ESG
CORPORATE
STRATEGY

APACHE CAPITAL

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EXECUTIVE SUMMARY

6500
APARTMENTS WITHIN OUR MULTI-FAMILY JOINT VENTURE WITH MODA

DEVELOPING AND OPERATING SUSTAINABLE BTR PORTFOLIOS

3000
UNITS IN PRESENT MADE OUR SINGLE-FAMILY HOUSING PLATFORM

£4.1Bn
IN REAL ESTATE ASSETS

APACHE CAPITAL

SUSTAINABLE DEVELOPMENT GOALS

Alignment with the United Nations Sustainability Goals

STRATEGY FOCUS AREAS:

3. Good Health & Wellbeing

9. Industry, Innovation & Infrastructure

11. Sustainable Cities & Communities

13. Climate Action

ACTIONFUNDER

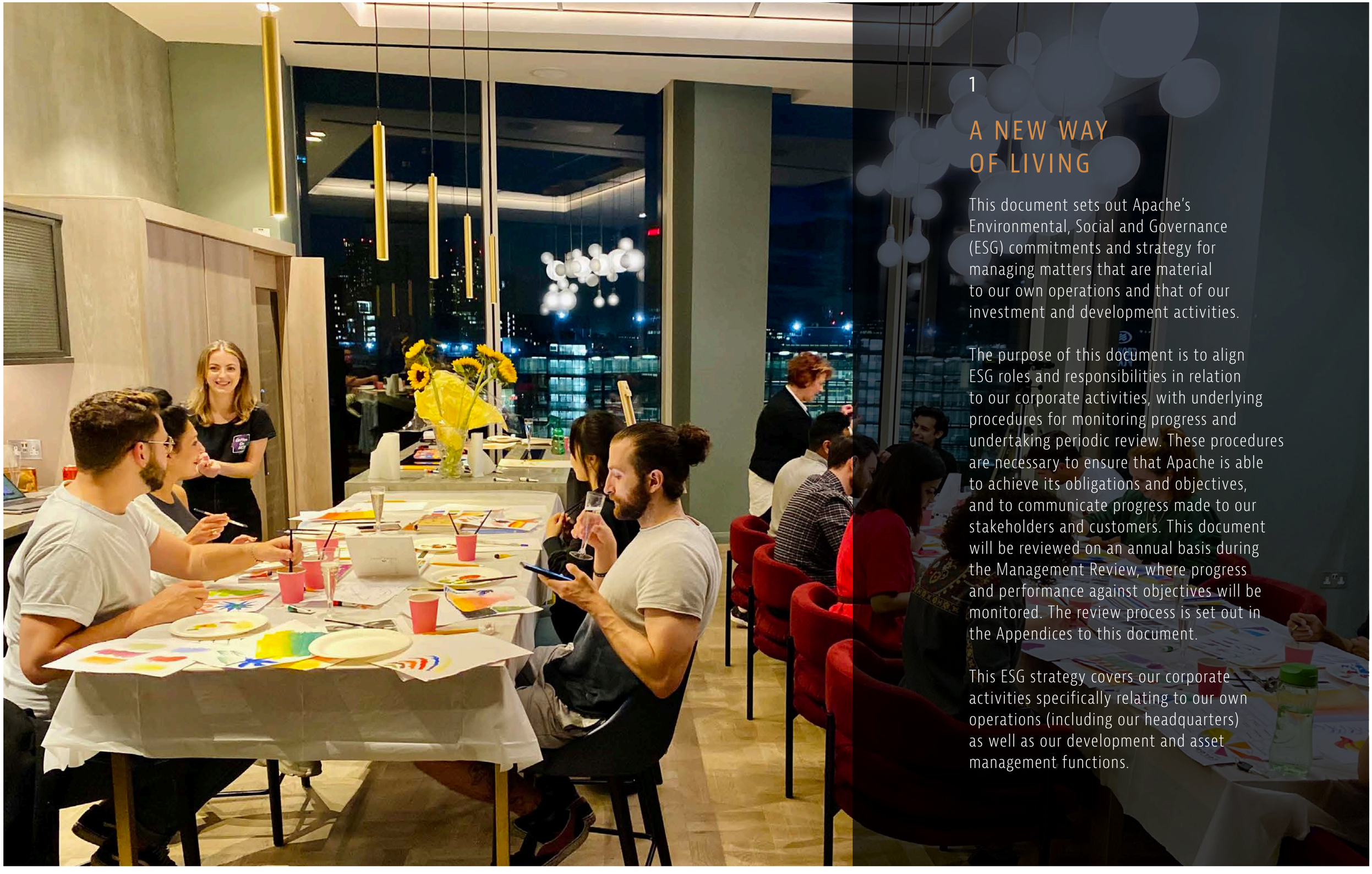
Founding partners of ActionFunder

GRESB

GRESB Participants

CRREM

Scientific approach to scenario analysis & climate resilience



1

A NEW WAY OF LIVING

This document sets out Apache's Environmental, Social and Governance (ESG) commitments and strategy for managing matters that are material to our own operations and that of our investment and development activities.

The purpose of this document is to align ESG roles and responsibilities in relation to our corporate activities, with underlying procedures for monitoring progress and undertaking periodic review. These procedures are necessary to ensure that Apache is able to achieve its obligations and objectives, and to communicate progress made to our stakeholders and customers. This document will be reviewed on an annual basis during the Management Review, where progress and performance against objectives will be monitored. The review process is set out in the Appendices to this document.

This ESG strategy covers our corporate activities specifically relating to our own operations (including our headquarters) as well as our development and asset management functions.

1.1 OVERVIEW AND VISION

Apache is an independent, privately owned company, controlled and managed by our leadership team. We are a specialist vertically integrated investor, developer and operator of living real estate specialising in Build to Rent, both multi-family and single-family housing.

We believe in combining prudent capital governance with a reputation for innovation, whilst providing social value and sound environmental stewardship. We manage approximately £4.1 billion in real estate assets across 6,500 apartments within our multi-family Joint Venture with Moda alongside a development pipeline of c3,000 units in our single-family housing platform, Present Made. We seek to build portfolios that provide resilient, sustainable income returns for our investors. Further information in relation to our governance approach is set out later in this document.

