SUPR
SUPERMARKET INCOME REIT

INVESTING IN THE FUTURE OF UK GROCERY

SUSTAINABILITY REPORT 2023

Who we are | Supermarket Income REIT plc (LSE: SUPR) is a real estate investment trust dedicated to investing in property which enables the future model of UK grocery.

SUSTAINABILITY REPORT

For the year ended 30 June 2023

SUPERMARKET INCOME REIT | SUSTAINABILITY REPORT 2023

We aim | To provide investors with a combination of attractive, secure and growing income with potential for long term capital growth.

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ORGANISATIONAL DETAILS

LEGAL NAME	Supermarket Income REIT Plc ("SUPR")
NATURE OF OWNERSHIP AND LEGAL FORM	Supermarket real estate investment trust Public limited company
LOCATION OF HEADQUARTERS	London, United Kingdom
COUNTRIES OF OPERATION	United Kingdom
ENTITIES INCLUDED IN THE ORGANISATION'S SUSTAINABILITY REPORTING	
ENTITIES INCLUDED IN SUSTAINABILITY REPORTING	Supermarket Income REIT Plc ("SUPR")
REPORTING PERIOD FREQUENCY AND CONTACT POINT	
REPORTING PERIOD AND FREQUENCY OF SUSTAINABILITY REPORTING	Year ended 30 June 2023 Annual
REPORTING PERIOD OF FINANCIAL REPORTING	Year ended 30 June 2023
PUBLICATION DATE OF THE REPORT	20 September 2023
CONTACT POINT FOR QUESTIONS ABOUT THE REPORT OR REPORTED INFORMATION	ir@atratocapital.com

"The Company has refined and enhanced its sustainability strategy during the year, and has outlined the net-zero deliverables it believes are possible within its activities."

Frances Davies Chair of ESG Committee

Dear Shareholder,

The UK is targeting net zero emissions by 2050 and achieving this will require the full commitment of many sectors, including ours. The Company acknowledges that it has a role to play within that commitment, and that we must identify and manage our sustainability risks accordingly. We believe that this approach aligns with the interests of our key stakeholders.

Enhanced collaboration between landlords and tenants is necessary if zero carbon initiatives are to be successful and the Company is especially focused on this, given the full repairing and insuring nature of the majority of its leases. Our sector has proved itself to be agile in times of hardship through the "feed the nation" enterprises; now is the time to deliver on zero carbon initiatives throughout our operations.

The Company has refined and enhanced its sustainability strategy during the year, and has outlined the net-zero deliverables it believes are possible within its activities. This work has been undertaken in conjunction with an exercise to embed sustainable factors into the investment practices of both the Company and its investment advisor.

Climate change, energy market volatility and security of energy supply have been identified as the greatest challenges for our assets and their tenants. These are big issues, but we believe that they present opportunities as well as hurdles. Opportunities such as: reducing the burden our assets have on natural capital; participating in the transition economy; and stimulating our supermarkets to become social hubs for their communities.

We continue to commit significant resources to defining the Company's carbon footprint; engage with stakeholders to better understand their expectations; and benchmark ourselves against best practices within our peer group. Like most REITs, Scope 3 emissions constitute more than 90% of our carbon footprint, because they are directly attributable to the operating practices of our tenants. Using primary data from our tenants, and accepted scientific modelling practices, we are now able to set ourselves short, medium and long-term goals to reduce our carbon emissions.

We recognise that weather conditions which once were considered extraordinary are now becoming more frequent, and that we must do our part in addressing and minimising the physical impacts of climate change. In this context, we have focused on expanding our knowledge of tenant environmental performance and our understanding of their sustainability strategies. By means of a revised set of green lease riders, which we aim to include in all of our new leases and negotiations, we believe we can - together with our tenants – improve the sustainability of our buildings.

Energy efficiency is a key driver for change and innovation in the post-COVID economy, and aligns sustainability with commercial strategies. In that context, we are looking to integrate our assets into the national infrastructure for electric vehicles. As EV usage accelerates, so must access to charging points. Enabling customers to access this infrastructure while undertaking daily tasks is an easy win and we are exploring opportunities to increase the energy independence of our sites from the national grid, and to increase onsite energy provision.

Looking to the future, our focus will be to continue rolling out our sustainability plans across the portfolio. We will seek opportunities to participate more fully in the transition economy, with emphasis on onsite energy provision, EV charging, and recycling hubs. We will continue to engage with our tenants on sustainability initiatives and we will build on our current data.

Frances Davies
Chair of ESG Committee
19 September 2023

SUSTAINABILITY ACTIVITY HIGHLIGHTS

ENVIRONMENTAL

Green leases: The Company has approved standardised green lease riders which it strives to include in all new leases and re gears. Green Clauses aim to evaluate and improve long term environmental performance and commitment to enhance the sustainability of our sustainability of our buildings.

Green Energy: All energy supplies in landlord-controlled areas are on green tariffs.

Waste and Recycling: Where achievable, waste from the 15 sites with landlord managed communal areas, is being dealt with sustainably.

MEES: The Company has ensured that all EPCs meet the current statutory standards.

EV Charging: The Company is working is working with the supermarket operators to implement EV charging at all sites where available power and excess parking space allows.

Solar: Solar PV has been installed at our Tesco Thetford store and we are working with Tesco on evaluating further solar PV opportunities in the near term.

ENVIRONMENTAL ASSET MANAGEMENT:
The Company has focussed on landlord controlled areas where it can support a variety of initiatives and activities to benefit occupiers and communities:

Environmental Champion: Many of the initiatives at Beaumont Leys are being pioneered by the site-based 'environmental champion' who is responsible for setting and delivery of environmental enhancements on a site basis. We will look to roll out this approach at other sites.

LED Lighting: Where appropriate LED lighting has been upgraded in lanlord controlled areas to ensure the most efficient use of energy on site.

Lighting timers: Where possible on:off timers and daylight controllers are utilised with regards to scheme lighting.

Energy Monitoring: The Company seeks to monitor and report on energy usage across all sites to enable it to identify further opportunities to save on energy.

Asbestos Management: Asbestos management plans are in place where appropriate.

SOCIAL

COMMUNITY ENGAGEMENT:
The site teams for the Company's assets are empowered and encouraged to engage positively with their local communities, examples include:

Training and Apprenticeships: At Beaumont Leys in Leicester, a scheme to encourage autistic employment into facilities management roles has been implemented to great success.

Grocer Engagement: Grocery tenants also actively actively engage with their local communities.

Meeting Spaces: Areas for local charities to utilise are provided to support initiatives.

Local: The Company continues to place an increasing focus on utilising local suppliers and employing local staff.

Investment advisor activity: The Investment Adviser on behalf of the Company seeks to directly support charitable activities, through financial contribution and employee volunteering. It ran an IntoUniversity "careers in focus" workshop, with 17 Year Nine students visiting our offices to get a taste of the work undertaken by Atrato Capital and to experience an office environment, to educate them about careers in finance.

TENANT ENGAGEMENT:
The Company has focused on enhanced engagement with tenants on social and environmental performance.

GOVERNANCE

ESG Committee: The Board established an ESG Committee on 1 July 2022, Chaired by Frances Davies.

Oversight of ESG risks: The Investment Adviser has appointed a Sustainability Champion, Steve Windsor, Principal at Atrato Group.

Gender Diversity: The Board consists of 50% female members.

TCFD reporting: Complete TCFD (including Governance of climate-related risks and opportunities) included in the Annual Report.

Gap analysis: The Company appointed third-party consultants CEN-ESG to independently assess the improvements it can make to its sustainability strategy and framework.

Independent oversight: Through CEN-ESG the Company undertook a benchmarking exercise to assess the Company's sustainability disclosure against its peer group and support the creation of performance targets for the Investment Adviser.

SUPERMARKET INCOME REIT | REFORMING OUR APPROACH

REFORMING OUR APPROACH

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2022 marked the year when Supermarket Income REIT Plc (the "Company") consolidated its approach by integrating sustainability into all levels of the fund and its investment process. The Company focused on strengthening oversight of ESG and defining sustainability risk factors to bring policies and frameworks in line with recent disclosure requirements.

The Company's four key sustainability priorities are:
i) mitigation of environmental impact,
ii) introducing the highest standards of governance and reporting,
iii) engagement with tenants and wider stakeholders, and
iv) responsible citizenship and support for communities.

The Board accepted the Investment Adviser's recommendation to commission third-party consultants to review the Company and the Investment Adviser's current operational approach to sustainability and the efficiency of its sustainability strategy in delivering the above priorities.

This set in motion reforms that highlighted the Company's strengths as well as areas where the Company can improve, including its assessment of climate-related risk on a forward-looking basis. The Company also enhanced its risk evaluation framework for climate change and climate-related risks assessments. These factors have a direct effect on the long-term sustainability of the Company's buildings and need to be evaluated and managed accordingly to meet return, legislation and reporting requirements. A core aspect of these reforms is defining how sustainability factors are considered within the assessment of each proposed investment, and once invested how emissions reductions will be managed throughout the investment horizon.

The Company commissioned the same third-party consultant to undertake a gap analysis to benchmark its current disclosure practices against its peers.

REVIEW OF OUR STANDARDS AND SYSTEMS

REVIEW OF OUR STANDARDS AND SYSTEMS

A fundamental aspect to ensuring that we deliver sustainable investments is adopting standards and principles that conform to best practice.

In 2022, the Investment Adviser joined the United Nations Principle for Responsible Investing ("UNPRI") and will be reporting for the first time in accordance with their six guiding principles and disclosing accordingly in 2023.

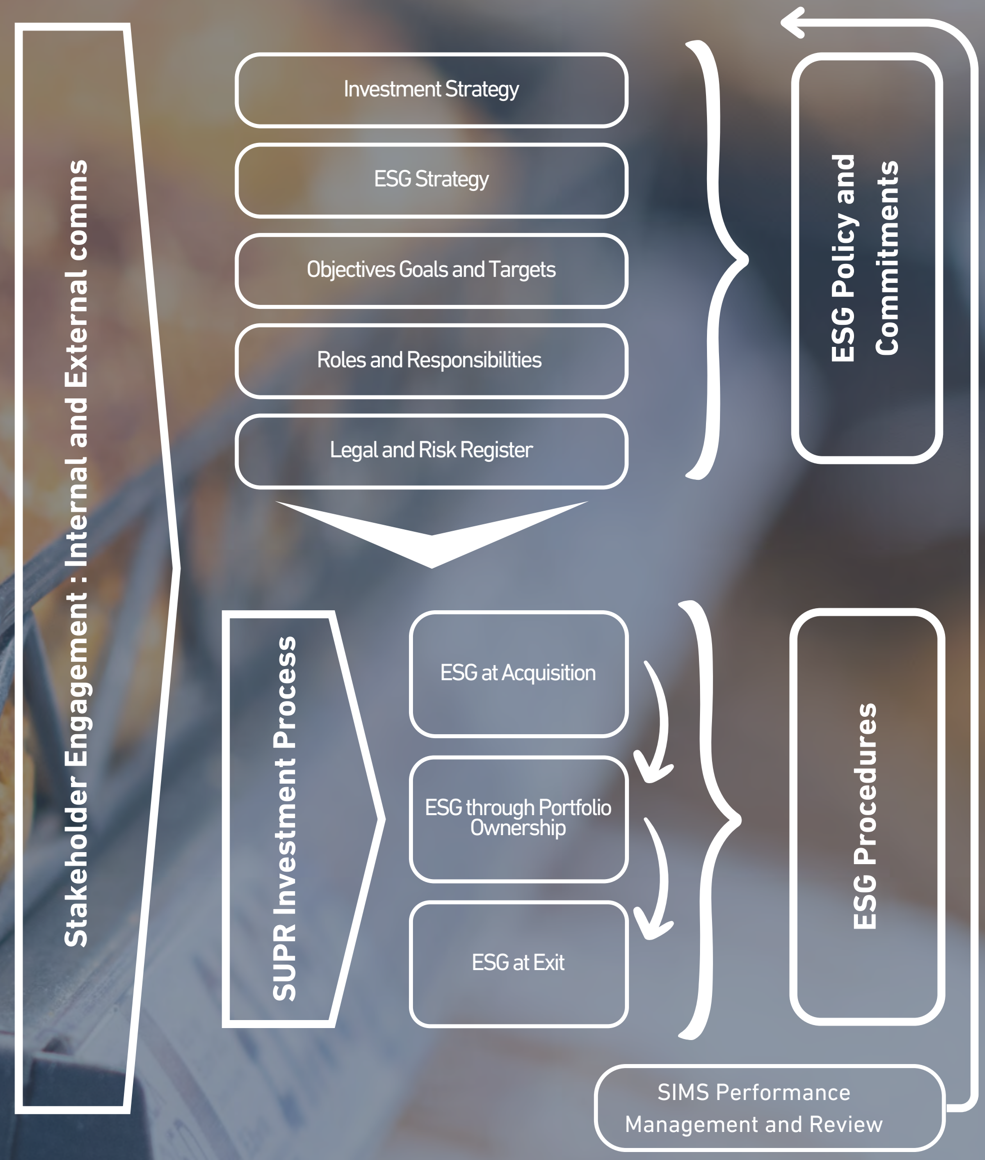
In addition, the Board supported the Investment Adviser's decision to join the Net Zero Asset Managers ("NZAM") initiative, an industry standard that requires asset managers to set realistic targets to reach net zero. The requirements of NZAM draws on the Taskforce for Climate related Financial Disclosures ("TCFD") reporting requirements.

