Responsible Investment Report

Accelerating Change

ACTIVELY INVESTING FOR THE FUTURE

2020

OrchardStreet
INVESTMENT MANAGEMENT

Contents

About this report

Welcome to Orchard Street Investment Management's Responsible Investment Report 2020.

At Orchard Street Investment Management, we view responsible investment as the way to protect and enhance the performance of our clients' real estate portfolios. Our Responsible Investment strategy, launched in 2018, formalised an approach that has been an integral part of our business since 2010.

We will be refreshing our Responsible Investment strategy in 2021 to reflect our rapid progress and significant industry developments.

This report provides an account of our progress against the targets we set ourselves during the 2019/20 financial year, covering the period 1 October 2019 to 30 September 2020, and sets out our future direction as we pursue our responsible investment journey.

A message from our Managing Partner

It is an understatement to say that 2020 has not been a normal year. As the effects of the COVID-19 pandemic reverberate across the world and continue to impact the lives of millions, I would first like to pass on my thanks and admiration to our people who have shown immense resilience in adapting to an unprecedented situation. Throughout the pandemic, they have continued to deliver the first-class investment services for which we are renowned.

As the pandemic spread in March, we immediately invoked our 'work from home' plan to safeguard our people, and worked with our managing agents to ensure our occupiers and the people who use and visit our assets were safe and secure. Our response to the pandemic is outlined on page 19 of this report.

Despite the disruption caused by COVID-19, we have remained focused on keeping responsible investment at the heart of our approach. Responsible investment means improving the sustainability of our assets, reducing risk, driving down energy consumption and building strong links with local communities. Responsibility is an integral part of our business, and a fundamental part of delivering value to our clients. In fact, we appointed our first Head of Responsibility and ESG in 2020, reflecting just how important ESG issues are to our investment strategy on behalf of clients.

It is predicted that 2020 will be one of the hottest years on record, and this is a stark reminder that the rate of climate change remains unabated. The regulatory environment has advanced at pace. Following the UK Government's commitment to achieving net zero carbon status by 2050, the real estate sector has challenged itself to achieve this target much earlier for both new and existing buildings. Just recently, the government announced an ambitious 10 point green recovery plan and the intention to make TCFD aligned disclosures mandatory for a significant portion of the economy by 2023.

In response, we have put climate change at the forefront of our efforts this year. As this report highlights, we have made significant progress in mapping our portfolio against the long-term risks and opportunities from climate change and established our carbon footprint as a first step to publishing a 2030 net zero carbon strategy in 2021. We are committed to being a net zero carbon business by 2050 and making swift progress on that journey.

I am proud to report that in our first year of assuring our responsible investment targets, we achieved 100% of our 2019/20 targets. The energy, water and waste data for our directly managed assets has been positively verified - more information is available in our formal assurance statement on page 32.

For me, these are incredibly exciting developments which align with the fast moving responsible investment agenda of our clients and the wider sector. As we embark on a strategic review of our approach, our commitment to upholding the highest standards of transparency and accountability whilst meeting the needs of our people and communities will put us in a strong position to manage the current short-term upheaval and prosper in the long-term.

Philip Gadsden Managing Partner

Highlights

100%
of our 2019/20 targets were achieved

100%
of electricity purchased from renewable sources

91%
of our directly managed assets included in our environmental performance monitoring

25%
reduction in occupier carbon intensity targeted by 2025, equivalent to an annual reduction of 5% (against a 2018/19 baseline)

SUSTAINABILITY GUIDELINES
published for our Managing Agents

10 HOURS
of volunteering approved for each employee per year

KEY INITIATIVES WE SUPPORT

PRI | Principles for Responsible Investment

We have been a signatory to the PRI since 2018. We submitted a voluntary report for our first year, achieving a score of B.

TCFD | TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

We completed our first disclosure in line with TCFD recommendations to communicate our management of climate-related risks and opportunities.

SUSTAINABLE DEVELOPMENT GOALS

We have identified eight Goals which we can make a direct contribution to through our core business activities and Responsible Investment strategy.

Who we are

Orchard Street Investment Management is a leading UK commercial real estate investment manager acting on behalf of institutional clients worldwide, advising them on investment in and the active management of UK property assets.

Underpinning our approach is a commitment to responsibly protect and enhance our clients' real estate portfolios.

Our responsible investment strategy supports this commitment by managing material environmental, social and governance risks and opportunities to deliver superior portfolio performance.

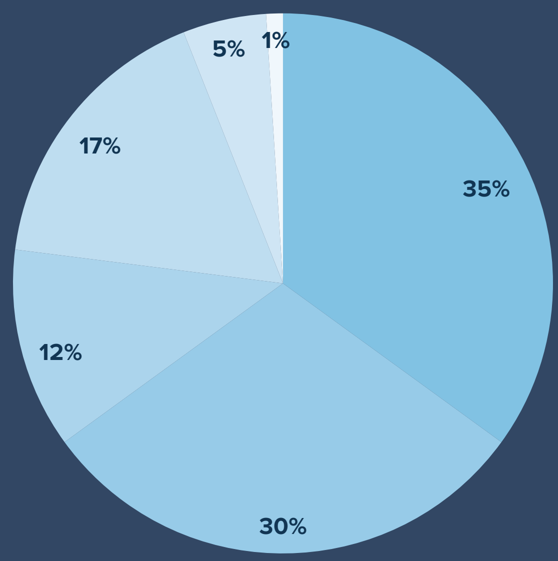
£3.94bn
Total value of assets under management (AUM)[1]

£2.76bn
Invested over the last seven years

158
Total number of assets[1]

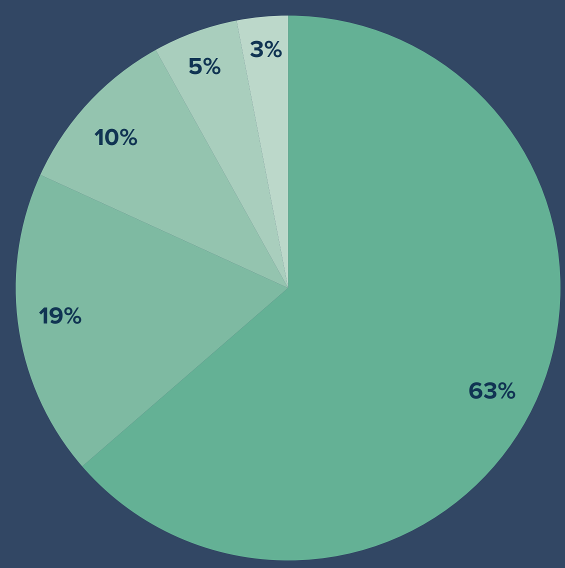
1,113
Total number of tenancies[1]

ASSETS BY SECTOR[1]



- Offices
- Industrial
- Leisure/Other
- Retail Warehouses
- Standard Retail
- Shopping Centres

ASSETS BY REGION[1]



- South East
  - Central London 17%
  - Outer London 17%
  - Other South East 29%[2]
- North
- Midlands & Wales
- Rest of South
- Scotland

1. Figures as at 30 September 2020
2. Including Cambridge

Our approach to responsible investment

Responsible investment represents our commitment to protect and enhance the performance of our clients' real estate portfolios.