Investing for the long term, our philosophy is to focus on demographically and structurally-supported real estate sectors. We are seeking to raise the standard of living for all generations across the UK, building and operating sustainable portfolios of digitally-enabled, consumer-focused brands that deliver strong returns for our investors and create exceptional, aspirational lifestyles for our residents.

1.2 SUMMARY OF ESG APPROACH

With our joint venture partner Moda and with investment from Harrison Street Real Estate and NFU Mutual, we have created one of the UK's largest privately funded multi-family housing platforms, delivering over 6,500 high quality rental apartments in core cities across the UK. Once completed, these assets will be operated by Moda Life Management Limited, our operational management business which is co-owned between Moda and ourselves.

Present Made, is the first UK company to design, develop, own and operate single-family rental housing for rent. Fully funded and owned by Apache, our initial £1.6bn pipeline will see over 3,000 precision engineered smart homes delivered in suburban locations across the south of England. We are targeting a net zero carbon operational model for Present Made, embracing the latest technology to create highly energy efficient homes that significantly reduce utility costs to our residents and that have been ergonomically designed for all stages of life.

Apache recognises our responsibility to minimise negative impacts on the environment through its business operations, since the real estate industry can be a significant consumer of natural resources. Moreover, we can create homes and places that enhance people's wellbeing. Our specific market focus entails specific moral duties and responsibilities on us to deliver social value as well as environmental improvements. Accepting these broad ranging duties, Apache is committed to implementing our ESG strategy and using this to promote and deliver against the UN Global Compact Sustainable Development Goals (SDGs).

The SDGs that are most significant to Apache's business operations are:

3. Good Health & Wellbeing

9. Industry, Innovation & Infrastructure

11. Sustainable Cities & Communities

13. Climate Action

These four goals are revisited throughout this strategy and provide consistency to our objectives.

Apache has developed a focused Environmental Management System ('EMS'), aligned to ISO 14001:2015, to identify and manage ESG risks inherent within real estate investment. We aim to go beyond legal compliance, by ensuring our assets are bought and operated in line with ESG best practice standards.

Over and above our moral duties in regards to the environment, Apache understands the importance and responsibility we have to provide safe and healthy homes to our residents. Home living environments affect mental and physical health and a sense of safety and security, which can be improved through sensitive design of buildings. Our amenity-heavy strategy creates flexible homes for life which:

· accommodate changing life circumstances and disability access needs;

· promote social inclusion and community; and

· provide workout spaces that support rest and recuperation when needed.

In conjunction with our operational partners, Apache takes a proactive role as Operator ensuring our residents receive a high quality service from us. We receive valuable feedback through regular resident surveys on matters affecting their lives and any aspects affecting the sustainable operations of our buildings. We promote community within our developments by creating bespoke resident experiences and events at each community throughout the year, aimed at bringing people together and engaging residents in a variety of ways. These are delivered across a mixture of in-person and virtual activities.

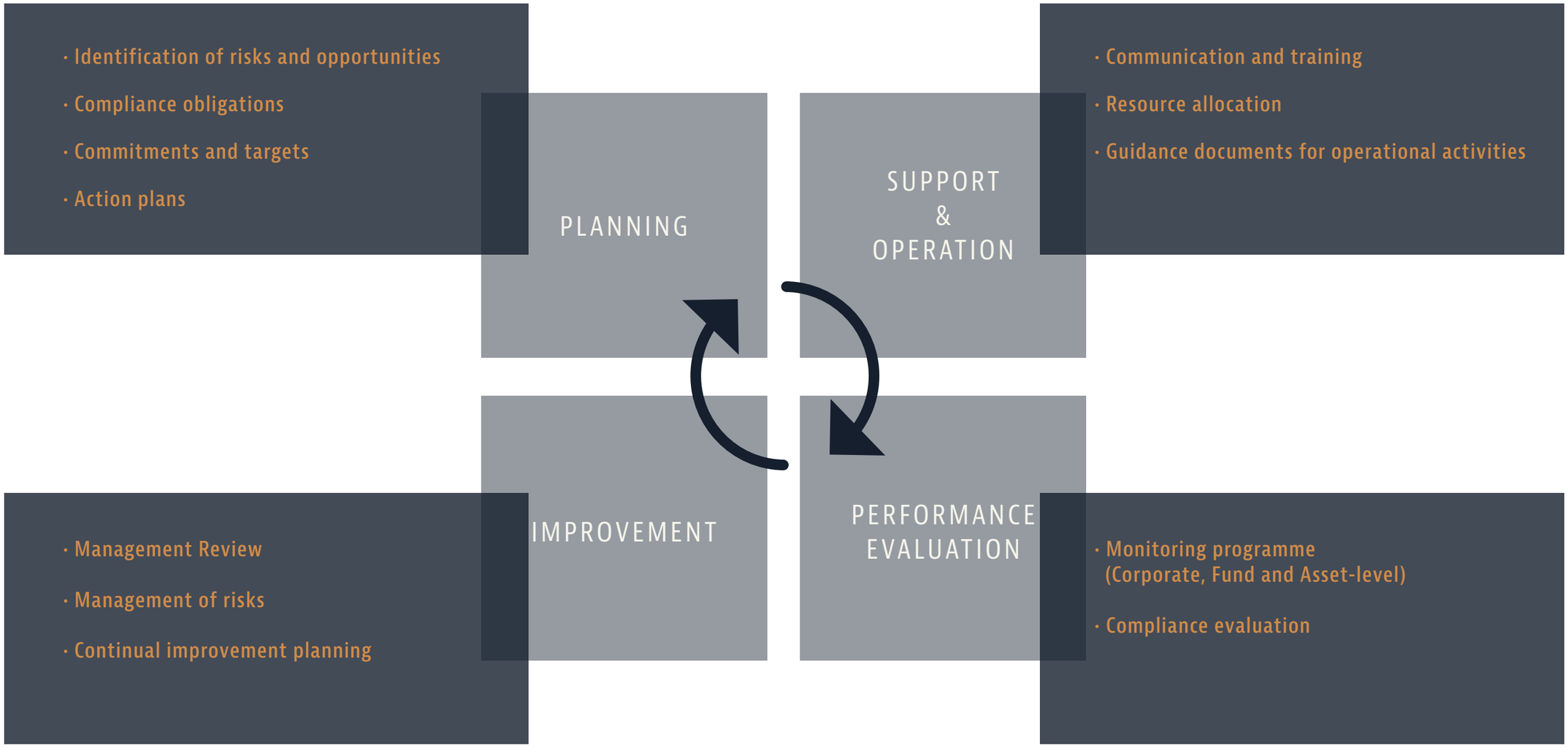
In further support of our social intent, Apache became a founding investment partner of Action Funder in 2021. Action Funder is a corporate giving platform that matches capital from businesses, foundations and other organisations with local community, charity, & social enterprise groups. Apache and Present Made work closely with Action Funder to understand the wider communities in which our developments are situated, facilitating engagement with local residents and stakeholders. Present Made will launch its first community grant in Q3 2022.