In 2022 the Company published its first TCFD aligned report, focusing on establishing a base line for its carbon emissions by calculating its Scope 1, 2 and 3 emissions for the portfolio. the team will now focus on the development of Science Based Targets ("SBT"). The Science-Based Targets initiative ("SBTi") is the most widely used method for calculating and communicating a carbon reduction target in line with the goals set out in the Paris Agreement. A targeted scenario based on a 1.5°C above pre-industrial emissions levels remains the current base case. The Company has commissioned a third-party consultant, Anthesis Consulting, to help in the development of the SBTi and the associated action plans to achieve TCFD compliance with its disclosure. It is targeting submission of the proposed SBT to the SBTi for approval by the end of 2023.

SUPERMARKET INCOME REIT | REFORMING OUR APPROACH

SUSTAINABLE INVESTMENT MANAGEMENT SYSTEM ("SIMS")

The Company commissioned a third-party consultant, Quarter Penny Consulting, to review the investment decision-making process, including that of the Investment Adviser, and to develop a Sustainable Investment Management System ("SIMS"). In order to ensure that sustainable aspects are considered at every step of the investment process, the SIMS contains reporting frameworks that take into account material risk factors, key performance indicators and opportunity evaluations.



DEFINING THE METHODOLOGY

MATERIALITY ASSESSMENT

To better understand the sustainability issues, risks and opportunities that are most important to the Company and our stakeholders, the Company has completed a sustainability materiality assessment. The aim of this assessment was to identify the priority ESG areas for the Company based on their importance to our business and their significance to our stakeholders, ultimately playing a central role in the development of our long-term sustainability strategy. The process deepened our understanding by engaging with investors, tenants and staff of the Investment Adviser through meetings, surveys and one-on-one engagement, all complemented by in-depth research carried out by third-party specialists.

While working with external consultants, we identified a 'long list' of topics relating to environment, social and governance factors, drawn from sources including stakeholder and investor feedback; our tenants' policies around sustainability and ESG; and leading ESG standards and frameworks including SASB, GRI and GRESB. These were further refined and evolved into questions which were shared with stakeholders and management at the Investment Adviser.

PROCESS TO DETERMINE MATERIAL TOPICS

Our approach:

ISSUE INVENTORY	STAKEHOLDER INPUT	ANALYSIS & REPORTING
• Review of Business priorities • Peer analysis • Initial list of topics • Feedback from leadership	• Interviews with leadership • Desktop review of stakeholder interests • Interviews and surveys with investors • Survey of employees of the investment advisor • Desktop research of rating agency views	• Data aggregation and analysis • Sustainability reporting • Matrix finalisation

IDENTIFIED SUSTAINABILITY PRIORITIES:

Based on the results of the materiality assessment, the Company identified four key sustainability priorities:

MATERIALITY ASSESSMENT KEY PRIORITIES	ASSOCIATED STRATEGIC INITIATIVES
Mitigation of environmental impact	Commitment to enhance the sustainability of our buildings.
Introducing the highest standards of governance and reporting	Integration of ESG and sustainability criteria into the evaluation of asset acquisition. Strengthening oversight of ESG and sustainability.
Engagement with tenants and wider stakeholders	Engagement and partnership with tenants on various issues, including data, environmental policies, and practices.
Responsible citizenship and support for communities	Ensuring our assets enhance the communities in which they are located.

MATERIALITY RISK ASSESSMENT UPDATE

The risk register, which identifies a variety of risks that may impact adversely the Company's portfolio, has been updated to address climate-related factors. Investor expectations and market related disclosure has influenced several key focus areas for the Company's investment process. As part of TCFD disclosure update the Company will introduce physical climatic risk assessments to its due diligence process.

The Company continues to review the potential consequences of each risk, and the control measures that should be implemented to ensure acceptable levels of residual risk remain.

Overarching (operational, financial and regulatory) ESG risks have also been included within the register.

- The impact of the risk, described in terms of financial consequence to the Company, is multiplied by the probability of occurrence of the risk. This provides the inherent risk score.
- Once control measures have been implemented, the impact and probability are re-visited to prepare the residual risk score.

The Company will review its material ESG risks and opportunities as it continues to engage with stakeholders and enhance the Company's sustainability strategy.

REGULATIONS AND EXTERNAL REPORTING

REPORTING FRAMEWORK	OVERVIEW	REGULATORY OR VOLUNTARY REQUIREMENT
TCFD	Disclosure of climate related risks and opportunities. See Section [X] below.	Voluntary* (Noting TCFD reporting is a mandatory regulatory requirement for some UK entities)
NZAM	Industry commitment to support net zero emissions by 2050 and investing aligned with net zero by 2050.	Voluntary
MEES	Minimum energy efficiency standard (EPC rating) for commercial buildings.	Regulatory
SFDR	Sustainability disclosure regulations for financial market participants in the EU.	Regulatory
SFR	Sustainability disclosure regulations for financial market participants in the UK.	Regulatory* (Not yet in force)
UN PRI	Global reporting project on responsible investment.	Voluntary
ESG Rating	External benchmark of sustainability performance.	Voluntary

SUSTAINABLE FINANCE DISCLOSURES REGULATIONS ("SFDR")

The SFDR is a transparency framework that sets out how financial market participants must disclose sustainability information. The SFDR is designed to support investors to assess how sustainability risks are integrated in the investment decision process and enable investors to make informed decisions.

The Company is an Article 6 Fund under the SFDR, which requires disclosures in accordance with Article 6 (Transparency of the Integration of sustainability risks) and Article 7 (Transparency of adverse sustainability impacts at financial product level) of the SFDR. These disclosures are provided on the AIFM's website.

SUSTAINABLE DISCLOSURE REQUIREMENTS ("SDR")

SDR is the FCAs UK Taxonomy that has been developed based on the EU SFDR reporting requirements. The SDR will incorporate the concept of a sustainability investment label "SIL". This is expected to come into force in 2024 and will be mandatory for those regulated by the FCA. The Company will continue to stay abreast of regulatory developments and engage with the FCA on the SDR as necessary.

MODERN SLAVERY ACT 2015

The Company has a zero-tolerance approach to modern slavery and human trafficking and is committed to ensuring its organisation and business partners operate with the same values. The Company's modern slavery and human trafficking statement can be found on the Company's website.

A NEW APPROACH TO CLIMATE CHANGE

A NEW APPROACH TO CLIMATE CHANGE

In 2022, the Company published its first TCFD report. The TCFD framework defines four pillars and 11 recommendations for disclosure of climate-related risks and opportunities. The four pillars are governance, strategy, risk management, and metrics and targets. The 11 recommendations (covering disclosure aspects) ensure that the Company's climate risks and its risk-management structure and processes are clearly disclosed.

The 2022 report disclosed against all four of the TCFD pillars and six of the eleven recommendations. Due to data gaps in environmental performance of the assets within the portfolio, and the consequential inability to deliver scenario planning for future climate conditions a full TCFD report was not published. Over the course of the financial period, the Company has sought to close these gaps.

A review of how climate-related risks are integrated into the investment process highlighted the need to develop relevant scenario analysis for the portfolio, taking into account a look forward into the possible effects of climate change and climate-related weather events. The Board recognises that a forward-looking approach to the impacts of climate change is necessary to ensure shareholder value is maintained throughout the life of the fund, and that assets are not discounted for poor energy or environmental performance.

13 CLIMATE ACTION

WE ARE COMMITTED TO REDUCING THE CARBON FOOTPRINT OF OUR PORTFOLIO

Elimination of CO^2 emissions from the built environment is a key determinent in meeting the 1.5° climate targets

TCFD ALIGNED	Full TCFD reporting by 2023. Baseline emissions 87,715 TCO^2E	NZAM Initiative Use SBTi to become Net Zero	SDG 13.2
SUSTAINABILITY IMPROVEMENT PLANS FOR ASSETS WITH EPC OF D OR WORSE	Improvement plans for all assets according to MEES	Currently 85% EPC C or better 100% in 2030	SDG 13.2
SOLAR PV ON (-)% OF ASSETS	Solar PC on 10% of assets with tenant consent given	NZAM initiative Use SBTi to become Net Zero	SDG 13.2

DATA IMPROVEMENTS

DATA IMPROVEMENTS OVERVIEW

A strategic focus for the Company continued to be the improvement of data collected from the tenants and from the assets the Company controls. As data collected in 2022 was incomplete, the Company utilised accepted practices from UK Department for Business, Energy & Industrial Strategy ("BEIS") to measure and account for baseline carbon emissions. However, during the financial year the Company engaged with tenants on data collection, environmental performance and possible positive impact opportunities that could be improved. The data collected in the 2023 Greenhouse Gas inventory is now substantially more reflective of the operating efficiencies of the portfolio and the Investment Adviser. This resulted in the percentage of tenant emissions that were estimated reducing from 100% in 2022 to 83% in 2023 with 69% of occupiers, by gross internal area ("GIA") contributing. As not all data provided related to energy consumption for the direct period of analysis required for reporting, the Company was in part still reliant on estimations for tenant emissions reporting. The Company will continue to work with tenants to improve its data collection over the next financial period with a view to further reducing its reliance on estimated data.