To invest responsibly, we consider the environmental and social impacts of our clients' assets now and in the future, underpinned by our robust governance of sustainability risks and opportunities to deliver long term performance for our clients.

Integrating sustainability into all aspects of investment, asset management and development is a cornerstone of our approach. As well as embedding resilience into our assets, we aim to have a positive impact on the lives of our employees, occupiers and communities where we manage assets.

OUR ESG FOCUS AREAS

Environment

We are committed to being a net zero carbon business by 2050 and will publish a 2030 net zero carbon transition strategy to mitigate climate change.

We are monitoring and reducing the environmental impact of our assets under management, focusing on key intervention points across our acquisition, asset management, development and redevelopment activities.

Society

We make a positive social contribution, focusing on our employees, the communities in which we operate, and the supply chain we support.

We provide a positive working environment for our employees that supports their professional development. We promote the wellbeing of our occupiers, and use our assets and supply chain to benefit local communities.

Governance

Our priority is ensuring the highest standards of governance, transparency and risk management.

We support international frameworks to provide investors and clients with an objective analysis of our performance. We support the sharing of best practice, and work towards common goals.

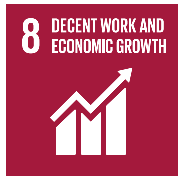
UN Sustainable Development Goals

We support the long-term vision of the United Nations Sustainable Development Goals (UN SDGs). We have identified eight goals which we positively contribute towards through our responsible investment strategy and core business activities: Goals 3, 6, 7, 8, 11, 12, 13 and 17. These will be continually reviewed in light of our evolving business and responsible investment strategy. We may focus on additional goals at portfolio level, depending on the strategy and asset classes.

We make a positive contribution to Goal 3 through provision of offices and workspace that enhance the wellbeing of our occupiers. We also support Goal 3 by protecting the health and wellbeing of our employees.

We support Goal 6 by setting minimum water efficiency standards as part of our new refurbishment standard and continuing to use our ESG asset tracker to reduce water consumption and increase recycling.

We support Goal 7 by procuring 100% renewable electricity for all landlord supplies, providing renewable energy generation on site wherever possible and clean energy will be a key component of our net zero carbon strategy.



We support Goal 8 by investing in our employees' wellbeing and development. Many of our assets under management provide high-quality office, retail and industrial accomodation across the UK that supports local economies, businesses and job creation.

We contribute to Goal 11 through our development and asset management strategy, including investment in local infrastructure, improvements to the public realm and sustainable transport solutions.

We support Goal 12 by reducing the environmental impact of our assets under management, targeting energy and water use. We are reviewing our procurement standards to prioritise the use of materials with a low environmental impact in refurbishments and developments.

We have completed a comprehensive analysis of our business climate risk and our total carbon footprint (scope 1, 2, and 3) in support of Goal 13. We have set a carbon reduction target, and this analysis will guide our roadmap to achieve net zero carbon status by 2030.

We contribute to Goal 17 by participating in global, cross-sector initiatives, and support industry organisations to positively influence the property sector. We are looking to partner with our supply chain on key sustainability issues going forward.

OUR 2019/20 TARGET PERFORMANCE

We achieved nine of nine targets for this financial year, and made significant progress on targets due in September 2021.

	2019/20 TARGETS	PERFORMANCE AGAINST 2019/20 TARGET	STATUS
ENVIRONMENT	Implement a comprehensive process to assess, review and manage climate-related risk.	Completed a review of climate-related risks in line with the Task Force on Climate-related Financial Disclosures (TCFD) and are implementing new governance and management procedures for climate change risks. Our disclosure against the TCFD recommendations is provided on pages 26 and 27.	✓
ENVIRONMENT	Report energy, carbon, water and waste performance data for directly managed assets and head office.	Collected utilities data covering energy, carbon and water for 91% of our directly managed assets and head office.	✓
ENVIRONMENT	Establish a target to reduce portfolio carbon emissions in 2020/21 based on 2019/20 baseline.	Measured the carbon footprint of all portfolios under management and Orchard Street's corporate carbon footprint, identifying occupier energy consumption as the largest contributor. Set a target to engage with occupiers to achieve a 25% reduction in occupier carbon intensity by 2025, equivalent to an annual reduction of 5% against a 2018/19 baseline[3]. To be reviewed annually.	✓
ENVIRONMENT	Assess the feasibility of making five of our highest carbon emitting buildings net zero carbon by 2030.	Reviewed the feasibility of a net zero carbon target across all our assets under management.	✓
ENVIRONMENT	Establish an action plan including occupier engagement for carbon reductions and sustainability improvements across the portfolio	Due to COVID-19 we were not able to engage with occupiers on sustainability improvements. Instead, we conducted energy efficiency surveys of our assets, including FRIs, and produced asset level reports of landlord and tenant consumption with actions and opportunities for carbon emission reduction and sustainability improvements.	✓
SOCIAL	Engage with key suppliers to set minimum sustainability standards for direct and indirect procurement.	We created our managing agent sustainability standards, including sustainability requirements for their supply chain. We have engaged sustainability advisors Greengage to develop guidance for sustainable fitouts and refurbishment.	✓
SOCIAL	Develop a formal volunteering programme.	Published an employee volunteering policy providing 10 hours of volunteering per employee per year.	✓
GOVERNANCE	Establish responsible investment performance objectives for staff.	Included responsible investment objectives for all of our operational staff, including asset managers, in line with our objectives and ESG asset tracker.	✓
GOVERNANCE	Expand the sustainability training programme for staff.	Conducted targeted training for members of the Responsible Investment Committee and asset managers, as well as company sessions, on net zero carbon as part of our carbon target setting project and climate-related risks, management and mitigation as part of our TCFD scenario analysis.	✓

3. The baseline has been adjusted to 2018/19 which is more representative of annual consumption given the impact of COVID-19

OUR 2020/21 TARGETS

Building on our success in 2020, we have set an ambitious programme of 10 targets across our ESG themes. We will continue to progress 2021 targets set in 2019.