Apache became participant GRESB (Global Real Estate Sustainability Benchmark) members in 2021. This widely recognised benchmarking assessment provides a consistent framework for our reporting and data collection. Apache submit investment platforms to GRESB according to platform and timeframe.

1.3 STRATEGY DEVELOPMENT PROCESS

For the purpose of this document, Apache's ESG strategy applies directly and entirely to Apache's investment development and operational activities. The strategy has been established to consider the full lifecycle of our assets under management.

The strategy is based on defined responsibilities, processes and procedures and has been designed specifically for Apache Capital. A Plan-Do-Check-Act implementation approach has been applied (in line with ISO 14001: 2015). This approach is summarised in the figure below.



1.4 APACHE CORPORATE ESG

ESG is an integral part of Apache's core business values and, as such, we recognise the importance of maintaining high ESG standards at a corporate level. Corporate activities are associated with our leased office accommodation and our daily business activities. We seek to manage these and minimise negative impacts as far as possible. The areas we are addressing are (but are not limited to):

Environmental

Effective management of our office operation and utility consumption is an important aspect in reducing our corporate emissions. The electricity used at our head office is procured via a green tariff and we track and benchmark energy usage, setting energy reduction targets and engage with our employees to reach these. Apache are Planet Mark Certified and are committed to an annual 2% reduction in carbon emissions.

Travel associated with our business operations is a further area where we generate GHG/ carbon emissions. We therefore promote use of public transport or low carbon alternatives. Apache is part of the Government Bike2Work scheme, allowing employees to efficiently lease purchase bikes using salary sacrifice.

Our corporate websites are hosted through external platforms that are certified through the Green Web Foundation to be run on renewable energy.

We aim to reduce waste from office functions and processes including recording recycling and waste data, tracking printing use and encouraging employee behaviour change toward reduced consumption, (e.g. providing plastic-free stationery to staff, using ethically and sustainably sourced paper). We re-use furniture and furnishings whenever possible to reduce waste and energy associated with new purchases.
We employ fit-out contractors with green credentials, specifically implementing ISO 9001 and ISO 14001, who aim to recycle materials whenever possible.
Any unwanted furniture is passed to charities or upcycling providers.

Social

Health & Wellbeing

We promote wellbeing in our office environment via monitoring indoor air quality, promoting access to adequate daylight (so as to reduce visual stress from excess artificial lighting).

We monitor the quality of staff working environments (e.g. via annual Display Screen Equipment assessments) which encourage staff to raise any issues with the comfort of their office environment.

We provide a range of employee benefits including private medical insurance, a Bike2Work scheme, annual free eye tests and a Health and Wellbeing online platform (Heka) for both mental and physical health support.

Facilities and practices to alleviate employee stress and achieve work life balance are important to us and we encourage our staff to undertake daily physical exercise. Physical exercise is promoted through the Bike to Work scheme as well as virtual and in-person fitness sessions through the Heka Platform.

Provision of good quality food and drink during the working day are essential in maintaining employee wellbeing and productivity. We provide a wide range of healthy food options at Head Office including fruit and breakfast provisions.
The Head office is equipped with a filtered still and sparkling water tap.

Inclusion & Diversity

We aim to increase the diversity of our direct employees by ensuring recruitment processes are unbiased, enhancing our family-friendly policies and offering diversity and inclusion training to all staff.

We are committed to tracking our employee diversity metrics including gender, age, ethnicity and socio-economic status.

Governance

The governance structure of Apache, with well defined roles, committees and reporting lines, ensures decision making is a formal and consistent process. The Apache Board has ultimate responsibilty over the governance of the business.

1.5 APACHE– ASSET MANAGEMENT ESG

Active and proactive ownership and management is important for the ongoing environmental and social outcomes associated with the homes in which we invest, develop and manage. Through our approach to management, we ensure the assets are maintained as homes fit for people and the planet over the long-term. The tools we use are a combination of technical building management and resident engagement. This means we remain engaged with our residents and work alongside them to promote and create sustainable lifestyles.

The primary themes that run through our asset management strategy are:

Environmental

As part of actively managing our assets' environmental impacts we will collect whole building (landlord controlled and resident) performance data including energy use, GHG emissions, water consumption and waste data.

We employ smart technology to enhance our scope to collect real time data from our sites and use this data to report performance according to agreed reporting process.

We will proactively analyse the data to spot critical trends in performance and through our active asset management team, in timely fashion:

- Manage resource efficiency and associated emissions within our controlled areas through the management of technical building systems and adoption of management policies.

- Engage with residents in those areas outside our control but within our influence to promote behaviour change in the use of energy and to correct technical system failures.

We aim to have all assets certified for their ESG performance e.g. Fitwell, Home Quality Mark, and maintain certifications throughout our ownership.

By tracking the operational performance of our assets, we can compare the performance with NZC trajectories (CRREM Carbon Risk Real estate Management tool) and determine what, if any, measures should be taken to increase efficiency or reduce consumption in line with the UK's NZC target.

Social

Health and Wellbeing

We ensure the health and wellbeing of our residents is considered from design through to operation of our assets, providing amenity spaces that encourage social interaction and physical exercise. We partner with the premium gym operators in the area.