GREENHOUSE GAS EMISSIONS

SCOPE AND CATEGORY	DESCRIPTION	FY23 EMISSIONS (TCO2E)	FY22 EMISSIONS (TCO2E)
Scope 1	Fuels used in the communal areas of sites where the Company as the landlord is responsible for procuring the energy on behalf of the tenants.	10	N/A
Scope 2 (location-based)	Electricity use in the communal areas of sites where the Company as the landlord is responsible for procuring the energy on behalf of the tenants.	101	N/A
Scope 2 (market-based)		184	N/A
TOTAL SCOPE 1 & 2 EMISSIONS (MARKET-BASED)		194	N/A
Scope 3 (1. Purchased Goods & Services)	The Company's purchased goods and services, including emissions relating to the Investment Adviser, Atrato Capital.	3,131	N/A
Scope 3 (2. Capital Goods)	Embodied emissions of newly built properties added to the portfolio in the reporting period.	463	N/A
Scope 3 (3. Fuel-and Energy-Related Activities)	Upstream emissions of energy use included in Scope 1 & 2.	61	87,715
Scope 3 (13. Downstream Leased Assets)	Scope 1 & 2 energy use of tenants, including fugitive emissions arising from refrigeration and air conditioning. Scope 1 & 2 energy use of communal areas where the Company is not responsible for procuring the energy (included in FY23 only).	77,273	87,715
TOTAL SCOPE 3 EMISSIONS		80,929	87,715
TOTAL SCOPE 1, 2 & 3 EMISSIONS (MARKET-BASED)		81,123	87,715
Out-of-scope	Tenant emissions relating to biomass used to heat some tenant sites.	22	1,376

ENERGY CONSUMPTION

ENERGY CONSUMPTION	FY23	FY22
Scope 1 & 2 Company (landlord) Energy Consumption (electricity and fuels) (kWh)	574,047	N/A
Scope 3 Tenant Energy Consumption (electricity and fuels) (kWh)	186,704,059	224,504,601
Scope 3 Tenant Energy Consumption (refrigerant losses) (kg)	11,381	10,719

INTENSITY METRICS

INTENSITY METRIC	FY23	FY22
Scope 1 & 2 Company (landlord) Emissions Intensity ($kgCO_2e/m_2$)	0.87	N/A
Scope 3 Tenant Energy Emissions Intensity ($kgCO_2e/m_2$)	117.99	284
Scope 1 & 2 Company (landlord) Energy Intensity (kWh/m_2)	2.30	N/A
Scope 3 Tenant Energy Intensity (electricity and fuels) (kWh/m_2)	473.86	715

SCOPES AND EMISSIONS ACROSS THE VALUE CHAIN

SCOPE 1 & 2

Scope 1 & 2 emissions constitute mainly electricity consumption. Actual consumption data was provided from several of the large tenants however, where gaps were evident, estimations were made using previous year data or floor area intensities (based on similar sites within the portfolio) as proxies. Fuels (natural gas and fuel oil) spend was used as a proxy due to a lack of activity data. This is a standard method that ensures all the major contributors to scope 1 and 2 emissions are captured.

SCOPE 3 (1. PURCHASED GOODS & SERVICES)

Emissions that are within a scope 3 category, estimations using spend as a proxy and applying DEFRA input-output factors (kgCO^2e/GBP) to expenditure was the basis of the Company's calculations.

SCOPE 3 (2. CAPITAL GOODS)

There were two sites where development was completed in the reporting period. For these sites, embodied carbon emissions were estimated by applying a benchmark intensity (kgCO^2e/m^2) to the floor area.

SCOPE 3 (13. DOWNSTREAM LEASED ASSETS)

Some tenants provided actual consumption data for electricity and heating. Where there were gaps, estimations were made using benchmark intensity data based on floor area. Refrigerants were estimated for all sites.

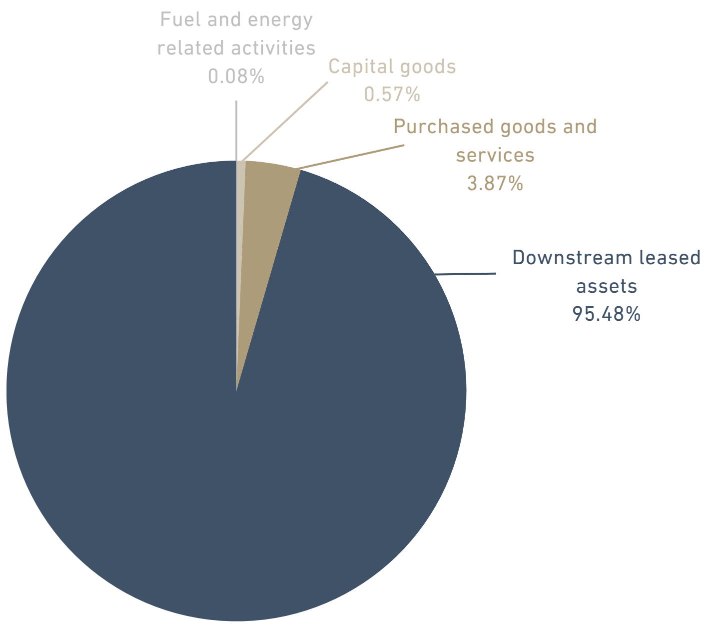
DOWNSTREAM LEASED ASSETS: SUPERMARKETS VS NON-SUPERMARKETS

SUPR's scope 3 activities produce 80,929 tonnes of CO^2e.

The largest contributor is SUPR's emissions from its downstream leased assets accounting for 95% of scope. These emissions account for the scope 1 and 2 activities of its tenants.

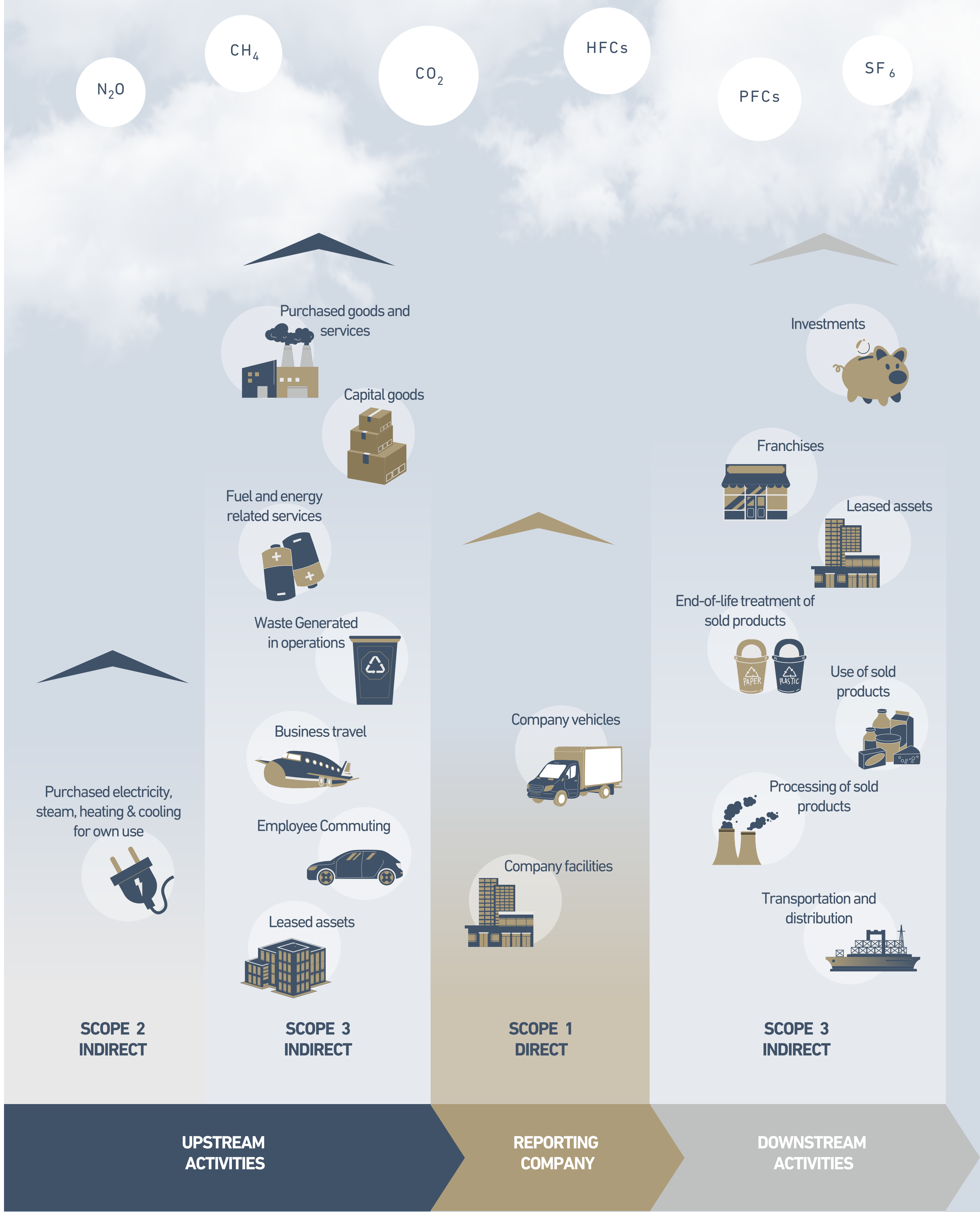
The next largest contributor is purchased goods and services contributing 4% of scope 3 emissions, followed by FERA and purchased goods and services at less than 1% each.

% EMISSIONS SCOPE 3

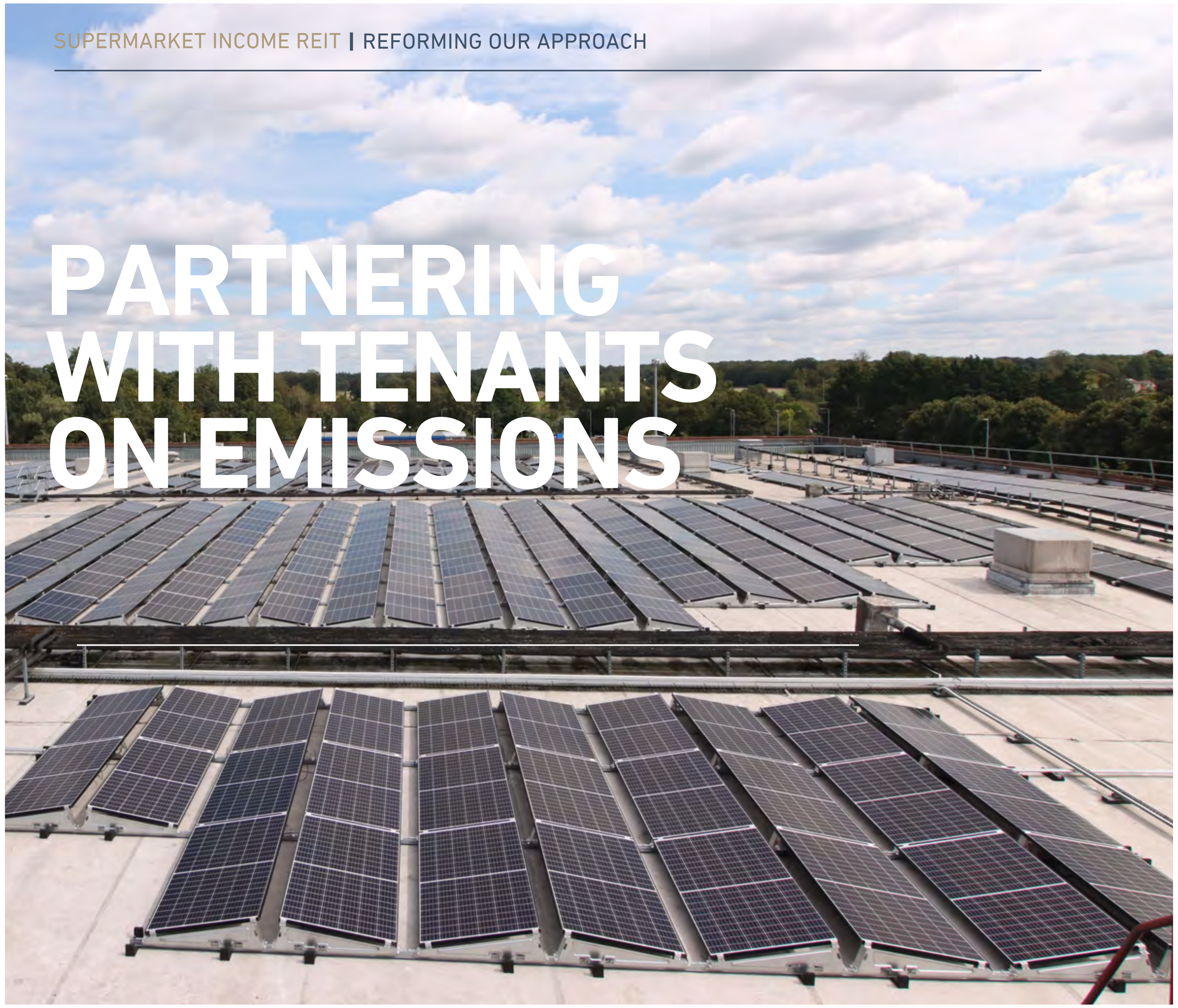


SUPERMARKET INCOME REIT | REFORMING OUR APPROACH

OVERVIEW OF GHG PROTOCOL SCOPES AND EMISSIONS ACROSS THE VALUE CHAIN



PARTNERING WITH TENANTS ON EMISSIONS



PARTNERING WITH TENANTS ON EMISSIONS

The majority of the Company's assets are managed by tenants on full repairing and insuring ("FRI") leases and as such an engagement strategy has been developed to collaborate with them in delivering on each party's sustainability goals. The Company believes that strong relationships with its tenants and alignment of sustainability goals will facilitate and maintain a robust portfolio that can adapt to future challenges and optimise impact opportunities.