	2020/21 TARGETS
ENVIRONMENT	› Assess how the climate emergency will affect business operations and profits and continue to report in line with TCFD
ENVIRONMENT	› Implement the recommendations from our comprehensive 2020 climate risk scenario analysis, in line with TCFD
ENVIRONMENT	› Implement a formal tenant engagement process to improve sustainability credentials including the collection of actual tenant energy consumption data from 10% of assets where tenants procure their utilities directly. Review and set a follow-on target for 2022 based on experience in 2021
ENVIRONMENT	› Publish a 2030 net zero carbon strategy in line with industry best practice and international benchmarks
ENVIRONMENT	› Reduce occupier carbon intensity by 25% by 2025, equivalent to an annual reduction of 5% against a 2018/19 baseline. To be reviewed annually
SOCIAL	› Increase our social impact through a high level of employee participation in Orchard Street's new volunteering programme, with an aggregate of 300 hours donated (equivalent to 1.5 days per employee)
SOCIAL	› Develop a sustainable procurement charter
GOVERNANCE	› Improve our UN PRI score in 2021
GOVERNANCE	› Refresh Orchard Street's Responsible Investment strategy in alignment with the UN SDGs
GOVERNANCE	› Measure and report the financial, environmental and/or social value generated by our Responsible Investment activities
GOVERNANCE	› Develop guidance for sustainable refurbishments and developments across all sectors

Environment

The environmental agenda has progressed at great speed in recent years as governments, the real estate sector and the investment community respond to the long-term risks posed by climate change.

We have long employed a robust approach to environmental management as an effective tool to reduce operational risks covering the property lifecycle, from acquisitions to asset management, developments and major refurbishments.

Environmental management has been a key focus this year, beginning the net zero carbon journey to ensure our clients' assets are resilient to future regulatory standards and the impacts of climate change, and are positioned favourably with prospective occupiers.

ACQUISITIONS

Our acquisition checklist ensures that sustainability is embedded into our decision-making process.

The checklist flags potential environmental and social risks and opportunities affecting an acquisition, and includes criteria such as green building certifications, EPC (Energy Performance Certificate) ratings, energy efficiency features, flooding and contamination risks. The information informs post-acquisition investment and management decisions by feeding into our asset business plans.

ASSET MANAGEMENT

We take a holistic view of our assets, encompassing environmental and social impacts to ensure opportunities to improve their performance are identified and tracked.

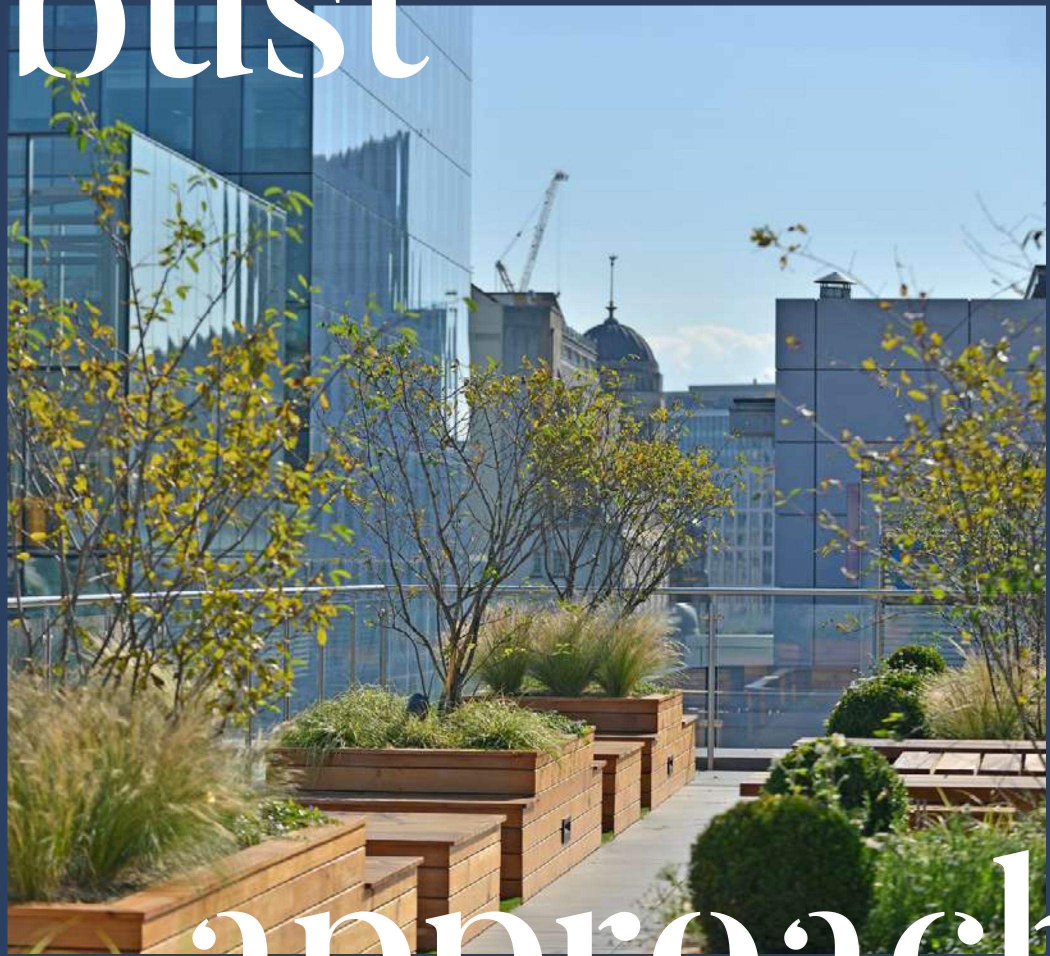
Every asset business plan includes sustainability objectives such as investments in building fabric and mechanical and electrical upgrades. Asset performance is tracked by property and asset managers using the ESG asset tracker, which is used to monitor progress.

DEVELOPMENTS AND REFURBISHMENTS

Sustainability considerations are included in asset design, contractor and materials selection.

These include requirements for low-carbon design, water and energy optimisation measures, use of low-VOC emitting materials, recycling of construction waste, installation of electric car charging points and cycling facilities to encourage more sustainable transport. Significantly, all new developments and major refurbishments target a minimum EPC rating of B and BREEAM Very Good certification.

Robust approach



Right
Bauhaus,
Manchester

ENVIRONMENTAL PERFORMANCE MONITORING

With real estate contributing to approximately 40% of the UK's carbon footprint, we recognise how incredibly important it is to our clients and managing the climate emergency that we accurately monitor the impact of our assets under management.