Resident engagement is critical to our strategy, through dedicated Apps, forums, and resident events we create a sense of community amongst our residents, building relationships, combating loneliness, and supporting the mental health of our residents.

3 GOOD HEALTH AND WELL-BEING

Community

Apache understands that a sense of community extends outside of our assets to the local people and area.

Through our partnership with Action Funder, we support local community and charity groups, providing funding for groups who would otherwise not have access to capital.

11 SUSTAINABLE CITIES AND COMMUNITIES

Governance

The assets in the Apache / Moda Joint Venture, are all operated by Moda Life Management Limited (MLML), a business owned by Apache and Moda.
MLML is appointed by each of the owning entities to operate the assets, dealing with mobilsation and operations of the assets once they have reached Practical Completion. MLML report monthly to each of the owning entities in line with the reporting requirements set out in each Operational Management Agreement (OMA).

Present Made is a direct subsidiary of Apache and is appointed by each of the owning entities to operate the assets, dealing with mobilisation and operation of the assets once they have reached Practical Completion.

Present Made reports monthly to the Apache Executive Committee and once the first asset is in the mobilisation phase will report specifically against its obligations in the OMA.

1.6 APACHE– DEVELOPMENT MANAGEMENT ESG

All Apache assets are purpose-built new-build assets developed either by our JV partner Moda or our vertically integrated business Present Made. To ensure that assets are delivered to highest possible standards and thereby operated sustainably over the long term we recognise that both sides of the business need to operate side-by-side, sharing knowledge and experiences and thereby enabling our assets not only meet the planning and regulatory needs of the day but accommodate future best practice needs. Our development strategy focuses on the themes set out below:

Environmental

A development brief including design and build specification is determined for each platform, this document sets out expected ESG standards to be delivered across the platform.

Wherever possible new developments are designed to achieve green building certifications such as Fitwell, Home Quality Mark or BREEAM.

We work with the development partners to ensure modern methods of construction are deployed wherever possible and that issues such as cold bridging and air leakage exceed Building Regulation standards.

Social

Health & Safety

Apache is committed to keeping our stakeholders and employees safe and always prevent harm. Apache holds a monthly Health & Safety Committee meeting with representatives from the head office, the development, and the operational sides of the business.

Apache adopts the RIDDOR approach to safety metrics on development sites which are recorded and responded to with rigour.

Community

Site-selection requirements are pre-determined for each platform, ensuring our development sites support our overall investment rationale and enhance the communities in which they sit.

Apache and our development partners work only with Considerate Contractors and registered delivery partners, ensuring that the on-site teams share our objective to be respectful to the local communities.

Apache and our development partners engage with the local community and through employment endeavours offer apprenticeship opportunities whenever possible.

Governance

The multifamily platform is structured as a Joint Venture with Moda, our development partner. Moda is responsible for site selection and development of the platform assets.

The single family platform, Present Made is fully funded and owned by Apache. Present Made partner with main contractors on a site by site basis.

2

ESG CONTEXT AND IDENTIFICATION RISK

The following diagram summarises the key risks and opportunities, enablers and challenges that Apache has considered within its approach to ESG. Through developing ESG Objectives (see Section 5), Apache has incorporated ESG risk mitigation measures into its development and asset management processes to manage these issues, as appropriate.

2.1 ISSUES, CHALLENGES, APPROACH

Environmental Issues	Challenges	Our Approach
· Energy Consumption	· Data availability	· Accurate metering set up
· Carbon Management	· Planning policy influence	· Data availability and accuracy
· Water Consumption	· Building control influence	· Building surveys on environmental matters
· Waste Management	· Integration of design & construction practices	· Training and awareness on efficient building operation
· Material and Resource use	· FM management control	· Green lease and Facility Management procedures
· Carbon/ GHG emissions regulation and pricing	· Accurate and relevant scenario analysis	· Partnering with consultants to project reduced carbon pathway
· Climate resilience		· Climate resilience workshop, scenario analysis approach

Social Issues	Challenges	Our Approach
· Resident satisfaction	· Data and information on social impacts	· Data availability and accuracy
· Indoor environmental quality	· Limits of influence	· Resident / building surveys on social matters
· Active transport	· Inability to control external environmental and social influences	· Training and awareness on social and Health & Safety matters
· Accessibility	· Construction site management	· Supply chain procurement processes
· Health and safety	· Engagement with residents	· Develop supply chain management process
· Ethical procurement	· Engaging with supply chain	
· Health and Wellbeing		
· Supporting local employment		

Governance Issues	Challenges	Our Approach
· Adherence to Apache compliance manual	· Ineffective systems to implement governance policies / procedures	· Induction and regular training
· Adherence to regulatory codes of conduct e.g. RICS	· Lack of awareness on new / future ESG matters	· Access to formal documentation of governance procedures
· Compliance with local environmental, social and health and safety laws	· Lack of resource to support governance functions	· Resources to identify and support governance functions
· Compliance with ESG policy and objectives		

2.2 MATERIALITY

Materiality analysis is a fundamental process that identifies and contextualises sustainability topics using the materiality principle. The process considers:

· The importance of environmental, social and economic issues to Apache and how these inform the business operations and the strategic objectives of long term value creation.

· Identifying Stakeholders' expectations on Apache's decisions relating to sustainability topics and using this to refine and focus ESG issues based on priority and impact.

· Ensuring fiduciary responsibilities meet investor expectations and as part of a continuous improvement plan, ensuring the business is dynamically reactive to changing market conditions.

The results of the materiality assessment set the foundations for an effective and relevant Environmental, Social, Governance Strategy ('ESG Corporate Strategy') by identifying topics that are important to us, our business strategy and stakeholders relevant to us. A quantitative relative analysis was completed against key ESG areas to consider environmental, social and economic issues and their relevance to Apache's internal and external key stakeholders and the business's strategy.

By formalising and disclosing our ESG Corporate Strategy set out in this document, Apache have conducted a first stage of materiality review by considering issues relevant to our internal business stakeholders. The strategy has been developed and agreed by all key roles including The Executive Committee, Asset Management, Operations and Development to ensure that environmental, social and governance issues to Apache have all been equally considered.