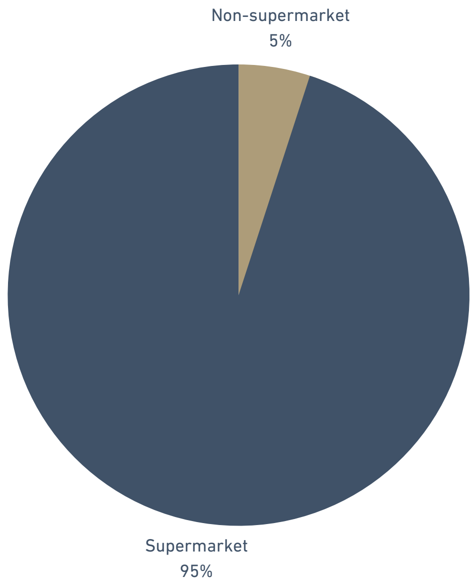
DOWNSTREAM-LEASED ASSETS: SUPERMARKETS VS NON-SUPERMARKETS

The majority of the Company's emissions from downstream-leased assets come from assets leased to supermarkets. The total emissions contributed by downstream-leased assets are 50,789 tCO_2e (location-based).

Supermarkets contribute 95% of the Company's downstream-leased assets with the equivalent of 48,392 tCO_2e.

Non-supermarket buildings on the other hand only contribute to 5% of downstream leased assets with 2,397 tonnes of CO_2e.

SPLIT BY ASSET TYPE



Improvements made by the Company in its engagement strategy towards tenants has resulted in enhanced data collection which will afford the opportunity to meet best market practice and TCFD reporting requirements. Further improvement in engagement and data collection is targeted for future years, building on relationships formed. The Company has completed a full Scope 1, 2 & 3 GHG inventory for 2023 based on period July 22 – June 23 data. The GHG inventory was calculated following the GHG Protocol Guidance and all relevant scopes and categories have been included. The Company defines its organisational boundary using the operational control approach. This means that consumption relating to areas where the Company has operational control, such as the communal areas of certain sites, are included in its direct Scope 1 & 2 emissions. Meanwhile, consumption relating to areas where the Company has limited operational control, such as sites controlled by its tenants, are included in its indirect Scope 3 emissions. Scope 3 forms the largest proportion of the Company's emissions at 93% of total Scope 1, 2 & 3 emissions, largely due to tenants' energy use.

The Company is considered a Category 15 Investment vehicle and needs to account for the emissions of the commercial buildings that it owns and leases to tenants. Emissions are divided into three categories following the GHG Protocol:

Actual data was used where provided, however gaps still remain in some of the data and in those instances the following methodology was used to estimate emissions: Data on the main heating fuel type was taken from the EPC. CIBSE data was used to provide intensity estimates (kWh/m^2) of the fossil fuel heating and electricity use. For sites that used electricity as their main heating fuel type, the fossil fuel heating consumption was given a value of 0 and intensities were used that accounted for the higher electricity use. CIBSE provides intensity estimates for typical and good practice energy use.

The latest DEFRA emission factors were applied to the kWh of consumption for fossil fuel heating and electricity to calculate the emissions. Only location-based emissions were included, meaning whilst solar PV was accounted for, market instruments to procure renewable energy were not. This is in line with guidance produced by GRESB, PCAF and CRREM. Publicly available air conditioning (AC) certificates were used to determine the type and amount of refrigerants used by supermarkets. Where this data was not available for certain sites, other sites that were similar in terms of size and tenant were used as a proxy.

As per EPA data, the size of the air conditioning equipment used was dependent on the amount of refrigerant used and the floor area. It was assumed that air conditioning was used for 6 months of the year in the UK. Loss rates were taken from DEFRA data.

Supermarket refrigeration and non-food air conditioning was estimated as no activity data was available. An intensity estimate (refrigerant charge per square foot) was taken from EPA data and the refrigerant used was the most common for this activity according to UNEP. Refrigerant loss rate for refrigeration was taken from DEFRA data.

The EPC rating was used to assume whether a site had typical energy use (EPC rating of D or below) or good practice energy use (EPC rating of C or above).

SUPERMARKET INCOME REIT | REFORMING OUR APPROACH

TASKFORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES ("TCFD")

TCFD OVERVIEW

The Company continues to build on its voluntary reporting in line with the Taskforce on Climate-related Financial Disclosure ("TCFD") recommendations and enhance its climate-related strategy to advance the development and implementation of a comprehensive risk management framework. This strategy, developed by the Investment Adviser, in conjunction with the Board of the Company, will include a roadmap derived from climate risk identification, scenario analysis, and a financial impact assessment of material risks. This collaboration between the Investment Adviser and the Board helps to ensure that the Company's investments will continue to be guided by a comprehensive risk management strategy that incorporates climate risks.

In 2022, the Company reported against the four TCFD pillars in its first TCFD-aligned report. In 2023 the Company is voluntarily disclosing for the first time on a basis consistent with all 11 of the TCFD recommendations and recommended disclosures. The table on page 23 summarises the 2023 disclosures and areas identified for improvement in future years. The full 2023 TCFD report for the Company is published within the Annual Report.

CORE ELEMENTS OF THE TCFD FRAMEWORK

An organisations governance around relevant climate related risks and opportunities.

Actual/potential impacts of climate change related risks and opportunities on business strategy and financial planning.

Details of how an organisation identifies, assesses and manages climate related risks.

The metrics and targets used to assess and manage relevant climate related risks and opportunities.

THE COMPANY'S TCFD STATEMENT OF THE EXTENT OF CONSISTENCY WITH THE TCFD FRAMEWORK

TCFD CATEGORY	TCFD RECOMMENDATION	2023 TCFD COMPLIANCE	FUTURE PLANNED IMPROVEMENTS
Governance	Describe how the board exercises oversight of climate-related risks and opportunities.	Consistent – see Governance section	N/A
	Describe management's role in assessing and managing climate-related risks and opportunities.	Consistent – see Governance section	N/A
Strategy	Describe the climate-related risks and opportunities the organisation has identified over the short-, medium-, and long-term.	Consistent – see Strategy section	Expand upon risk and opportunity identification processes to include engagement with tenants. **Ongoing process 2024**
	Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	Consistent – see Table 2	Refine and publish quantitative, financial impacts. **To be completed by Q1 2024**
	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Consistent – see Strategy section	Build upon the Science Based Target (SBT) road map into a more detailed Climate Transition Plan. **Q2 2024**
Risk Management	Describe the organisation's processes for identifying and assessing climate-related risks.	Consistent – see Risk Management section	Expand on climate risk and opportunity identification. **Q2 2024**
	Describe the organisation's processes for managing climate-related risks.	Consistent – see Risk Management section	Formalise climate-related communication channels with tenants. **Q2 2024**
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	Consistent – see Risk Management section	N/A
Metrics and Targets	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	Consistent – see Metrics and Targets - Table 3	N/A
	Disclose Scope 1, Scope 2 and, if appropriate Scope 3 greenhouse gas (GHG) emissions and the related risks.	Consistent – see Greenhouse Gas Emissions section	N/A
	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	Consistent – see Metrics and Targets section	Work is currently ongoing to model emissions reductions, develop a roadmap to reduce those emissions and submit a target to the Science Based Targets initiative ("SBTi"). **Q4 2023**

The Company invests principally in grocery or grocery anchored assets that are leased, long term, on a full repairing basis to the major supermarket chains. For grocery anchored assets, where there are non-grocery retailers in addition, there are a mix of full repairing and internally repairing leases whereby the landlord is responsible for additional areas, for example external structure and common areas, such as car parks, these areas are managed and kept in repair through a service charge budget, which is recharged to the tenants. Through this asset base the Company is exposed to physical and transition climate risks.

The Company's current key regulatory risk is associated with the Minimum Energy Efficiency Standards. Key physical risks material to the Company's portfolio include flooding and extreme heat. The potential impacts of these risks on the portfolio in the near, medium and long term are shown in the table on the next page.

In 2023, a risk screening was conducted to identify and assess the impact of the Company's climate-related transition and physical risks, as well as corresponding opportunities. A list of relevant, potentially material risks and opportunities was identified through a review of existing risk assessments and consultation with the Board and the Investment Adviser. These were then given a preliminary rating based on impact and likelihood across three different time horizons, as presented below.

For this reporting period, a first-stage risk screening was conducted to identify and assess the impact of the Company's climate-related transition and physical risks, as well as corresponding opportunities. Relevant and potentially material risks and opportunities were identified through a review of existing risk assessments and consultation with the Investment Adviser. These risks were given a 'First Stage Rating', based on the judgement of the Investment Advisers, to enable the higher priority risks to be taken forward for a more detailed review.

The short-, medium-, and long-term time horizons were chosen to align with specific climate risks and risk management strategies. The short-term time horizon (2023-2030) aligns to the anticipated compliance deadline for Minimum Energy Efficiency Standards ("MEES"). The Investment Adviser anticipates 2030 as the target year for a minimum B-rating across qualifying sites. Due to the 14-year WAULT of its portfolio, the Company expects few changes to the existing leases arrangements during this time period. The medium time horizon (2030-2040) aligns with a period of current lease renewals for the majority of Company's tenants, during which physical and transition risks associated with the Company's portfolio may have greater influence on lease agreements with existing and new tenants. Finally, the long-term horizon (2040-2050) coincides with a potential increase in the likelihood and severity of physical climate risks impacting the Company's portfolio and allows for the creation of long-term strategies and planning regarding portfolio management in response to these risks. The Company expects that the short-, medium-, and long-term horizons will align with those of the Company's forthcoming climate targets, which will be set in the next reporting period.

