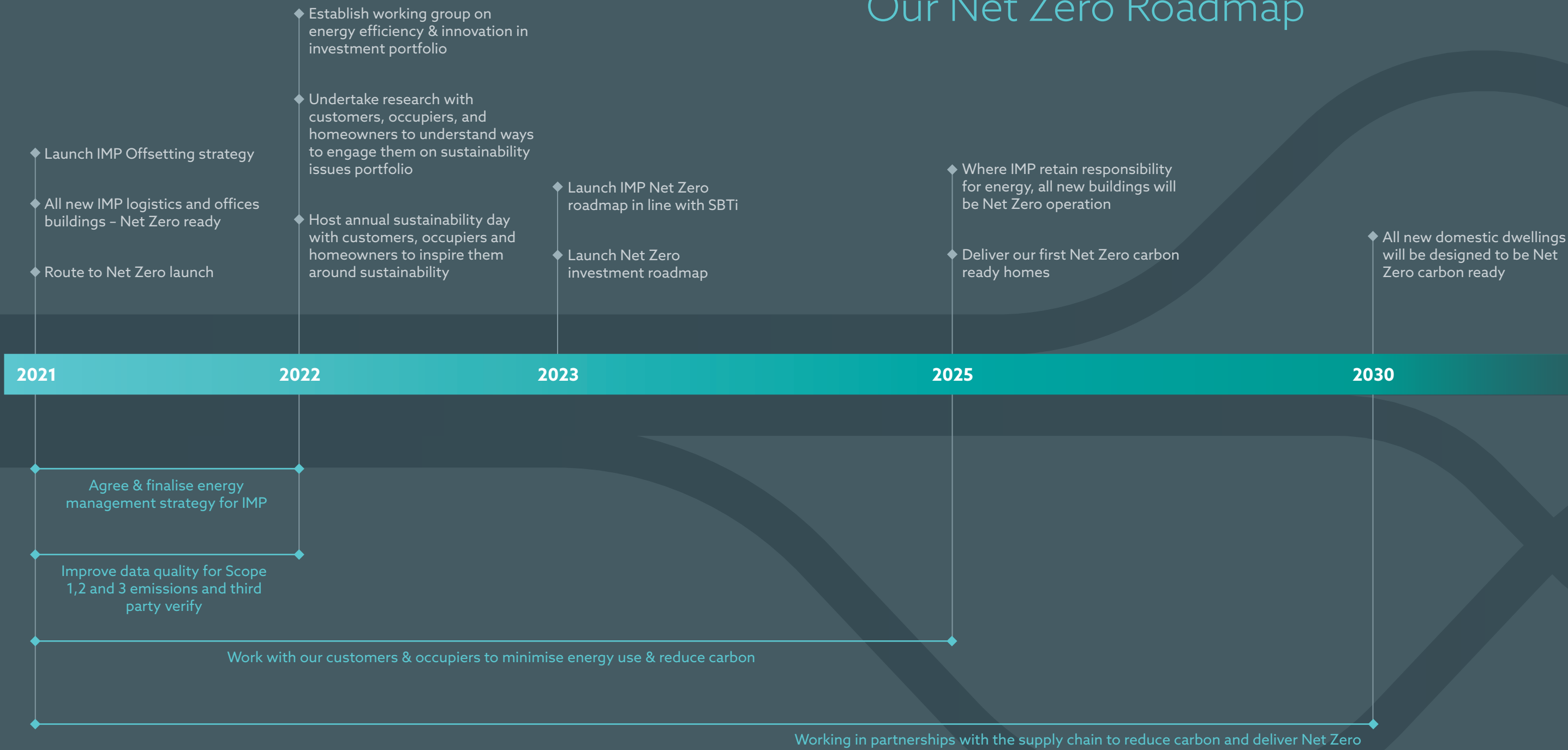
Our customers: Many of our customers are already engaging with us to deliver ever more sustainable buildings and we hope our ambition is equal to theirs. We will engage with our customers on a regular basis to identify opportunities for innovation and ensure our respective Net Zero strategies are aligned.

Our supply chain: We continue to see many examples of innovation and best practice from our supply chain, and we look forward to accelerating this through a joint commitment to achieving Net Zero. Our new Supplier Code of Conduct sets out the expectations of our supply chain to support and deliver on our Net Zero ambitions and join the journey towards decarbonisation.

The UK Green Building Council: As members of the UKGBC we work them and the wider built environment sector to advance net zero carbon building in the UK.

We are embarking on a journey to 2030 with key milestones along the way which, in combination with several workstreams and activities represent our route map to being a Net Zero business.

Our Net Zero Roadmap





PEOPLE, PLACE, AND PLANET:
OUR PATHWAY TO 2030 AND BEYOND