Apache will carry out an external materiality assessment in 2022, the methodology of which is set out below. In line with best practice, 'WEF Measuring Stakeholder Capitalism -principles of governance', we will aim to complete a stakeholder dynamic materiality review as summarised below.

Source: *Statement of Intent to Work Together Towards Comprehensive Corporate Reporting*, CDP, DCSB, GRI, IIRC, and SASB, September 2020

2.3 METHODOLOGY

The methodology we will apply to our materiality assessment will follow the guidelines set out in the following Global Reporting Initiative standards:

GRI 102-21- Consulting stakeholders on economic, environmental, and social topics.

GRI 102-43- Approach to stakeholder engagement.

GRI 102-47 - List of material topics.

In summary the above standards can set out the process as follows:

A long list of potential material issues will be initially selected from the Global Reporting Initiative standards combined with consideration of industry policies, our existing strategy and our peers' disclosure.

The list will subsequently be consolidated into approximately 15 key issues.

The key issues will then be rated by assessing the economic, social and environmental impact of each key issue on the company's value.

Each sustainability key issue will then be rated against stakeholders' expectations and interest over Apache's decisions relating to these issues.

A consolidated score for each material issue will be calculated for their relevance to the business model and their relevance to stakeholders.

We will be reviewing the materiality assessment periodically to ensure the focus of our organisation is still pointing in the right direction as the market and our stakeholders' views change.

As a minimum we will undertake a formal external review every 3 years or sooner if required.

3

ROLES AND RESPONSIBILITIES

The Apache Board

Responsible for determining business and investment strategies and making strategic decisions.

Responsible for approving annual budgets and company objectives.

Ultimately responsible for signing off the ESG strategy and changes.

The Executive Committee.

Provides the resources to develop, implement and maintain the ESG strategy.

Considers ESG risks in the overall business strategy.

Approves business ESG Commitments.

Participates in the Management Review, as relevant and makes recommendations to the Board.

Communicates risks and opportunities of new acquisitions to Asset Managers and Property Managers.

Investment Committee

Signs off on transactional approvals, and business plans from acquisition and throughout ownership.

Reviews ESG due diligence and risk assessment at acquisition and at business plan reviews.

ESG Committee

Has oversight of the ESG strategy and approves/reviews the ESG Policy.

Ensures an ESG Strategy is in place and maintained and improvement opportunities are continually identified.

Ensures that ESG criteria are implemented at all stages of investment.

Meets at defined intervals and reviews ESG performance of the organisation.

Delegates responsibilities for the effective implementation and operation of the ESG Strategy.

To recommend business ESG Commitments and review progress in defined intervals.

Monitors ESG performance of Apache's investments.

Ensures environmental compliance of the organisation and at fund and asset level.

Reviews progress against the corporate commitments and identify areas of concern in the action planning.

Communicates (internally and externally) progress of the ESG strategy, commitments and improvements.

Asset & Operational Management

Set and ensure compliance of ESG commitments.

Development and management of business asset plans.

Communicate targets and performance with JV Partners, Operational Managers and residents/commercial occupiers.

Identify ESG requirements in the operational supply chain.

Oversee resident satisfaction surveys and ensure the operational team implement operational changes where required.

Use “green leases” within the portfolios where applicable.

To meet Operational Managers Guidelines set by Apache Capital.

Collect landlord-controlled utility data and report performance.

Collect other ESG metrics (social, health and well-being, etc.) and report performance.

Ensure assets comply with relevant environmental legal obligations.

Manage asset sustainability action plans and manage relevant activities.

Participate in and promote awareness initiatives.

Facilitate site sustainability assessments/audits.

Complete site visits, audits and assessments when required.

Support the external reporting process.

Development / Construction Management

Develop, review and implement Apache’s Construction and New Construction Policy.

Develop, review and communicate Apache Resident Contractor Fit-out Rules.

Communicate ESG requirements to development contractors.

Ensure developments meet all compliance requirements.

Support the ESG strategy by disclosing ESG metrics of projects.

Ensure developments attain suitable green certifications e.g. BREEAM, WELL as required by planning and this ESG strategy.

Monitor and ensure development projects achieve ESG requirements and are managed and valid documentary evidence is available for review/audit, as required.

Collating and reporting environmental performance data on a quarterly basis from contractors covering environmental performance data.

Reviewing and commenting on quarterly environmental performance reports.

Assisting in data submissions for annual GRESB reporting process for the development module, where relevant.

Contractors

Understand their contractual obligations relating to ESG matters.

Ensure their services are aligned with Apache’s ESG requirements.

Understand and reduce their environmental impact of their activities with particular reference to energy, GHG emissions, water, waste and responsible materials.

All Apache employees

Understand impact of their activities on the business’s ESG performance.

Support and participate in ESG initiatives.

3.1 COMPETENCY & COMMUNICATIONS

All relevant Apache employees will be provided with the necessary training in order to deliver their responsibilities against the requirements and commitments of the Apache ESG Policy and strategy. The ESG Committee will be required to review and sign-off recommended training programmes, as necessary. Figure 5 sets out the 2022 training needs analysis and timeframe for key stakeholders and key tasks to be completed annually. Training and liaison with Apache stakeholders are essential, contributing to the business communications annual program, including:

- Investment Committee (IC)
- Development and Construction (DC)
- Asset and Operational Management (AOM)
- All Apache Employees (AE)

Training may take the form of formal face-to-face briefings, webinars and / or the issue of relevant policies and procedures.