What gets measured gets managed, and during 2020 we centralised our data collection procedures so that we are able to easily and accurately report on our environmental footprint. We have used our 2018/19[4] data covering electricity, gas, waste and water consumption to establish a baseline against which we will measure our performance over time and have set a target to reduce occupier carbon intensity by 25% by 2025, equivalent to an annual reduction of 5% against a 2018/19 baseline.

4. We used a 2018/19 baseline year as it is more representative of our business activities than 2019/20, due to the impact of COVID-19 on real estate operations

Reporting our performance with confidence

We are committed to providing the best practice performance measurement that is absolutely expected in today's market. Our data reporting is aligned to the methodology established by the European Public Real Estate Association's (EPRA) Sustainability Best Practices Recommendations and submitted to an independent third-party for assurance against the AA 1000 Assurance Standard.

Our full data covering the two most recent reporting years is presented from page 28 of this report, and the assurance statement is available on page 32.

Left
Nimbus Park, Dunstable

Below
Great Pulteney Street, London

OUR BASELINE KEY PERFORMANCE INDICATORS

46,474 MWh

Landlord procured energy from electricity and gas consumption across our portfolio under management.

67 kWh/m²

Energy intensity from landlord obtained energy consumption.

2,502 tCO_2e

Greenhouse gas emissions (Scope 1 and 2) from landlord obtained energy consumption (market-based emissions factors).

0.004 tCO_2e/m^2

Greenhouse gas emissions intensity from energy consumption (market-based emissions factors).

129,047 m³

Landlord obtained water consumption from the municipal supply.

0.69 m³/m²

Water intensity from landlord obtained consumption.

Working with our occupiers

Recognising that the majority of the energy and water used across our portfolio is consumed in tenant areas, over which we have no direct control, we set a 2019/20 target to establish an action plan for carbon emission reductions and sustainability improvements that included engaging with our occupiers. Due to COVID-19, we were not able to engage directly with occupiers. Instead, we worked with our managing agents to survey the energy efficiency of all our assets, including indirectly managed properties, to identify opportunities for energy efficiency and carbon reductions. Based on this assessment, we will engage with the occupiers of buildings where consumption is highest, to reduce emissions as part of our broader commitment to a 2030 net zero carbon strategy on page 12.

Net zero carbon

We have seen an unprecedented shift in awareness about the long-term impacts of climate change in recent years. As global efforts have focused on achieving the aspirations of the Paris Commitment to limit global warming to two degrees, we are acutely aware of the role real estate can play.

We are meeting the challenge of climate change head on by committing to being a net zero carbon business by 2050 and beginning that journey now. We will publish a 2030 net zero carbon strategy in 2021, based on extensive work completed over the last year to calculate our carbon footprint covering our Scope 1, 2 and 3 emissions.[5]

Using the insights gained from our carbon footprint, we will define a roadmap setting out the necessary steps to achieve net zero carbon by 2030, in line with industry best practice and industry benchmarks.

As a first step, we have set a target to reduce occupier carbon intensity by 25% by 2025, equivalent to an annual reduction of 5% against a 2018/19 baseline. This target will be reviewed annually. Secondly, we are expanding the scope of our data coverage to collect GHG emissions covering landlord and tenant activities across all assets.

Recognising that embodied carbon is a significant proportion of a building's total carbon footprint, we are piloting the use of embodied carbon measurement and targets on selected refurbishment projects.

MAPPING CLIMATE RISKS

With an awareness and understanding of the threats posed by climate change, we commissioned the support of our sustainability advisors at JLL Upstream Sustainability Services to conduct a comprehensive climate risk assessment using scenario analysis, in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Our goals were threefold: to understand the impacts of climate-related risks and opportunities on our business and clients' assets; enhance our climate-related risk management procedures and governance; and disclose in line with best practice recommendations of the TCFD for the benefit of our stakeholders. Our response to the recommendations can be found on pages 26 and 27.

We have committed to continue to report in line with TCFD to provide an update on our management of climate-related risks and opportunities. This will include a review of our minimum sustainability standards for assets under management, and their implementation, as part of a larger project to assess and manage climate-related risk.

Secondly, as we conduct a deeper assessment of climate-related risks to our business, we will add these conclusions to our acquisition checklist to ensure anticipated scenarios are integrated into the acquisition process.

5. Scope 1, 2 and 3 emissions related to energy consumption in our corporate offices, directly managed assets and tenant-related emissions from building energy consumption for private tenant areas.

Cutting carbon

ALBANY PARK, FRIMLEY

An extensive redevelopment is underway at Albany Park Industrial Estate to establish three carbon neutral in operation industrial and distribution units totalling 48,406 sq. ft. Sustainability forms the foundation of this development, with the shell of the units targeting BREEAM Excellent under the UK New Construction scheme 2018.

When the project is complete in the first half of 2021, it will utilise photovoltaic roof panels as the building's main electricity source and either sell or feedback any excess generated electricity to the National Grid. This feature enables each unit to be operationally carbon neutral, meaning that over the course of a year the units will produce renewable energy on site equal to the regulated energy they require to operate. The redeveloped units will achieve an A+ EPC rating.

Several elements have been incorporated to ensure the units run at a high efficiency such as an energy metering system to monitor and record electricity, water and gas usage; major leak detection monitoring and water flow restrictors; variable refrigerant technology; in-built heat recovery technology; and LED lighting which is controlled for efficiency.

The development will also feature electric charging infrastructure and we are installing an innovative battery system, which will provide the ability to store the electricity generated by the photoelectric panels.