SCENARIO ANALYSIS RESULTS FOR THE COMPANY'S CLIMATE RISKS AND OPPORTUNITIES AND FIRST STAGE RISK RATING

RISK DESCRIPTION	SCENARIO (A)	IMPACT (B)	LIKELIHOOD (C)	OVERALL RATING (D) BY TIME HORIZON		
				SHORT (2023-2030)	MEDIUM (2030-2039)	LONG (2040-2050)
Physical Risk – Flooding (Acute & Chronic): Increased insurance premiums and increased capital expenditure required on adaptative or remediation measures.	First Stage Rating	Higher	Higher	Moderate	Higher	Higher
	Below 2°C Scenario	Moderate	Higher	Moderate	Moderate	Moderate
	Above 4°C Scenario	Moderate	Higher	Moderate	Moderate	Moderate
Physical Risk – Extreme Heat (Acute): Increasing operating costs for tenants through increased energy demand required for cooling; supply chain disruption, stock damage and write off. This may increase capital expenditure, repairs and maintenance, and reduced tenant demand and/or rent premiums for less energy efficient buildings.	First Stage Rating	Moderate	Higher	Moderate	Higher	Higher
	Below 2°C Scenario	Moderate	Lower	Lower	Lower	Lower
	Above 4°C Scenario	Moderate	Lower	Lower	Lower	Moderate
Transition Risk – Policy and Legal Risk: Currently represented by Minimum Energy Efficiency Standards (MEES), but could also include, new, future, additional regulations. Any properties not compliant with MEES could reduce tenant demand, reduce rent premiums or result in fines.	First Stage Rating	Moderate	Higher	Higher	Higher	Moderate
	Below 2°C Scenario	Higher	Moderate	Moderate	Moderate	Moderate
	Above 4°C Scenario	Higher	Lower	Lower	Lower	Lower
Transition Risk – Market: Energy Costs may increase for tenants, shifting preferences for more energy efficient buildings and renewables.	First Stage Rating	Moderate	Moderate	Moderate	Moderate	Moderate
	Below 2°C Scenario	n/a – scenario analysis not performed for this risk type				
	Above 4°C Scenario					
Transition Risk – Reputation: Tenants demand preferences may shift to lower carbon, highly energy efficient buildings, due to Net Zero commitments and their customer demands, reducing tenant demand and/or rent premiums.	First Stage Rating	Moderate	Moderate	Moderate	Moderate	Lower
	Below 2°C Scenario	n/a – scenario analysis not performed for this risk type				
	Above 4°C Scenario					
Opportunity – Market: By accelerating deployment of energy efficient measures, setting a Science Based Target (SBT) and better aligning with tenant preferences, the Company could gain a competitive advantage relative to other commercial landlords who are not as progressive on in their climate and sustainability related ambitions. This could enable increased tenant demand and rent premiums.	First Stage Rating	Moderate	Moderate	Moderate	Moderate	Lower
	Below 2°C Scenario	n/a – scenario analysis not performed for this risk type				
	Above 4°C Scenario					

SUPERMARKET INCOME REIT | REFORMING OUR APPROACH

The three climate risks and/or opportunities judged to be the most material and assigned the highest overall risk or opportunity rating in the initial risk screening were evaluated using climate scenario analysis. The results of this analysis are shown in Table 2. The scope of this detailed analysis will be expanded in future years to evaluate more risk and opportunity types and to better quantify the financial impacts associated with these risks. Additional risks to be evaluated include energy costs and customer and tenant demand for lower carbon buildings, while opportunities include gaining a competitive advantage over peers by offering assets with higher energy efficiency ratings. Quantitative financial values at risk have not been published this year, as the corresponding costs of managing the risks require further research and greater access to and engagement with tenants. This research and engagement will be performed over the next 12 months. This is considered to be a transitional challenge as the Company's scenario analysis methodology is developed and embedded.

Notes:
(a) The IPPC Atlas' RCP2.6 scenario and the NGFS's Net Zero 2050 scenario are assumed to represent "Below 2°C scenarios" for physical and transition risks respectively. Above 4oC scenarios were included voluntarily for prudent, comparative purposes, and are based on the IPPC Atlas' RCP8.5 scenario and the NGFS's Current Policies scenarios for physical and transition risks respectively.
(b) Impact represents assumed, inherent financial exposure and/or vulnerability of the Company.
(c) Likelihood represents the probability and/or frequency of occurrence.
(d) Overall Rating represents the product of Impact and Likelihood.
(e) First Stage ratings were based on initial internal discussions and comparison with peer organisations. The top three risk types with relatively higher ratings for impact and likelihood were then taken forward for more detailed scenario analysis in 2023.
Please see Appendix A for further details on the methodology.
(f) Subsidence was not selected to be included in scenario analysis this year, but it was identified as a climate risk alongside Flooding and Extreme Heat.

POLICY AND LEGAL

MINIMUM ENERGY EFFICIENCY STANDARDS

The Company's current key regulatory risk is associated with the MEES. MEES impacts the Company's portfolio of assets by requiring that each asset achieves minimum Energy Performance Certificate ("EPC") ratings in order to be leased. Currently, the regulation sees compliance as a landlord responsibility, applied to all commercial leases (subject to some exemptions) and dictates that a property with an EPC lower than an 'E' cannot be let to new tenants or renewed with existing tenants. Revisions to the legislation are currently under consultation, but it is widely anticipated that landlords, including the Company, will be required to ensure their properties are rated at C or better by 2028 and B or better by 2030 to continue to lease the properties to tenants. The regulations are however subject to exclusions as outlined in the following page.

Minimum Standard

- 2011 — Energy Act 2011 introduces concept of MEES
- April 2018 — Property with an EPC of lower than an 'E' cannot be rented out to new tenants or renewed with existing tenants
- April 2023 — MEES will apply to all existing commercial leases

Anticipated - Under Government Consultation

- April 2025 — Requirement to register a valid EPC for let, commercial property (anticipated)
- April 2027 — The minimum standard raised to EPC rating C
- April 2028 — Further requirement to register a valid EPC for let, commercial property
- 2030 — Energy Act 2011 introduces concept of MEES

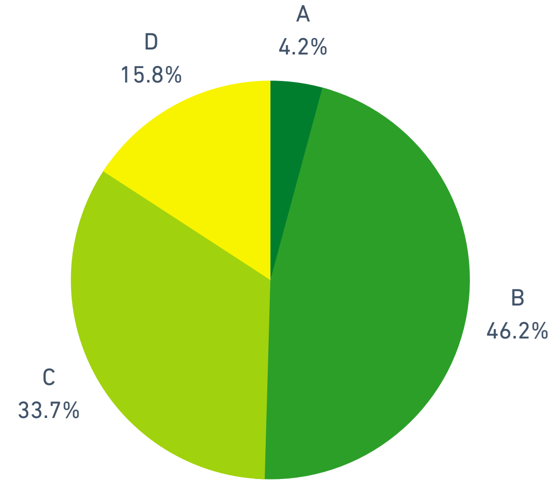
EPC SUMMARY

The Company's leased supermarket assets in England currently achieve an average rating of C, with 8 of 50 (16%) rated at D and none below D The Company has undertaken an exercise to understand the capital expenditure required to bring the portfolio up to a lettable standard, should the legislation progress as is anticipated (i.e. B by 2030). Based on the Investment Adviser's initial analysis of the upgrade costs, it is not expected to be material for the Company. However, the Company is actively engaging with tenants to improve asset energy efficiency, where possible, since an asset with a lower rating could draw lower demand and rental income relative to an asset with a comparatively higher rating. This is likely to be of greater concern to the Company over the medium term when the majority of its leases will be due for renewal. While the landlord is not able to make change without consent from the tenants, the landlord may register an exemption should the tenant not permit access and alterations to facilitate improvement.

As a result of this analysis, the Company will be evaluating the capital refurbishment plans on those sites with lower EPC ratings (higher risk sites) and ensuring that robust plans are in place to comply with, if not exceed, future MEES regulations. The financial impact of this risk will be assessed in future analysis.

Over the last 12 months the Company has increased the Portfolio EPC score via asset management initiatives, selective acquisitions and from the continued investment by grocery tenants into respective store estates. A breakdown of supermarket EPC ratings can be seen below:

ENGLAND SUPERMARKET EPC BREAKDOWN



*Excluding Scottish EPCs

ASSET MANAGEMENT PLAN SUMMARY

Based on the findings of the due diligence process, an asset management plan will be developed to address items that reduce the EPC and environmental performance of an asset.

The asset specific management plan will identify the opportunities for improvement of its EPC and any broader sustainability objectives.

Assets that are not under the control of the Company will have an asset engagement plan which will form the basis on which the team engages with tenants to ensure asset value preservation.

Asset Management plan initiatives can include:

- Working with occupiers to improve environmental efficiency.
- Understanding true building environmental performance through data collection.
- Challenging EPCs and assessors to ensure surveys and therefore outputs are accurate.
- Keeping up to date with EPC calculation methodology.
- Lease clauses to prevent occupiers reducing building environmental efficiency.
- Understanding costs to move stores into line with MEES standards or future target standards.

CLIMATE-RELATED RISKS

EXTREME HEAT

Heat waves have increasingly impacted businesses in the UK and across Europe, with average impacts estimated as high as 0.5% of GDP in the last decade*. The heat wave in July 2022 saw UK temperatures rise above 40°C in some areas, impacting grocery store refrigeration capability, energy supply, supply chains and operations. This and similar heat waves impact store profitability as they lead to increased energy consumption and associated costs to facilitate greater levels of cooling. Other impacts include stock loss and the cost of newer, more efficient refrigeration technology. If this were to disproportionately impact the Company's stores this could reduce their attractiveness to the operators, leading to impacts on rental income.

The results of the scenario analysis show that heat waves are generally a low risk for the Company's portfolio in a <2°C warming scenario, with temperatures rising above 35°C fewer than one day per year in the short, medium, and long-term time horizon. In a >4°C warming scenario, this risk increases but remains low compared to global risk levels, with the number of days with temperatures of 35°C or greater increasing to over three days per year on average. High risk sites were mainly located in the Southwest, with the remaining located in the Midlands and the Southeast of England.

Informed by this analysis, the Company will engage with tenants of high-risk sites through site visits and engagement to better understand the operational impact of extreme heat, if and how it has affected asset operations in these locations in the past, and the extent to which it may influence a tenant's decision to renew its lease. Tenants are continuing to advance their own refrigeration and supply chain technology alongside the changing environment, with refrigeration upgrades at stores where the equipment is aged, reducing any stock loss associated with inadequate refrigeration.

FLOODING

Whilst there have been no instances of flooding across the Company's portfolio during its period of ownership, flooding has impacted other supermarket properties across the UK. This impact is expected to increase over time due to climate change (see WWF Water Risk Filter). Scenario analysis results for the Company's portfolio show flood risk to be a moderate risk on the short and medium time horizons in a current policies scenario. This risk level is reflective of the higher risk level that the UK faces relative to many other countries.

These results will inform tenant engagement across the portfolio regarding flood risk, including enhanced communication for any high-risk sites identified. Furthermore, the Company has undertaken a closer review of past flood risk assessments to understand what adaptation measures are available and the capital investment required for such measures. Detailed financial impacts of this risk will be quantified over the next 12 months. Following this, the Investment Adviser will be expanding its investment due diligence to include more detailed analysis of acute and chronic flood risk impacts into its investment strategy and decisions.

*https://www.nature.com/articles/s41467-021-26050-z#:~:text=During%20the%20analysed%20years%2C%20heatwaves,2010%20due%20to%20extreme%20heat

RISK MANAGEMENT

The Board and JTC Global AIFM Solutions Limited, the Company's Alternative Investment Fund Manager (the "AIFM"), together have joint overall responsibility for the Company's risk management and internal controls, with the Audit and Risk Committee reviewing the effectiveness of the Board's risk management processes on its behalf. The ESG Committee is responsible under the delegated authority of the Board for the identification and monitoring of climate related risks which are incorporated into the risk management process.

The AIFM maintains a risk register to which the Investment Adviser contributes. This document incorporates climate risk into the broader risk management assessment. This risk register is reviewed by the Board and approved by the Audit and Risk Committee.

The Investment Adviser undertakes an assessment of each asset against a set of sustainability criteria which is reviewed annually, incorporating metrics such as a flood risk assessment into each transaction review. The Investment Adviser maintains contact with the Company's tenants on flood risks, which will be formally incorporated into the Company's risk register over the next 12 months.

The Company will not recommend the acquisition of assets with an Energy Performance Certificate (EPC) of 'D' or below unless an EPC improvement plan is in place, prior to acquisition, to improve an asset to an EPC rating of 'C' or better. The cost of delivering the EPC Improvement plan forms part of the acquisition investment case.

Materiality and prioritisation determinations are made through impact, likelihood, and risk scoring as a part of the risk register. Inherent and residual probabilities are assigned to each risk, from which a risk score is derived. Mitigating actions are described in detail in the risk registry, laying out governance structure and processes in place aimed at mitigating each risk. Finally, actions taken to mitigate risks are tracked and recorded in the register.

Regulatory transition risks associated with the Company's portfolio are assessed and included in the risk register. Energy Performance Certificate ratings and scoring are kept and updated on a rolling basis when there are known sustainable improvements to assets, on expiry or following a change to EPC calculation methodology. These ratings, as the Company's responsibility, are undertaken by the Company's third-party consultants when required. The Company strives to acquire assets with higher EPC ratings in order to mitigate exposure to this risk. This is reflected in the Investment Adviser's systems and controls.