STAKEHOLDER	TRAINING REQUIREMENT	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	NOV	DEC
AE	ESG Strategy - Launch				LAUNCH EVENT							
AE IM	ESG Strategy - Performance Review						HALF YEAR PROGRESS					YEAR END STATUS
AO IM	ESG - data collection and reporting			Q1 REPORTING			Q2 REPORTING			Q3 REPORTING		Q4 REPORTING
DC AOM	ESG - stakeholder materiality survey				SURVEY LAUNCH			SURVEY REVIEW		UPDATE STRATEGY		
AOM	GRESB Reporting	SCHEME UPDATE					GRESB SUBMISSION			REVIEW RESULTS		
DC AOM	Asset Certifications	DEFINE NEED					COLLATE EVIDENCE					COLLATE EVIDENCE
DC AOM	Annual Sustainabilty Report	DEFINE CONTENT		COLLATE Q1 DATA			COLLATE Q2 DATA			COLLATE Q3 DATA		PUBLISH REPORT
AE	Annual Governance Training	TRAINING RELEASED										

Figure 5 Training Needs and Communications Delivery Programme - 2022

3.2 GOVERNANCE AND REGULATION

Apache understand the importance of Governance when determining investment strategies. Apache's Corporate functions are made up of a number of Committee groups, at the top of this structure is the Apache Board of Directors who meet quarterly. Feeding into the Board is the Investment Committee whose purpose is to carry out due diligence on deals and opportunities to inform decision-making throughout the investment process. A full set of Apache's Committee Groups are set out below:

Apache Board of Directors:
meets quarterly and are responsible for the management of the company and set the strategic direction for the business.

Executive Committee:
meets weekly to review investments and the day to day running of the business.

Investment Committee:
meets as and when required to approve all stages of investment transactions, from acquisition, development and operations.

Remuneration Committee:
meets biannually to review and agree employee renumeration.

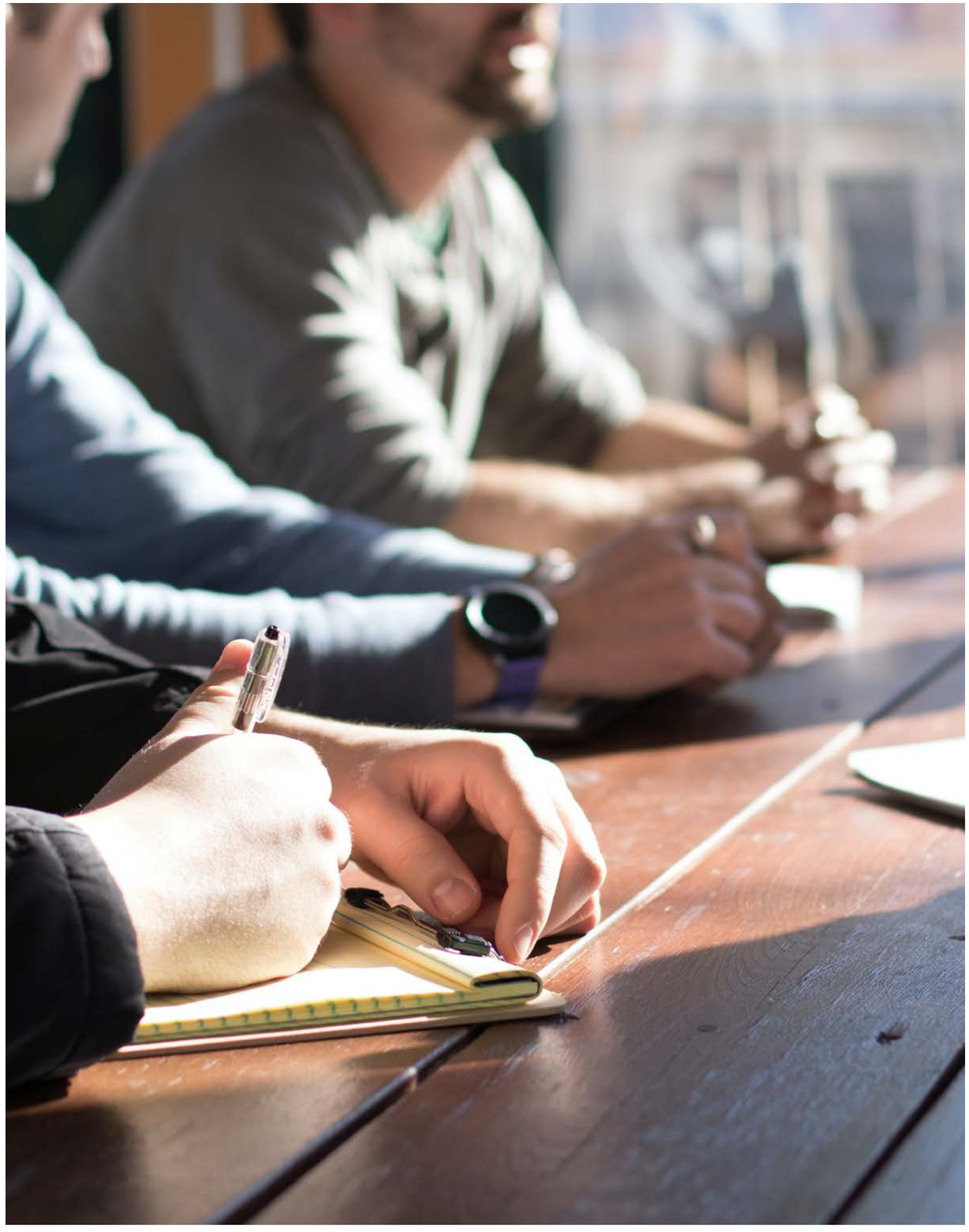
Risk Committee:
meets quarterly to review macro business risks including insurance, regulatory, compliance and conflicts of interest.

ESG Committee:
meets monthly to drive ESG initiatives throughout the business and track progress of ESG Strategy & commitments.

Charity Committee:
Formed in 2022, meets 6 weekly to determine a genuine charitable strategy for Apache and Present Made.

Health & Safety Committee:
meets monthly to discuss health and safety matters across the business and record health and safety incidents on operational and development assets as well as head office.

Regulation
Apache Capital Partners Limited (FRN 767074) is an Appointed Representative of MJ Hudson Advisers Limited, which is Authorised and Regulated by the Financial Conduct Authority in the UK (FCA Number 692447). Furthermore, Apache Capital Partners Limited is regulated by the Royal Institution of Chartered Surveys (RICS).