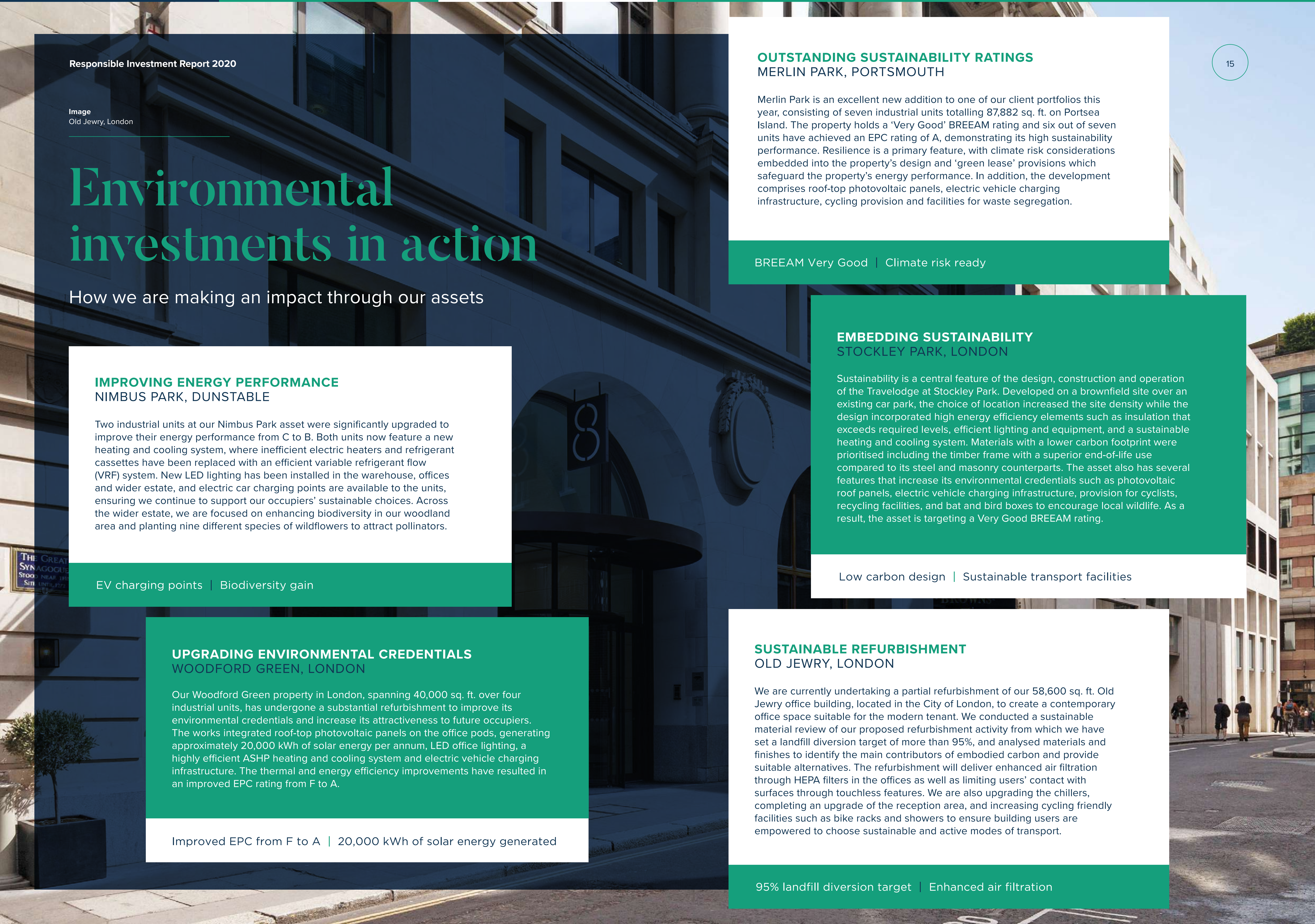


Image
Old Jewry, London

Environmental investments in action

How we are making an impact through our assets

IMPROVING ENERGY PERFORMANCE
NIMBUS PARK, DUNSTABLE

Two industrial units at our Nimbus Park asset were significantly upgraded to improve their energy performance from C to B. Both units now feature a new heating and cooling system, where inefficient electric heaters and refrigerant cassettes have been replaced with an efficient variable refrigerant flow (VRF) system. New LED lighting has been installed in the warehouse, offices and wider estate, and electric car charging points are available to the units, ensuring we continue to support our occupiers' sustainable choices. Across the wider estate, we are focused on enhancing biodiversity in our woodland area and planting nine different species of wildflowers to attract pollinators.

EV charging points | Biodiversity gain

UPGRADING ENVIRONMENTAL CREDENTIALS
WOODFORD GREEN, LONDON

Our Woodford Green property in London, spanning 40,000 sq. ft. over four industrial units, has undergone a substantial refurbishment to improve its environmental credentials and increase its attractiveness to future occupiers. The works integrated roof-top photovoltaic panels on the office pods, generating approximately 20,000 kWh of solar energy per annum, LED office lighting, a highly efficient ASHP heating and cooling system and electric vehicle charging infrastructure. The thermal and energy efficiency improvements have resulted in an improved EPC rating from F to A.

Improved EPC from F to A | 20,000 kWh of solar energy generated

OUTSTANDING SUSTAINABILITY RATINGS
MERLIN PARK, PORTSMOUTH

Merlin Park is an excellent new addition to one of our client portfolios this year, consisting of seven industrial units totalling 87,882 sq. ft. on Portsea Island. The property holds a 'Very Good' BREEAM rating and six out of seven units have achieved an EPC rating of A, demonstrating its high sustainability performance. Resilience is a primary feature, with climate risk considerations embedded into the property's design and 'green lease' provisions which safeguard the property's energy performance. In addition, the development comprises roof-top photovoltaic panels, electric vehicle charging infrastructure, cycling provision and facilities for waste segregation.

BREEAM Very Good | Climate risk ready

EMBEDDING SUSTAINABILITY
STOCKLEY PARK, LONDON

Sustainability is a central feature of the design, construction and operation of the Travelodge at Stockley Park. Developed on a brownfield site over an existing car park, the choice of location increased the site density while the design incorporated high energy efficiency elements such as insulation that exceeds required levels, efficient lighting and equipment, and a sustainable heating and cooling system. Materials with a lower carbon footprint were prioritised including the timber frame with a superior end-of-life use compared to its steel and masonry counterparts. The asset also has several features that increase its environmental credentials such as photovoltaic roof panels, electric vehicle charging infrastructure, provision for cyclists, recycling facilities, and bat and bird boxes to encourage local wildlife. As a result, the asset is targeting a Very Good BREEAM rating.

Low carbon design | Sustainable transport facilities

SUSTAINABLE REFURBISHMENT
OLD JEWRY, LONDON

We are currently undertaking a partial refurbishment of our 58,600 sq. ft. Old Jewry office building, located in the City of London, to create a contemporary office space suitable for the modern tenant. We conducted a sustainable material review of our proposed refurbishment activity from which we have set a landfill diversion target of more than 95%, and analysed materials and finishes to identify the main contributors of embodied carbon and provide suitable alternatives. The refurbishment will deliver enhanced air filtration through HEPA filters in the offices as well as limiting users' contact with surfaces through touchless features. We are also upgrading the chillers, completing an upgrade of the reception area, and increasing cycling friendly facilities such as bike racks and showers to ensure building users are empowered to choose sustainable and active modes of transport.

95% landfill diversion target | Enhanced air filtration

Social

We are a business built on strong relationships with our employees, occupiers and communities.

Our assets under management impact the lives of thousands, from the people who work in our offices and warehouses, to the customers who visit, shop and spend their leisure time in our shopping centres and retail parks.

