



**CIVITAS**  
INVESTMENT MANAGEMENT

# Civitas Sustainability Policy



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## Scope

This Policy is a summary of the Firm's approach to sustainability across our corporate, investment and ownership process. This Policy is approved by the Civitas Board.

This Policy forms part of a broader set of policies and documents addressing our approach to sustainability and is intended to be read in conjunction with the Investment Process manual, the Risk Management policy, and all relevant laws and regulation.

## Sustainability Goals

Civitas focusses on the following five key strategic sustainability goals at both the Firm and fund level:

	<b>Increase of Supply and Access to Quality Community-based Living Properties</b>	
	<b>Strong Community and Social Engagement</b>	 
	<b>Building Quality Partnerships</b>	
	<b>Provide Value for Money</b>	
	<b>Promotion of Positive Environmental Impact</b>	 

### 1. Increase of Supply and Access to Quality Community-based Living Properties

The rising demand for long-term and life-long care and support is met with a shortage of suitable adapted quality healthcare accommodation for vulnerable adults, highlighting a path of long-term shortages in this sector. One of Civitas' key strategic sustainability goals is to increase the provision of, and access to, high-quality, adapted social and care-based community properties for vulnerable adults with long-term care needs, in order to meet the increasing demand for such properties and deliver on relevant UK and European policies.

In order to ensure the quality of any potential investment, properties are screened by way of compliance against a number of predetermined factors. One of which being the "Decent Homes Standard" for supported living properties published by the Department for Communities. For registered care and education properties, we assess Care Quality Commission (CQC) ratings. Equivalent analysis is undertaken with respect to European properties depending upon local requirements.

### 2. Strong Community and Social Engagement

By making available healthcare properties within a community setting, Civitas aims to play its part in improving the general well-being and happiness of vulnerable people in society, particularly by:



- Improving health and well-being;
- Increasing social engagement and mobility;
- Enhancing personal independence;
- Improving quality of life;
- Reducing isolation;
- Increasing employability skills and aspirations of individual tenants; and
- Increasing access to educational facilities for vulnerable people with specialist educational needs.

For these purposes proposed properties are also screened in terms of the quality of the property's accessibility and its proximity by foot and public transport to amenities and entertainment. Properties are selected based upon accessibility criteria and in turn are rejected if it is clear that residents would be isolated as a result of the proposed location. Our properties are often referred to being “pepper potted” within cities, towns and villages and forming part of the fabric of the local community.

### **3. Provide Value for Money**

Civitas aims to ensure that the rent payable on a property on a comparable basis offers value for money in terms of the nature of accommodation provided and ensuring that there is both local market demand and local authority support for any acquisitions or new building in any particular local authority area.

Civitas aims to increase the supply and delivery of high-quality healthcare and specialist education properties that offer cost-savings for the public purse. Civitas seeks to specifically ensure that the rent payable for a property provides cost-effective accommodation, by reviewing and fairly benchmarking any proposed rents, taking into account local market demand, support from local authorities for acquisitions of new buildings in specific areas and reviewing its own proprietary database, comprising one of the largest databases of exempt rents in the UK.

### **4. Building Quality Partnerships**

Civitas assesses the governance and health and safety standards, frameworks and policies of all its delivery partners as part of its investment process, with continued monitoring of relevant standards and issues across the investment portfolio as part of its on-going asset management and operational reviews.

In particular, our partner housing associations are required to provide detailed health and safety data (as required by the Regulator of Social Housing) which Civitas monitors closely. This data covers the programme of regular inspections that housing associations must undertake across a wide range of inspection criteria in order to safeguard the interests of residents.

Civitas also makes enquiries of other charitable and care provider partners utilising the skills of the Civitas Quality Assurance Board, as required.

### **5. Promotion of Positive Environmental Impact**

Civitas aims to deliver energy efficient, new and adapted community-based properties that not only have a direct positive environmental impact but also reduce reliance on older less energy-efficient remote institutions, thereby reducing long-distance travel requirements.



Civitas screens target investments in (i) development residential real estate assets (inclusive of all related units) with a minimum energy performance certificate rating of B ('EPC B'), and (ii) standing residential real estate assets (inclusive of all related units) with a minimum energy performance certificate rating of C ('EPC C').

Properties to be acquired are subject to a detailed internal survey with the opportunity for enhancements to be made that will improve energy efficiency as required.

Civitas works with and/or partners with housing associations, care providers, leading consultants and third parties to:

- Design long term operational plans with a view to minimising adverse environmental impact and making environmental improvements; and
- Improve environmental efficiency of properties through "deep" retrofit programmes.

## Governance and Investment Process

The ultimate responsibility and oversight for the sustainability goals lies with the Civitas Board, which has delegated to the Investment Committee in matters related to the sustainability risks in the acquisitions and ongoing asset management of investments.

Sustainability factors are considered at each stage of the acquisition process, and the asset management team conducts on-going monitoring of properties and counterparties including regular on-site visits, reporting and disclosure, ensuring compliance with relevant sustainability and care standards.

In addition, Civitas' ESG Steering Group, comprises personnel with relevant experience and skills, providing governance and direction for Civitas' impact strategy, approach and implementation at both the corporate and investment level.

## Engagement

Civitas is committed to working with its internal and external network of stakeholders to deliver on its sustainability goals and vision. We have developed an extensive network of relationships with specialist developers, care providers, local authorities and other housing management organisations which enables us to input into specific design that is adapted to individuals. Where feasible, we also contribute to the local communities by actively encouraging developers to offer apprenticeships and employment during construction and improvement works.

Our commitment to engagement extends beyond compliance with regulations and standards. As signatories to the UN Principles for Responsible Investment (UNPRI) and members of the Global Impact Investing Network (GIIN), we embrace a proactive approach to managing our environmental and social impacts, aiming to leave a positive legacy for future generations. Through responsible resource management, emissions reduction initiatives, ethical sourcing practices, and community engagement programmes, Civitas strives to minimise its footprint while maximising its positive contributions. Civitas believes that by serving as responsible stewards of the environment and society, we can create shared value for all stakeholders and contribute to the long-term well-being of the planet and its people.

## Reporting

Active ownership of our investments is central in governance and decision making to optimise impact. The extent to which our investments generate the desired positive intentional social and environmental outcomes alongside competitive financial returns are continually monitored. From time to time, Civitas reports on progress against our sustainability goals through independent social impact reports produced by several specialist consultancies such as Sonnet Advisory and The Good Economy.