4 CLIMATE RESILIENCE & NET ZERO CARBON

Apache understands that Climate resilience is a vital component of environmental sustainability. As buildings are long-lived, we must design buildings that are future-proof and resilient to foreseen climate scenarios. Even in mild climate change scenarios, physical risks, which includes, chronic and acute events such as storms, flooding and overheating, are expected and buildings should be designed to accommodate the world expected then as well as today. As debates around stranded assets continue in investment circles, forethought must be given to assets that are resilient to transitional risks of climate change such as market changes, tightening legislative requirements, carbon taxation and issues associated with failure of the underlying infrastructure that serves our assets.

There are strong market drivers for addressing transitional climate and physical risks. In particular, the UK set out aims to be a leading low carbon economy. As such, they have set a target to achieve net zero carbon by 2050 with an interim reduction target of 78% by 2035. With specific reference to buildings, the Government's Future Homes Standard will set the pathway for new buildings in terms of energy efficiency and a transition away from fossil fuel sources of energy. New tenancies in rented properties will need to hold an EPC rating of C by 2028, and all existing tenancies from 2030.

Regulations have and will continue to tighten as evidence of climate impacts and as scientific and public opinion evolves.

Furthermore, climate change is having a major impact on the insurance market. With both physical risks such as extreme weather events, and transitional risks such as carbon pricing on the rise, the insurance industry is closely monitoring companies' strategic approaches to climate resilience.

Recognising the threat posed by climate change, the global financial system developed the Task Force on Climate-related Financial Disclosures (TCFD). The TCFD sets out a framework for companies to align to in terms of climate resilience reporting. The framework splits risks into physical and transitional risks and emphasizes the importance of data lead reporting. Apache is working towards alignment with the TCFD, setting up a Climate Resilience workshop in 2020. Our approach is set out below.

When considering Apache's business activities, we must approach net zero from two scopes: construction phase, which relates to the embodied carbon of the materials and construction processes, and operational, which refers to the emissions from the building once it is in use. The operational scope is the most material for Apache over the long term, however, embodied carbon should also be considered, as part of a robust approach to sustainability and it is particularly important that Apache's Single-family Housing platform, where Present Made acts as developer, undertake suitable evaluations or assessments on new developments.

Apache adopts a scenarios analysis approach to transitional risk posed by climate change.

It is important to understand how efficient our assets are operating by developing a carbon emission baseline, where carbon emission data is collected according to GRESB requirements. This data is used to track against future scenarios including the 1.5 and 2 degrees scenarios this allows Apache to understand how our assets are performing in relation to the NZC operational pathway. Apache uses EVORA's Sierra NZC Platform and the CRREM Tool to scientifically track these pathways. The performance data can not only help us understand the operational performance of our assets, but it can also inform the design of our buildings so that we can engineer enhanced energy performance and increase resilience.

In addition to the above, Apache is working to ensure our assets are resilient to the physical risks posed by climate change such a flash floods, heat waves/ heat stress, sea level rise and so on. Local authorities in the UK determine the parameters of physical risk assessment during the planning phase, which can result in inconsistency amongst platforms and assets. With Apache's assets located in several regions of the UK it is essential that we control and manage physical risk assessments across all our platforms, we do this through the Due Diligence and Investment Committee Process. The Investment Committee meets to approve each stage of the transactional process, where throughout the Stage 1 meetings are identified (including environmental risks). Our approach allows Apache to consistently work towards a high standard of climate resilience. The physical risk assessments are required to be carried out for all new sites and developments. The outcomes of these assessments can have a financial impact on the design of the asset and working alongside our M&E contractors we factor in certain design considerations including but not limited to those recommended in LETI.

Apache conducted an inaugural Climate Resilience Workshop in 2020 to review both transitions and physical risks posed by climate change to our BTR Platforms. These sessions are attended by members of the ESG Committee, Investment Committee and Executive Team. The ESG Committee meets prior to the workshop to agree the agenda, considering the latest developments of global climate change brought to their attention through webinars, climate related training and the media, risks posing a material impact to our Platforms form the agenda. To ensure a thorough discussion, each platform is discussed in isolation and specific risks and opportunities debated amongst the group. In addition to debating the impact of these risks and opportunities, the group also discusses the timeframe to which these issues may have both financial and non-financial impact on the business. These sessions are minuted and reports detailing the outcomes are shared internally and tracked annually at the Climate Resilience Workshop.

5

ACTIONFUNDER

ActionFunder is a corporate giving platform that matches capital from businesses, foundations and other organisations with local community, charity, and social enterprise groups.

ActionFunder provides the platform for businesses, like Apache and Present Made, to make a real difference at grass roots level in the communities in which they operate. This is the first tech- based platform allowing businesses to connect and engage with local groups based on a matching selection process, so that the funder and funded are aligned in terms of location, values, and capital requirement.

Apache and Present Made recognise that the Social component of ESG is often underrepresented and we are addressing this. We are putting community and social purpose at the top of our agenda.

And so, to demonstrate the social intent of our corporate strategy, Apache and Present Made became founding partners and early investors of ActionFunder in 2021, helping to launch the platform later that year.

By partnering with ActionFunder we are demonstrating our long term, genuine, commitment to a community lead strategy.

Going forward, we will be funding community grants local to each of our Present Made sites. The launch of these grants will be staggered throughout site ownership from planning, to development, to operations, at each of these touch points we will engage with the community ensuring we are driving social change within the local area, listening to residents, community leaders and local councillors.

The platform facilitates reporting by asking funded groups to provide photos, videos and narrative of how their projects has benefited from the grant. Social impact reports will be generated and disclosed as appropriate.

6 APACHE ESG COMMITMENTS

The following pages set out our ESG commitments according to Apache Corporate, Apache Asset Management and Apache Development. The commitments apply to both our multifamily and single family platforms and demonstrate how we seek to continuously improve our business practices.

The ESG Committee developed the commitments collectivley, with the Executive Director of Asset Management and Development taking overal responsiblitiy for the commitments in their field. The ESG and Operations Senior Associate Director is responsible for Corporate commitments.

The commitments are supported by action plans, attributing responsibilities to relevant parties, establishing timeframes for achieving results and setting relevant KPIs.