At every opportunity we aim to make a positive social contribution by meeting our employees' needs, promoting the wellbeing of our occupiers and visitors, and using our assets to support the communities in which they are based.

OUR PEOPLE

Our priority is to provide a rich and rewarding workplace culture that enables our people to flourish.

We invest in our people's knowledge and skills and support their personal growth whilst contributing positively to our productivity and operational performance.

SOCIAL ENGAGEMENT AND VOLUNTEERING

We provide a structured volunteering programme to support our employees' passion for giving back to their local communities.

Across our assets, we work with our managing agents and occupiers to maximise our impact. We encourage them to engage with and support the wider community, for example by identifying opportunities to boost procurement, employment and charitable giving within the local area.

FOCUS ON OUR TEAM

Our team is characterised by highly educated professionals and a strong client-focused culture. We place a high degree of trust and professional responsibility in our employees, who have adapted exceptionally to the new working practices of 2020 brought about by COVID-19. This provides us with the opportunity in 2021 to update our approach to flexible working to support smart, modern work practices.

29

Employees and Partners[6]

35%

Proportion of female employees[7]

14.7%

Employee turnover rate

0.9%

Absentee rate[8]

Figures relate to the financial year ending 30 September 2020

6. Includes 23 direct employees and six Partners
7. Includes direct employees and Partners
8. Includes absences due to injuries and illness

Training and development

We promote training to build our competencies, embrace evolving trends in the real estate sector, and engage employees with our Responsible Investment strategy and objectives.

Training is available to all our people and matched according to their roles and responsibilities. For example, in line with our target to expand our sustainability training programme, during 2020 we organised sessions on climate risks for members of the Responsible Investment Committee and asset managers. We also held an all staff workshop on net zero carbon in the property industry, Orchard Street's carbon footprint and the actions we can take towards a net zero carbon future.

Next year we will continue our sustainability training programme with an all-staff training session on implementing the recommendations regarding our governance structures, and providing employees with the tools and knowledge to identify and manage climate-related risks in our portfolio.

Above
New London House Property Management Team at Let's Can Hunger campaign

Health and wellbeing

It is widely acknowledged that the quality of the workplace and the mental and physical health of our people can have a significant impact on productivity and engagement. With this in mind, we have undertaken a number of initiatives to promote the wellbeing of our people.

Our headquarters in London's Regent Street District is equipped with low VOC-furniture and standing desks and collaboration areas to promote increased mobility. Our employees have free access to a variety of wellbeing activities, such as yoga, zumba and pilates, and we encourage our people to stay active by organising events such as a weekly walking club.

Given the nature of our workforce, the risk of health and safety incidents is considered low. We recorded no injuries in 2020, and our absentee rate of 0.9% relates to illness only.

As the COVID-19 pandemic emerged during the beginning of 2020, we prioritised the wellbeing of our people and took precautions to make sure that everyone was safe and secure. This included measures to enable all employees to work from home before the formal lockdown was ordered at the end of March. For more information on our response to COVID-19, please see the case study on the next page.

Safeguarding our stakeholders during the COVID-19 pandemic

Supporting our employees

As the COVID-19 pandemic emerged, we prioritised the wellbeing of our people and took precautions to make sure that everyone was safe and secure. We took steps to allow all employees to work from home and once lockdown restrictions were lifted, we provided a COVID Secure workplace and arranged the business into two teams with access to the office provided on alternate weeks. Our response has empowered our employees to make personal choices on whether to attend the office or continue to work from home. We also administered a staff questionnaire to understand the wellbeing needs of our people working remotely. As a result, we made all employees the offer of a second computer monitor and an office chair for home use.

Safety as a priority

Occupier safety has been a priority throughout the pandemic. We provide frequent and regular communications to ensure occupiers receive the most up-to-date information and advice, helping them to navigate their challenges, and make necessary changes to daily activities such as cleaning. As lockdown eased, each property underwent a COVID Risk Assessment and received subsequent recommendations where appropriate. Strategies were also put in place to ensure the highest level of safety including one-way systems, hand sanitiser stations, screens and measures to protect front of house staff, appropriate signage, and occupier guides to inform of new procedures and protocols.

Working with our supply chain

Supporting and working with our supply chain was fundamental to the success of our response to the pandemic. This included providing advice to suppliers regarding their own response, liaising with clients to ensure a constant flow of income to avoid disruption to our suppliers, and using the furlough scheme in conjunction with suppliers to protect third-party staff. We worked with clients to top up the salaries of furloughed staff, and collaborated with other firms in the sector to provide mutual support and avoid disruption to supplies.

Providing for local communities

Through our managing agent MJ MAPP's 'Lets Can Hunger' campaign, we partnered with Love Your Neighbour, a charity committed to supporting people across the UK during the COVID-19 crisis. We set up food bank collection points at several of our clients' buildings to engage occupiers with the campaign and encourage them to donate much needed food supplies. All food donations are provided to Love Your Neighbour, who then deliver food to people who are struggling. This has become a huge success. Our occupiers contributed to the equivalent of 3,000 meals raised in the first month, provided positive feedback, and are eager to lend a helping hand to those in need.

Community investment in action

SOCIAL ENGAGEMENT AND VOLUNTEERING

We have a unique opportunity to have a positive influence on the people who use, visit and live near our assets, and this is a goal we actively pursue.

At a corporate level, the Orchard Street Investment Management Charitable Committee oversees all charitable giving and volunteering activities undertaken by our employees. Our formal employee volunteering programme, approved in 2020, provides up to 10 hours of volunteering time per employee per year.

Across our assets, we work to maximise our impact. Asset managers and managing agents are encouraged to engage with and support the wider community, for example by providing health and wellbeing services for occupiers and identifying opportunities to boost support for local charities.

We are well aware that our impact extends beyond charitable support to the wider socio-economic benefits our assets generate. We are determined to maximise this value, and accordingly we have set a target to measure and report the financial, environmental and social value generated by our responsible investment activities in 2021.

Volunteering programme giving over 400 hours of employee time commenced in 2020

Furthering education

A free book swap programme between the library and independent bookstores was hosted by the Wellgate Centre in Dundee.

Offering commercial spaces

Slough Retail Park hosted an annual cycle safety awareness campaign organised by the local police force.

Supporting disadvantaged children

Over 100 Christmas gifts and £200 in donations were raised by our Bauhaus and Hardman Square assets to support disadvantaged children.

Commercial space for charities

Altrincham Retail Park provided space for the Children in Need Tuk-Tuk Challenge.

Health and wellness

Holyrood Park House hosts annual wellbeing days as well as weekly running and yoga clubs for occupiers.

Free parking

The Queens Road Retail Park in Sheffield offers free parking to the Good Samaritans.