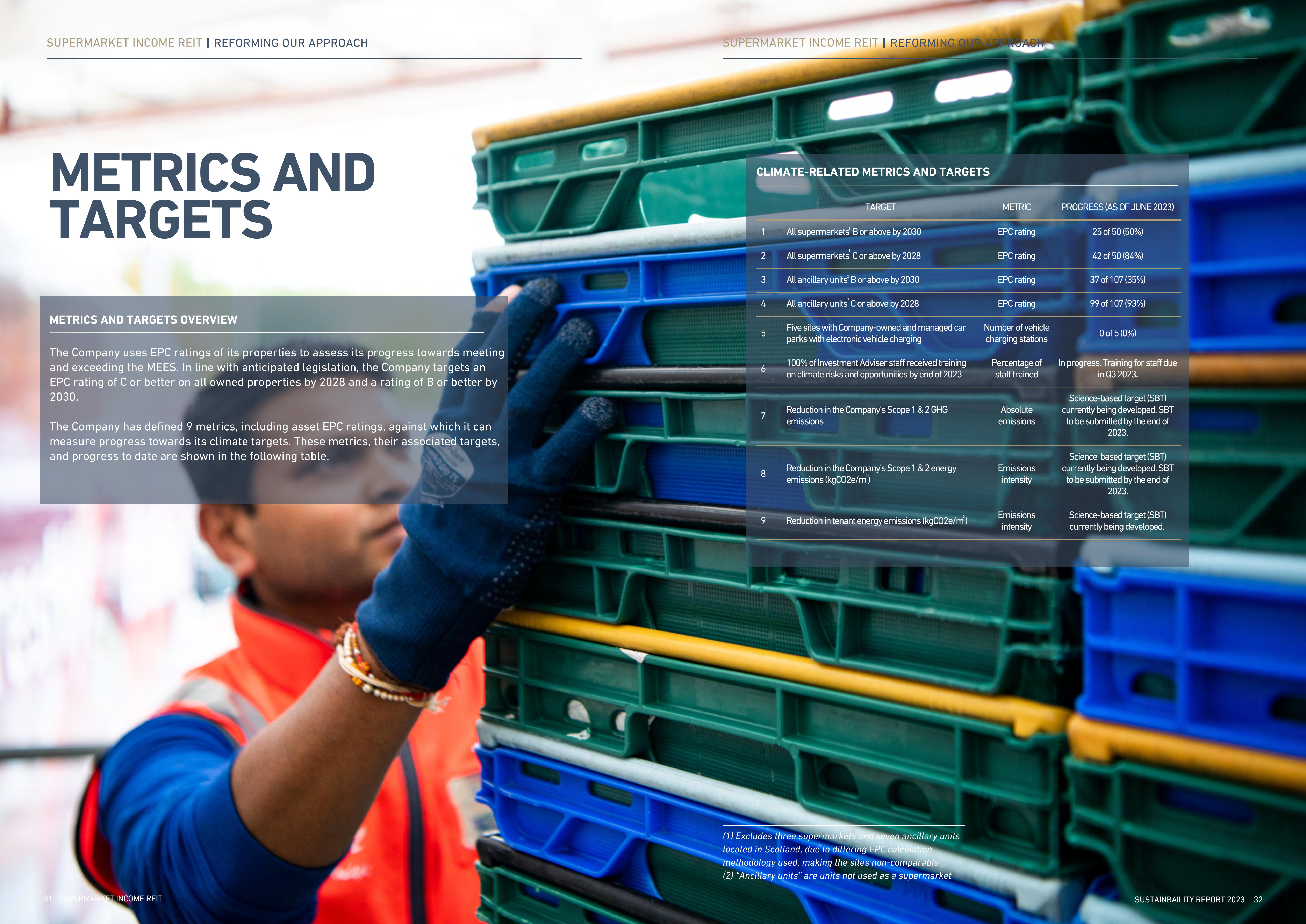
The Company manages its risk related to emissions regulations by monitoring, measuring, and disclosing its Scope 1, 2, and 3 GHG emissions. Emissions mitigation strategies, including specific emissions targets, are being developed to reduce the Company's emissions and to reduce exposure to this regulatory risk.

Rising energy costs are a key transition risk, as tenants facing rising energy costs would put downward pressure on rent revenue. In order to manage this risk, the Investment Adviser prioritises energy efficiency and alternative energy sources, such as renewable energy, in communications with tenants. Energy efficiency and energy sources are tracked as part of the EPC assessments, and this information is used to inform risk exposure related to rising energy costs.

The Company's physical climate risks include flooding, heat waves, and subsidence. Flood risk across the UK has historically been high, and this risk is expected to increase, per the UK's Third Climate Change Risk Assessment. Should there be an incidence of flood, it is anticipated that a flooding report would be submitted by the tenants to the Investment Adviser. These can be consulted to inform the Company's risk and investment strategy.

The Company's tenants maintain their own risk registers related to their site's facilities and property. As part of building on its risk-management processes, the Investment Adviser has plans to link its tenants' material site-specific risks to the Investment Adviser's own risk register. In addition, as part of their Scope 3 emissions initiatives, the Investment Adviser plans to engage tenants through this process in order to enhance dialogue related to emissions reductions strategies.

Building on its sustainability strategy and reporting, the Company continues to advance its implementation of a comprehensive sustainability risk-management framework. This includes development of a roadmap derived from climate risk identification, scenario analysis, and a financial impact assessment of sustainability risks material to the Company. This strategy has been developed by the Investment Adviser on behalf of the Company.



METRICS AND TARGETS

METRICS AND TARGETS OVERVIEW

The Company uses EPC ratings of its properties to assess its progress towards meeting and exceeding the MEES. In line with anticipated legislation, the Company targets an EPC rating of C or better on all owned properties by 2028 and a rating of B or better by 2030.

The Company has defined 9 metrics, including asset EPC ratings, against which it can measure progress towards its climate targets. These metrics, their associated targets, and progress to date are shown in the following table.

SUPERMARKET INCOME REIT | REFORMING OUR APPROACH

CLIMATE-RELATED METRICS AND TARGETS

	TARGET	METRIC	PROGRESS (AS OF JUNE 2023)
1	All supermarkets[1] B or above by 2030	EPC rating	25 of 50 (50%)
2	All supermarkets[1] C or above by 2028	EPC rating	42 of 50 (84%)
3	All ancillary units[2] B or above by 2030	EPC rating	37 of 107 (35%)
4	All ancillary units[2] C or above by 2028	EPC rating	99 of 107 (93%)
5	Five sites with Company-owned and managed car parks with electronic vehicle charging	Number of vehicle charging stations	0 of 5 (0%)
6	100% of Investment Adviser staff received training on climate risks and opportunities by end of 2023	Percentage of staff trained	In progress. Training for staff due in Q3 2023.
7	Reduction in the Company's Scope 1 & 2 GHG emissions	Absolute emissions	Science-based target (SBT) currently being developed. SBT to be submitted by the end of 2023.
8	Reduction in the Company's Scope 1 & 2 energy emissions (kgCO2e/m^2)	Emissions intensity	Science-based target (SBT) currently being developed. SBT to be submitted by the end of 2023.
9	Reduction in tenant energy emissions (kgCO2e/m^2)	Emissions intensity	Science-based target (SBT) currently being developed.

(1) Excludes three supermarkets and seven ancillary units located in Scotland, due to differing EPC calculation methodology used, making the sites non-comparable
(2) "Ancillary units" are units not used as a supermarket

PORTFOLIO PERFORMANCE

YEAR IN REVIEW: OUR KEY ESG HIGHLIGHTS AND PROGRESS

Several key developments highlight the Company's performance against the targets set in the 2022 Annual Report and demonstrate how it is working to improve its ESG delivery.

INVESTMENT STRATEGY

As part of the Company's sustainability priority to introduce the highest standards of governance, the Company has integrated ESG and sustainability criteria into the evaluation of asset acquisition:

Acquisition:
The Company continues to consider ESG and sustainability factors as part of acquisition due diligence. These include reviewing environmental risk associated with each site, understanding building energy efficiencies and identifying opportunities for improvement. Sustainability due diligence reports are shared with tenant partners, where appropriate, to help them understand where improvements can be made given the nature of the assets being fully demised to the tenants for a long term with no option for landlord intervention.

ASSET STRATEGY

As mitigation of environmental impact is a sustainability priority, the Company is committed to enhance the sustainability of its buildings. This has been demonstrated across a range of asset management and engagement initiatives:

Green energy:
All energy supplies in landlord-controlled areas are on green tariffs.

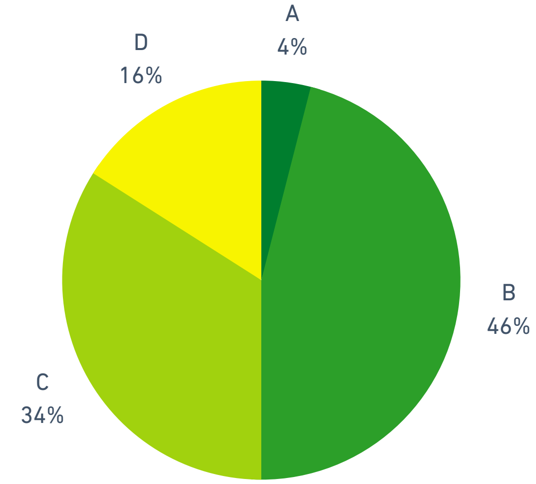
Waste and recycling:
Where achievable, waste from the 15 sites with landlord managed communal areas, is being dealt with sustainably. For example, at Tesco in Leicester, between 1 January 2023 and 31 May 2023, 71% of waste was recycled, this is up from 63% for the period 1 July 2022 – 30 June 2023. At The Willow Brook Centre, in Bradley Stoke no waste has been sent to landfill since 2014. This has been achieved with cardboard and plastic bailed onsite and sold, glass, dry-mixed-waste and metal segregated and sent for recycling, and food sent to be composted, with the remainder sent to a waste-to-energy plant.

MEES:
The Company has ensured that all EPCs meet the current statutory standards. The Company is also looking ahead to the likely revisions to standards and working with tenants to understand and facilitate improvements. This will ensure the Company's portfolio continues to be aligned with the Minimum Energy Efficiency Standards (MEES) as the hurdles increase.

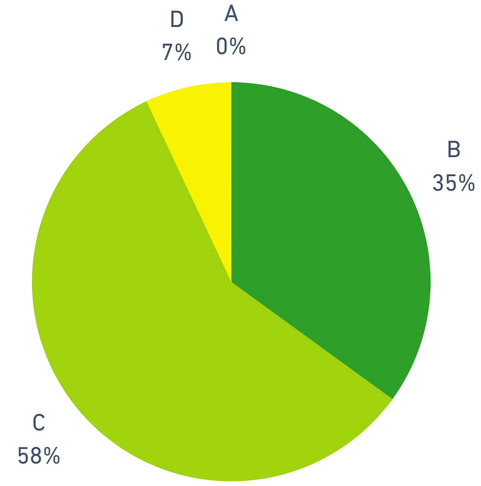
- Average EPC of grocery anchors as at 30 June 2023[1] was C-54.
- Average EPC rating of units ancillary to grocery as at 30 June 20231 was C-57.
- There are no EPCs below a D rating.
- All grocery anchors have EPCs in place, with 86% not expiring for at least 5 years.
- We are working towards ensuring that all units have an in date EPC that is compliant.

[1] Excluding Scottish assets as they utilise a different calculation method. The Scottish portfolio only contains 3 supermarkets

GROCERY ANCHOR EPC RATINGS



ANCILLARY UNIT EPC RATINGS



EV charging:
The Company is working with the supermarket operators to implement EV charging at all sites where available power and excess parking space allows based. The Company has an agreed commercial framework, planning and stakeholder consents on five sites as well as power provision earmarked, with the next step being installation.

Environmental asset management:
The Company has focussed on landlord-controlled areas where it can support a variety of initiatives and activities to benefit occupiers and communities.

Rainwater harvesting:
At the Tesco store in Leicester rainwater is being harvested to water plants and power some cleaning machinery.