Progress against the commitments is monitored at defined intervals and performance is reported internally and externally. Suitability and applicability of the commitments is reviewed on an annual basis during management review of ESG Strategy.

6.1 CORPORTAE COMMITMENTS

ENVIRONMENTAL, SOCIAL, GOVERNANCE	OBJECTIVE	TIMEFRAME
E	Develop corporate practices objectives that support ESG covering office and business operations e.g. company travel	Medium Term
E G	Embed Climate Resilience into business operations, forming a Climate Resilience Committee	Immediate
E G	Alignment with TCFD with annual climate resilience disclosure	Medium term
E	Create and disclose a Net Zero carbon operation pathway for Apache's corporate offices	Medium Term
E	Commit to host all corporate and resident focused websites through platforms with enhanced green credentials	Immediate
E	Commit to sustainable head office fit out, reusing and recycling furniture and furnishings whenever possible	Immedate
E	Commit to providing plastic free stationery, ethically, sustainability sourced paper and operate a single use plastic free head office	Immediate
E S	Achieve annual Planet Mark Certification for Corporate Carbon Emissions and Social Value	Immediate
S	Working with Action Funder, launch and fund community grants through our Present Made platform, local to Present Made sites	Immediate
S	Identify and implement initiatives to promote diversity and inclusion	Immediate
S	Set and disclose diversity targets for employees	Medium Term
S	Offer work experience plus mentoring opportunities during the year to young people from a range of backgrounds	Immediate
S	Formalise an employee engagement strategy with annual survey with feedback process	Immediate
S	Enhance the health and wellbeing offering to all employees and formalise health and wellbeing programme	Immeidate
S G	Enhance ESG training strategy for employees	Immediate
G	Submit annually to GRESB Benchmark assessment and collate data in line with GRESB's requirements	Immediate
G	Carry out ESG materiality assessment for all stakeholders and repeat every 3 – 5 years	Immediate
G	Report quarterly to the Apache Board on ESG performance & progress	Immediate

Immediate (Q4 2022) Medium term (Q4 2023) Long term (Q4 2027)

6.2 ASSET MANAGEMENT & OPERATIONS COMMITMENTS

ENVIRONMENTAL, SOCIAL, GOVERNANCE	OBJECTIVE	TIMEFRAME
E	Develop an asset level science-based carbon reduction targets for all asset	Immediate
E	Implement regular energy, water and waste monitoring programmes for landlord - resident-controlled activities	Immediate
E	Employ Smart Tech in the operational phase to enhance our ability to capture accurate and real time ESG data	Immediate
E	Implement Waste Management strategy and targets for all assets	Medium term
E S	Develop an ESG design brief applicable for all assets	Immediate
E G	Maintain an asset log book system for each asset ensuring all essential ESG data is held centrally and can be updated readily.	Medium term
S	Define resident engagement programme, including resident surveys, post-occupancy evaluation and forum events and health and wellbeing measures	Immediate
S	Implement a community strategy for all assets	Medium term
G	Produce annual sustainability reports at entity level	Medium term
G	Ensure green lease clauses with all commercial tenant leases	Immediate
G	Formalise an Asset Manager/ Property Manager monitoring process including ESG training/ monitoring	Medium term

Immediate (Q4 2022) Medium term (Q4 2023) Long term (Q4 2027)

6.3 DEVELOPMENT COMMITMENTS

ENVIRONMENTAL, SOCIAL, GOVERNANCE	OBJECTIVE	TIMEFRAME
E	Develop a construction management and development brief for all assets.	Immediate
E	Deliver assets through the Modern Methods of Construction whenever appropriate	Immediate
E	Develop an ESG design brief applicable for all assets	Immediate
E	EPC strategy for each portfolio	Immediate
E	Attain suitable green building certifications for all developments and maintain certifications throughout our ownership	Immediate
E	Encourage the implementation of embodied carbon assessments	Long term
E	Formalise an energy efficiency strategy at portfolio level	Immediate
E	Commit to sustainable site selection, ensure through the DD process that all sites and acquisitions are line with business plans and environmental risk assessments carried out	Immediate
S	Identify initiatives and metrics to record quantitative and qualitative social impact in respect of development projects e.g. Creation of apprenticeships Reliance on local supply chain Employment of sustainable resources	Immediate
S	Formalise a supply chain monitoring process and engagement piece, including ESG training at entity level to ensure our partners and assets meet our ESG objectives	Medium term
G	Produce annual sustainability reports at entity level	Immediate

Immediate (Q4 2022) Medium term (Q4 2023) Long term (Q4 2027)

7 REPORTING

7.1 INTERNAL & EXTERNAL REPORTING

INTERNAL

Asset-level ESG Performance

ESG performance, at asset level, will be documented, tracked and communicated through Quarterly Board Meeting Papers. Asset Management teams shall review performance to identify the need for additional action / resource on ESG matters, as deemed necessary.

EXTERNAL

Apache external disclosure and reporting programme includes:

- Investor quarterly reporting
- Publishing the ESG Strategy via the Apache website.
- Publishing Press Releases on ESG initiatives and impacts via the website.
- Completion of sustainability reports in line with INREV guidelines.
- Submission of GRESB Real Estate assessment.

Occasional external communications relating to ESG matters will be received.

Instances of material significance will be communicated to the ESG Committee for review and preparation of a response, as appropriate. Appropriate information requests may include:

- Requests for information from interested parties (including residents and investors).
- Communication from environmental regulators.
- ESG complaints that cannot be resolved at property level by the local operational teams.

7.1 MANAGEMENT REVIEW

An annual Management Review of progress and performance against objectives will form the basis for an overall review of the effectiveness of the management system and establish actions for continual improvement. This will be attended by a members of the ESG Committee, The Executive Committee and Investment Committee. The review will take place in Q4 and consider the following items:

Review of the Apache ESG Strategy to ensure it still accurately reflects current operations.

- ESG risk assessment and management.
- Compliance issues.
- Inclusion of ESG within Asset Business Plans.
- Roles and responsibilities.
- Summary of performance against objectives.
- Training and awareness-raising programmes.
- Monitoring and reporting processes.
- Any other business deemed relevant.

Minutes and details of agreed actions will be retained.