Governance

We are committed to operating according to the highest standards of governance, transparency and risk management. These are fundamental to our success, and our ability to inspire confidence among our stakeholders.

Our approach is underpinned by our Responsible Investment Policy that sets out the values we aspire to, and our Responsible Investment Committee which is responsible for the implementation of our policy.

> As a committee, we are determined to ensure the responsible investment agenda remains a critical part of our investment strategy and value proposition for clients.

Barney Rowe
Chair, Responsible Investment Committee

RESPONSIBLE INVESTMENT POLICY

Our Responsible Investment Policy provides a clear view to investors and other stakeholders of how we actively manage sustainability risks and opportunities as part of our fiduciary duty and our responsibility as a landlord and developer. The policy sets out our relationships with our people, partners and communities, and applies to all business activities carried out on behalf of our clients and our own UK operations (including any entities in which we invest).

RESPONSIBLE INVESTMENT COMMITTEE

The Orchard Street Responsible Investment Committee oversees our strategy and meets monthly to review progress. The Committee has four members, including a Partner and Board Member, and reports to the Managing Partner. The Responsible Investment Committee, is responsible for the ongoing monitoring and management of climate-related risk.

The Committee reviews our material risks and opportunities, pushes forward key initiatives, reviews progress against our targets and leads our response to the fast-changing external environment. This includes performance against our responsible investment targets and the ESG asset tracker that gathers information on the implementation of environmental and social initiatives across our portfolios.

High

standards

EMBEDDING RESPONSIBLE INVESTMENT

The responsibility agenda has rapidly advanced during recent years. Given the constantly evolving legislative environment, and our own ambition to be at the forefront of our sector, we have continued to embed and strengthen the implementation of our strategy, both within our internal decision-making process, and externally through our involvement in industry initiatives.

Increasing accountability

Following our target to establish responsible investment performance-related objectives for staff, in 2020 we integrated these into our performance reviews for all employees. The objectives are aligned with the ESG asset tracker, and support the priorities set out in our Responsible Investment strategy and broader asset business plans.

Embracing best practice

Secondly, we have strengthened our commitment to industry best practice, both as a demonstration of our determination to operate according to the highest recognised standards, and to provide objective confirmation of the strength of our responsible investment approach.

We have been a signatory to the United Nations Principles for Responsible Investment since 2018, committing us to report on our progress in upholding its six principles. Our first voluntary report was submitted in 2019, and we have achieved a score of B that compares favourably in the property sector.

In 2020, we committed to implementing the recommendations of the TCFD and providing our stakeholders and investors accurate data and insights about our management of climate-related risks and opportunities. Our response to each of the Recommended Disclosures can be found on pages 26 and 27.

This year also marks the first that we have reported comprehensive performance data covering all assets under our management control, and our head office. Our data reporting is aligned to the methodology established by the European Public Real Estate Association's (EPRA) Sustainability Best Practices Recommendations, which is the most widely adopted reporting framework for real estate. Significantly, the data has been independently assured according to the AA1000 assurance standard to provide confidence in its veracity, and to inform our internal data collection process.

SUPPLY CHAIN ENGAGEMENT

We recognise our responsibility to make a positive impact by influencing sustainability standards in our supply chain.

We rely on suppliers for the goods and services we procure, both across our portfolio under management and at our corporate offices. Our suppliers include our managing agents who manage our assets on a day-to-day basis, and who we rely on to implement key elements of our Responsible Investment strategy.

By working closely with them, we can apply new thinking in our asset and property management strategies and drive through minimum standards across our second and third-tier suppliers.

During 2020, we published operational sustainability guidelines for managing agents to clearly communicate our sustainability expectations and requirements. The guidelines are based on Better Buildings Partnership (BBP) guidance to reflect current industry best practice and have been aligned with our Responsible Investment policy and strategy.

All managing agents are expected to formally acknowledge the guidelines annually. They cover requirements for managing agents to support all elements of legislative compliance, identify and implement efficiency improvements, conduct asset-level monitoring against our ESG asset tracker, and ensure suppliers comply with UN Guiding Principles of Business and Human Rights, among other requirements.

In 2021 we will be developing a sustainable procurement charter aligned to the UN SDGs, as part of our commitment to fostering a responsible supply chain.

Reviewing our energy procurement activities

In 2020 we worked with managing agents to review our current energy procurement activities to increase the consumption of fuels from renewable sources in support of our net zero carbon ambitions.

As we cast our net wider, we are developing a new set of guidelines for the procurement of materials and waste management covering our refurbishment and development activities.

These will further support our goal to reduce our carbon footprint.

RESPONDING TO THE TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Here we set out our response to the Task Force for Climate-related Financial Disclosures (TCFD) framework following the comprehensive analysis we completed in 2020.

Governance

Our Board has full oversight of climate-related risks and opportunities. The Board has delegated management of climate-related risks to the Managing Partner. The Managing Partner has established the Responsible Investment Committee, accountable for all climate-related matters, which provides updates to the Board on a quarterly basis.

The Responsible Investment Committee is responsible for the ongoing monitoring and management of climate-related risk. The Chair of the Responsible Investment Committee is a Board Member and a Member of the Orchard Street Investment Committee.

The Responsible Investment Committee advises the Managing Partner and Orchard Street's Investment Committee on climate-related risks. The Investment Committee is responsible for all the Investment and Asset Management decisions taken in the management of our clients' assets.

At pre-acquisition stage, the Investment Committee ensures that the relevant protocols have been followed and any possible sustainability risks are highlighted. Once an asset has been acquired, the Investment and Asset Management teams complete a handover to review pre-acquisition due diligence. A member of the Responsible Investment Committee and an Investment Head-of-Sector will then liaise to discuss sustainability KPIs, risks and potential opportunities for the asset.

Within our existing portfolio, the Responsible Investment Committee manages our ESG asset tracker to monitor the effective implementation of sustainability activities.

Strategy

This year we conducted a comprehensive climate risk assessment. Both a two-degree (RCP4.5) and four-degree (RCP8.5) emissions scenario was applied using leading climate and market research to test a range of likely outcomes and identify material climate-related risks. The former scenario is consistent with the transition to a lower carbon economy and the latter is characterised by increased physical risk.

The scenarios were used to inform the risk assessment, where the likelihood and impact of a risk was assessed, incorporating factors such as frequency, duration, velocity and financial impact. The risks were assessed against the two scenarios and in relation to our business and portfolio strategies, with due consideration of our portfolio asset allocation. High impact opportunities were also identified in relation to our business strategy.