Wormery:
At the Tesco store in Leicester a trial wormery has been installed to break down waste.

Environmental champion:
Many of the initiatives at the Tesco store in Leicester are being pioneered by the site based 'environmental champion' who is responsible for setting and delivery of environmental enhancements on a site basis.

LED lighting:
Where appropriate LED lighting has been upgraded in landlord-controlled areas to ensure the most efficient use of energy on site. LED projects have been completed this year at Weeke Shopping Centre in Winchester and The Peel Centre in Wisbech. At Weeke the landlord common area lighting comprising the car park, residential and commercial area staircases and external bulkhead lighting was previously provided by various fluorescent fittings and as an energy saving measure the change to LED fitting has been seen to make a significant reduction in energy usage and give a payback on investment in approximately two years. This is a service charge funded project whereby the occupiers are seeing a material benefit to the asset running costs.

Lighting timers:
Where possible on:off timers and daylight controllers are utilised with regards to scheme lighting. For example, at The Willow Brook Centre in Bradley Stoke lighting is controlled via the control room and timings adjusted to be one hour pre and post sunrise with an override function for dark days.

Local:
The Company continues to place an increasing focus on utilising local suppliers and employing local staff. At The Willow Brook Centre, Bradley Stoke the team have a target of only utilising services, suppliers and contractors based within 15 miles of the scheme. The Company will continue to work on implementing similar targets across all the controlled sites in the portfolio.

Energy monitoring:
The Company seeks to monitor and report on energy usage across all sites using smart metering to enable it to identify further opportunities to save on energy usage. Monitoring is done for the majority of communal areas through its third-party energy provider.

Asbestos management:
There are asbestos management plans in place where appropriate.

COMMUNITY ENGAGEMENT

The site teams for the Company's assets are empowered and encouraged to engage positively with their local communities as part of the Company's strategic priority of responsible citizenship and support for communities:

Training and apprenticeships:
At the Tesco store in Leicester , a scheme to encourage autistic employment into facilities management roles has been implemented to great success. Two students have been placed into the soft services team, both attending the site for 4 hours a week, accompanied by a tutor from the school. Job offers are in place for successful placement students to provide future opportunities. The students, site team and school have all benefitted from this ongoing initiative.

Grocer engagement:
The grocery tenants are also actively engaging with their local communities, from community champions who engage with local schools and people ensuring funding goes to organisations that bring real support to the people and places that need it most, to provision of community space for use. Most stores also host food banks with an aim of alleviating hunger.

Meeting spaces:
Areas for local charities to utilise are provided to support initiatives, for example Basingstoke Community Radio at Chineham Shopping Park. There are also community summer gardens being operated at Chineham and Bradley Stoke, providing an area for people to engage with each other and rest.

TENANT ENGAGEMENT

As engagement with tenants and wider stakeholders is a sustainability priority, the Company has engaged and partnered with tenants in a number of ways.

Examples include:

- Growing knowledge of tenant environmental performance through data collection.
- Building a greater understanding of occupier sustainability strategy.
- Tenants representing 69% of the Company's portfolio, by GIA, have provided a breakdown of their energy consumption.
- Solar PV has been installed at our Tesco Thetford store and we are working with Tesco on evaluating further solar PV opportunities in the near term.

The Company has approved standardised green lease riders which it strives to include in all new leases and re gears. Green Clauses aim to evaluate and improve long term environmental performance and commitment to enhance the sustainability of the Company's buildings.

The Company takes a proactive approach to sustainability factors and is working to understand exactly how it can further improve the sustainability of its portfolio as well as long-term value. The Company understands there is much more to be done and it is working to share learnings across the portfolio with relevant stakeholders to facilitate continuous improvement of ESG performance.

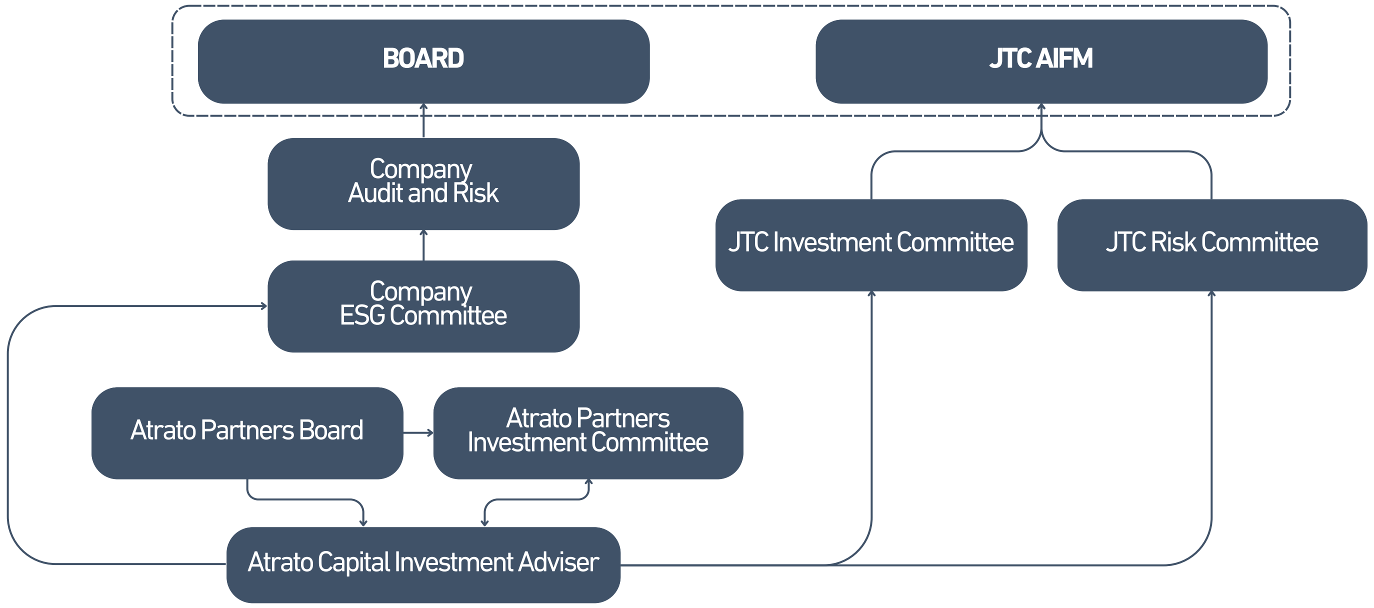
The Company funds inclusive and sustainable asset management, addressing the needs of changing consumer habits and reducing the cost on the environment.

The Company's sites are an increasing part of the UK's provision for safe, affordable, accessible and sustainable transport systems. Expanding the reach of electrical charging points in the UK help drive the accessibility of EV vehicles across the country.

Green and public spaces increase the biodiversity that has been lost from urbanisation of the over the centuries. This is a critical part of helping the UK become more climate resilient and improving human health and wellbeing.

GOVERNANCE

GOVERNANCE STRUCTURE



ATRATO CAPITAL
Head of Sustainability
Develops and executes the sustainability strategy, risk identification and oversight.

ATRATO PARTNERS
Board
Ensures sustainability considerations and risk management are embedded in IA systems and controls.
Investment Committee
Ensure sustainability risks and opportunities are reflected in investment advice.

JTC
Risk committee
Oversight of JTC sustainability and policies including as they apply to AIF clients.
Investment Committee
Ensure sustainability risks and opportunities are reflected in investment proposals.
AIFM
Oversees and executes the sustainability strategy. Develops and executes risk identification and oversight.

COMPANY
ESG committee
Climate risk monitoring strategy recommendations and oversight.
Audit and Risk Committee
Climate risk monitoring and mitigation recommendations in the context of overall risk management.
Board
Approval of sustainability strategy and joint responsibility for company risk management.

ESG COMMITTEE SUMMARY
The Board and the Alternative Investment Fund Manager (AIFM) are responsible for the investment decisions of the Company, directing the delivery of services by the Investment Adviser to ensure that environmental and social priorities are incorporated into the execution of the investment strategy.

In support of this objective, the Company's Board established the ESG Committee in May 2022. The ESG Committee serves as an independent and objective party to monitor the integrity and quality of the Company's ESG strategy, to ensure that the Company's ESG strategy is integrated into its business plan, corporate values and objectives and serves to foster a culture of responsibility and transparency. The Committee is also responsible for reviewing and approving the Company's annual reporting in relation to ESG.

The Board appoints the members of the ESG Committee, and the Committee's membership is regularly reviewed to ensure its goals are met. The Committee has the delegated authority of the Board to serve as an independent and objective party to monitor the integrity and quality of the Company's ESG strategy. The Committee meets four times per year, and more often as necessary. The Sustainability Champion for the Board, Frances Davies, also Chairs the ESG Committee, giving the Board direct oversight of ESG matters within the Company ensuring that sustainability matters are accounted for at all levels.

The Investment Adviser is responsible for advising the Board and ESG committee in relation to the risks and opportunities linked to climate related factors including regulatory developments and operational consideration. The Investment Adviser's Head of Sustainability is responsible for delivery of these services on behalf of the Investment Adviser.

The ESG committee receives updates on the material developments in relation to the risk and opportunity landscape and delivery of the Sustainability strategy from the Investment Adviser at each board meeting.

In addition to the advice provided to the Board by the Investment Adviser, the Board also engages with third-party consultants to develop their understanding of sustainability considerations generally and as they apply to the Company.

INVESTMENT ADVISER
The Investment Adviser is responsible for the delivery of the sustainability strategy on behalf of the Company. It has appointed a Sustainability Champion, Steve Windsor, Principal at Atrato Group. Steve is responsible for oversight of the monitoring and management of ESG risks, including climate-related risks and opportunities for the investment adviser. The Head of Sustainability is responsible for the operational delivery of sustainability measures within the Investment Adviser's operations and leads the provision of its sustainability advice to the Company.

The sustainability activities of the Investment Adviser are supplemented by services from third-party providers. During the financial year, the Company has sought advice from CEN-ESG on improvements it can make to its sustainability strategy and framework and undertaken a benchmarking exercise to assess the Company's sustainability disclosure against its peer group.

During the period in question the Investment Adviser became a signatory to the Net Zero Asset Managers initiative, an industry standard that requires asset managers to set realistic targets to reach net zero. The requirements of NZAM draw on the TCFD reporting requirements. The Investment Adviser's adherence to the requirements of NZAM has initiated delivery of the Company's Net Zero roadmap.

The Investment Adviser has appointed specialist sustainability systems experts, Quarterpenny, to expand its sustainability systems and controls to ensure they are effective in delivering the Company's sustainability strategy. Identification of climate related risks already forms part of the Investment Adviser's investment process. The Investment Adviser undertakes an assessment of each tenant against a set of sustainability criteria which is reviewed annually, incorporating a flood risk assessment into each transaction review. The Investment Adviser will not recommend the acquisition of assets with an Energy Performance Certificate (EPC) D or below unless an EPC improvement plan is in place prior to acquisition, to improve to an EPC C or better. The cost of delivering the EPC Improvement plan must form part of the acquisition investment case.

The Head of Sustainability is a standing attendee at the Investment Adviser's Investment Committee, ensuring compliance with the Investment Advisers sustainability systems and controls and delivery of the Company's sustainability strategy.

The Investment Adviser has also arranged, on behalf of the Company, for the appointment of Anthesis Group, a global sustainability consulting leader who will help to drive various reporting and strategic improvements.

INVESTING IN PEOPLE (INVESTMENT ADVISER GROUP)

DIVERSITY, EQUALITY & INCLUSION

As the Company does not have direct employees, it has sought to deliver its social objectives through the Investment Adviser's group ("IA Group") as relevant. The IA Group believes that an inclusive working environment, that seeks to support a diverse and inclusive team will create a positive and motivated working culture, where differences of opinion can lead to creative solutions and enhanced risk management in a more challenging investment environment.

The IA Group's equal Opportunities Policy and Diversity & Inclusion Policy underpin its inclusive workplace culture.

The IA Group's employee policies are supported by regular online training, with all employees having completed training in unconscious bias and respect in the workplace.

As part of the IA Group's commitment to increasing inclusion it has introduced an enhanced Parental Leave Policy offering pay over the statutory minimum for any employee welcoming a new life into their family, irrespective of the entitlement of their partner. Along with a Flexible Working Policy this supports the IA Group's objective of creating an inclusive workplace culture.

When hiring, the IA Group requires that recruiters provide diverse candidate shortlists where possible. The IA Group has also engaged with educational charities STEM and IntoUniversity to educate under-represented diverse groups about roles in the investment industry, and create a potential talent pipeline.

EMPLOYEE ENGAGEMENT, WELLBEING AND BENEFITS

The IA Group recognises that a long-term commitment to assessing staff engagement and a programme of continually assessing and improving the benefits available to its staff will result in high levels of commitment and lower levels of attrition.

The IA Group has conducted an Employee Engagement Survey each year for the last three years, to assess employee wellbeing and satisfaction, and identify where IA Group staff priorities lie including with regards to enhancing the benefits offering. In response to feedback from the employees the following were introduced;

- Enhanced parental leave policy.
- Enhanced pension contributions.
- Introduction of electric car scheme.
- Social activities, such as providing lunch on a Monday, and quarterly social events.
- Upgrade to the healthcare provider.

The IA Group introduced an Employee Assistance Programme (EAP), a 24/7 confidential helpline providing guidance and support on a wide range of issues that could impact on an individual, both inside and outside work.

The IA Group has also introduced Lifestage Health, which facilitates treatment pathways for a range of conditions for everyone regardless of their gender identity. These include preventative health screening, fertility treatment and support for the menopause.

The IA Group annually benchmarks employee salaries to ensure they are competitive, as well as a discretionary bonus based on individual and company performance. Bonus awards are made up of cash and ordinary shares in the funds managed by the IA Group. The employees own these shares, subject to a deferred vesting period, ensuring behaviours are aligned to the long-term success of the Company.

TALENT AND PROFESSIONAL DEVELOPMENT

The IA Group has an excellent employee retention record, with only one member of the team resigning during the reporting period, with six joining the team. These hires have developed both the investment team and the resilience and depth of the central functions of the IA Group, including Legal and Investor Relations. The hiring process to appoint a permanent IT Manager is also nearing conclusion.

All new joiners are supported by a structured probation review process, ensuring they quickly embed, including identifying any training needs. This feeds into a bi-annual performance and development appraisal process, which includes the identification of continual learning opportunities.

Staff engagement is measured as part of the appraisal process. Reviews identify individual training needs and aspirations. This ensures employees of the IA Group have the training and skills required to discharge their current role and identifies learning and development opportunities to support the long-term progression and retention of employees.

100% of employees are enrolled into a quarterly online internal training programme, fulfilling the IA Group's regulatory and compliance training obligations, as well as delivering health & safety training, and modules supporting the IA Group's D&I strategy. The e-learning system also provides on-line training to support the Sustainability Strategy and culture of the Company.

The IA Group supports employees in achieving external qualifications and to fulfil their professional CPD requirements, to ensure the development of their talent and potential, and support the delivery of a robust internal talent pipeline.

CASE STUDY – GRADUATE ANALYST TRAINING PROGRAMME

The Company has evolved its graduate analyst selection and training programme as the business has grown. The structured and varied training programme includes externally recognised qualifications, equipping the IA Group's analysts with the skills they need to perform, develop and progress.

The programme aims to ensure that analysts have wide exposure to key functions at all levels of seniority in the business, alongside completing the FMVA qualification. Practical experience is complemented by regular online learning throughout the two-year programme.

HEALTH AND SAFETY

HEALTH AND SAFETY

The IA Group has a Health and Safety Policy covering all employees and contractors, which is reviewed annually. The IA Group's Chief Operating Officer has ultimate responsibility for overseeing health and safety for the Company and its employees.

The IA Group aims to have no health and safety incidents for its employees and contractors. Should an incident occur RIDDOR protocols would be followed.

The Company's tenants have ultimate responsibility for health and safety within the buildings they occupy. The IA Group does ensure health and safety measures are in place for communally cared for areas on its clients' assets where the assets are not solely occupied by one tenant. The Company appoints an external managing agent, CBRE, to ensure that these areas are health and safety compliant, and the relevant documentation is in place. For example, asbestos monitoring, fire door maintenance and water management.

Health and Safety is a standing agenda item at the IA Group's weekly team meetings, with employees encouraged to raise any health and safety concerns they may have.

The IA Group reviews workplace health and safety annually, appointing a competent third-party health and safety consultant to carry out audits, ensure emergency response procedures are current, and identifying training needs.

Health & Safety training forms part of the induction process for all employees and contractors, both in person and via an e-learning platform.

EMPLOYEE HEALTH & SAFETY	SBPR CODE	METRIC	IA GROUP
Injury rate	H&S-Emp	Number	0
Absentee rate	H&S-Emp	**Number**	0
Number of work-related fatalities	H&S-Emp	Number	0

**data with reference to the IA as Supermarket Income REIT Plc Board does not have employees.*

SOCIAL PERFORMANCE MEASURES

PERFORMANCE MEASURE	SBPR CODE	METRIC	INVESTMENT ADVISER EMPLOYEES *
Employee gender diversity	Diversity-Emp	% employees	29% female, 71% male
Gender pay ratio	Diversity-Pay	Ratio	The IA Group recognises the benefit of monitoring this data, but due to the size of the team it does not currently share this data externally to protect the anonymity of its employees.
Employee training & development	Emp-Training	Average hours	6hrs of structured Compliance & HR training, in addition to cohort specific training such as the FMVA qualification for analysts and CPD for professionally qualified employees
Employee performance reviews	Emp-Dev	% employees	100% of employee appraisals were completed
Employee turnover	Emp-Turnover	Total number and rate of new employee hires Total number and rate of employee turnover	Six new employee hires One employee turnover New employee hire rate: 26% Employee turnover rate: 4%

COMPANY BOARD

EPRA SMP*	EPRA SBPR CODE*	MEASUREMENT	SUPERMARKET INCOME REIT PLC BOARD
Composition of highest governance body	Gov-Board	Total number	The Board composition - six non-exec Directors Gender diversity; three male and three female members. Minority Ethnic diversity - one member is from an ethnic minority therefore ensuring recommendations of the Parker Review are met.
Nominating and selecting the highest governance body	Gov-Select		The recruitment process followed in relation to Board appointments is designed to be independent and transparent. The recruitment criteria are focused on merit with reference to the candidates' experience and their alignment with the skill and experience gaps identified by both the AIC and the FRC Guidance on Board effectiveness. Based on these criteria the Investment Adviser will initially identify a long list of candidates, with reference to the connections of the IA Group, Board members and their respective advisers. The Investment Adviser then coordinates a series of interviews with members of the Board and the Investment Advisory team to identify a preferred candidate. Following this recruitment process, the Company's nominations committee will recommend to the Board the appointment of a new member. Each Director is appointed for an initial three-year term subject to annual re-election at the Company's AGM. Directors are typically expected to serve two three-year terms but may be invited by the Board to serve for an additional period. During the financial period the Board appointed one additional non-executive director, Sapna Shah, following the process described above.
Process for managing conflicts of interest	Gov-Col	Average hours	The Directors declare any conflicts or potential conflict of interest to the Board which has the authority to approve such situations. The Company Secretary maintains the Register of Directors' Conflicts of Interests which is reviewed at each quarterly board meeting, and when changes are notified. The Directors advise the Company Secretary and Board as soon as they become aware of any conflicts of interest. Directors who have conflicts of interest do not take part in discussions which relate to any of their conflicts. The Investment Adviser also has a Conflicts of Interest Policy which applies to all employees, contractors and interns in respect of all business activities in relation to Eligible Counterparties and Professional Clients undertaken by the Investment Adviser. The Investment Adviser's policy has been prepared for compliance with the FCA's rules and regulations. It is not possible to identify all the potential conflicts of interest which may arise. The purpose of the Investment Adviser's Conflict of Interest policy is to serve as an explanatory guide for how the Investment Adviser actively manages and deals with conflicts in the course of day-to-day business and provide controls and relevant monitoring programmes that can be adapted to manage the detail of the specific conflicts as they arise. The policy contains controls to minimise this risk of potential damage to clients and forms an important element in protecting and enhancing the Investment Adviser's reputation. The policy may not cover all eventualities and all circumstances that may be encountered, but is regularly reviewed.

CHARITABLE ACTIVITY

CHARITABLE GIVING COMMUNITY PARTNERSHIPS

The IA Group is supporting social initiatives by making both monetary and time commitments to charities which work to alleviate food poverty. In addition, the IA Group has chosen to work with Into University which supports young people from disadvantaged neighbourhoods to attain their chosen aspiration, and the Brain Tumour Charity.

The IA Group is establishing a charitable foundation to further support its charitable activities, both through financial contribution and employee volunteering, with a volunteering policy being introduced to give employees 1 day a year volunteering leave to support its chosen charities. The foundation's strategy will build on the IA Group's existing charitable activity, as well as identifying other appropriately aligned causes to support through donation or employee time.

The IA Group has committed to donate 3% of its annual cash profits to charitable causes. It will donate these funds to the charitable foundation for them to be applied towards charitable causes as the trustees see fit.

SUPERMARKET INCOME REIT | CHARITABLE ACTIVITY

CASE STUDY

In May the IA Group hosted an @IntoUniversity "Careers in Focus" workshop, with 17 Year Nine students visiting its offices to get a taste of the work undertaken by the IA Group and to experience an office environment, to educate them about careers in finance. Students heard from several members of the IA Group team, who spoke about their career paths, their work and the progression opportunities available.

Volunteers from around the business also led the students in interactive activities, designed to give an insight into what they do in their day-to-day jobs.

Who we are | Supermarket Income REIT plc (LSE: SUPR) is a real estate investment trust dedicated to investing in property which enables the future model of UK grocery.

Appendix

GLOSSARY

AIFM	Alternative Investment Fund Manager
ACM	Asbestos Containing Material
AM	Asset Manager or Asset Management
AUM	Assets Under Management
CC	Completion Committee
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CO2te	Carbon tonne equivalent
COO	Chief Operating Officer
CSRD	Corporate Sustainability Reporting Directive
E&S	Environment and Social
EA	Environment Agency
EFRAG	The European Financial Reporting Advisory Group
EPC	Energy Performance Certificate
ESA	Phase I ESA - Environmental Site Assessment
ESAP	Environmental Social Action Plan
ESDD	Environmental & Social Due Diligence
ESG	Environmental Social Governance
EV	Electric Vehicle
FCA	Financial Conduct Authority
FM	Fund Manager or Fund Management
GARP	Grocery and Retail Parks
GHG	Green House Gas(es)
HSE	Health & Safety Executive
IA	Investment Adviser
IC	Investment Committee
IFRS	International Financial Reporting Standards
ILO	International Labour Organization
IR	Investor Relations
ISSB	IFRS International Sustainable Standards Board
KPI	Key Performance Indicators
MEES	Minimum Energy Efficiency Standards Regulations England and Wales
NGOs	Non-Governmental Organisation
NZAM	Net Zero Asset Managers
ODS	Ozone Depleting Substances
OECD	Organization for Economic Co-operation and Development
PCB	polychlorinated biphenyl
SBT	Science Based Target
SBTi	Science Based Target Initiative
SDR	UK Sustainability Disclosure Requirements
SFDR	EU Sustainable Finance Disclosure Regulations
SIMS	Sustainable Integrated Management System
SPA	Sale Purchase Agreement
SUDs	Sustainable Urban Development
TCFD	Taskforce on Climate-related Financial Disclosures
UN PRI	UN Principle of Responsible Investment
UN SDG	United Nations Sustainable Development Goal(s)
VSS	Voluntary Sustainability Standards

We aim | To provide investors with a combination of attractive, secure and growing income with potential for long term capital growth.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