As a result, we have identified the most material issues, when they are likely to materialise and their potential impacts. The risks identified include a potential for costly damage to assets due to physical climate events; fines and void periods due to legislative non-compliance; increased operating costs related to heating, cooling, disrupted supply chains and reduced availability of resources; a loss of footfall to our assets; and an overall loss of rental and capital values due to the occurrence or perception of these risks.

With a holistic understanding of how climate risks could impact our business, we will continue to implement a robust ongoing risk management and monitoring process over the next year.

Risk Management

Our comprehensive review of climate-related risks, along with their likelihood and impact, has enabled us to determine those most material to our business and prioritise investment and implementation of adaptation and mitigation measures.

Climate-related risks are managed by an ESG asset tracker, used to monitor sustainability actions as well as setting baselines, identifying inefficiencies and establishing targets. We have developed a climate risk register that will assist the Responsible Investment Committee to maintain oversight of material risks, the associated mitigation actions and the parties responsible for implementing them. The Committee updates the Board on a quarterly basis on ESG matters, including climate risk.

Processes throughout the property lifecycle also help us to identify, assess and manage climate-related risks. At pre-acquisition stage, several checks are carried out which incorporate such risks including those for on-site renewable energy generation and legislative compliance. At the post-acquisition stage, asset managers are responsible for developing asset plans that incorporate sustainability KPIs, which property managers are annually assessed against. This ensures there is responsibility for managing climate risks and opportunities at the asset level.

Going forwards, we are currently updating our processes to ensure all climate risks are formally addressed throughout the property lifecycle and will continue to monitor and inform management of relevant legislation and regulations that could affect our business.

Metrics & Targets

This year, we have reported our Scope 1 and 2 carbon emissions from directly managed assets (see from page 28 and 29). We have calculated our organisational carbon footprint, including Scope 3 emissions to support the development of our carbon reduction target.

As well as providing opportunities for efficiency improvements across our managed assets, understanding our footprint will allow us to report our Scope 1, 2 and 3 emissions, on both an absolute and intensity basis, giving clear and comparable carbon metrics for our stakeholders to evaluate.

In 2020, we enhanced our environmental performance data collection process to more efficiently and accurately report on our emissions. This is supported by our ESG asset tracker which records the kg of CO_2e saved per initiative. To supplement our quantitative metrics, we also track key qualitative measures such as EPC ratings and building certifications to build a holistic view of each asset's performance.

OUR ENVIRONMENTAL PERFORMANCE DATA

PORTFOLIO

Scope		Total portfolio		Offices	
Indicator	**Boundaries**	**18/19**	**19/20**	**18/19**	**19/20**
Electricity	Total landlord obtained energy consumption from electricity (kWh)	32,267,519	24,062,539	28,460,964	19,912,434
	Coverage	78 out of 85	77 out of 86	26 out of 27	25 out of 27
	Total like-for-like landlord obtained energy consumption from electricity (kWh)	28,845,225	22,701,421	25,358,849	19,172,609
	Coverage	72 out of 73	72 out of 73	24 out of 24	24 out of 24
Fuels	Total landlord obtained energy consumption from fuels (kWh)	14,206,188	18,210,418	12,769,849	16,281,757
	Coverage	25 out of 73	31 out of 73	16 out of 24	17 out of 24
	Total like-for-like landlord obtained energy consumption from fuels (kWh)	13,706,060	17,445,061	12,269,721	15,524,913
	Coverage	24 out of 73	30 out of 73	15 out of 24	16 out of 24
Energy Intensity	Energy intensity (kWh)/m²	67	54	297	255
Greenhouse Gas Emissions	Scope 1 emissions from landlord obtained consumption of fuels (tCO2e)	2,502	3,348	2,209	2,994
	Scope 2 emissions (location based) from landlord obtained consumption of eletricity (tCO2e)	7,422	5,610	6,449	4,642
	Scope 2 emissions (market based) from landlord obtained consumption of eletricity (tCO2e)	0	0	0	0
	GHG emissions intensity (tCO2e/m²)	0.014	0.013	0.062	0.056
Water	Total landlord obtained mains water (m³)	129,047	118,483	88,948	79,846
	Coverage	28 out of 85	33 out of 86	18 out of 27	19 out of 27
	Total like-for-like landlord obtained mains water (m³)	108,858	104,648	73,149	67,194
	Coverage	19 out of 21	21 out of 21	12 out of 13	13 out of 13
	Landlord obtained water (m³/m²)	0.58	0.396	0.859	0.737
Waste	Total weight of waste (tonnes)	1,494	1,171	1,398	908
	Total weight recycled (tonnes)	1,486	597	1,394	492
	Total weight to energy recovery (tonnes)	-	472	-	387
	Total weight sent to landfill (tonnes)	8	102	4	29
	Proportion of waste recycled (%)	99	91	100	97
	Proportion of waste sent to landfill (%)	1	9	0	3
	Coverage	22 out of 85	25 out of 86	17 out of 27	17 out of 27

PORTFOLIO (CONT'D)

Indicator	Boundaries	Industrial		Leisure		Retail Warehouses		Standard Retail		Shopping Centres	
		18/19	**19/20**	**18/19**	**19/20**	**18/19**	**19/20**	**18/19**	**19/20**	**18/19**	**19/20**
Electricity	Total landlord obtained energy consumption from electricity (kWh)	398,809	716,564	632,203	650,873	1,080,092	764,990	489,253	806,285	1,206,198	1,211,394
	Coverage	22 out of 27	21 out of 27	2 out of 2	2 out of 2	22 out of 22	21 out of 22	4 out of 5	5 out of 5	2 out of 2	3 out of 3
	Total like-for-like landlord obtained energy consumption from electricity (kWh)	391,184	694,291	632,203	650,873	767,790	764,990	489,000	453,458	1,206,198	965,202
	Coverage	20 out of 21	20 out of 21	2 out of 2	2 out of 2	21 out of 21	21 out of 21	3 out of 3	3 out of 3	2 out of 2	2 out of 2
Fuels	Total landlord obtained energy consumption from fuels (kWh)	169,183	127,471	202,938	627,837	14,056	251,790	-	-	1,050,162	921,564
	Coverage	5 out of 21	6 out of 21	1 out of 2	2 out of 2	2 out of 21	5 out of 21	0 out of 3	0 out of 3	1 out of 2	1 out of 2
	Total like-for-like landlord obtained energy consumption from fuels (kWh)	169,183	118,958	202,938	627,837	14,056	251,790	-	-	1,050,162	921,564
	Coverage	5 out of 21	6 out of 21	1 out of 2	2 out of 2	2 out of 21	5 out of 21	0 out of 3	0 out of 3	1 out of 2	1 out of 2
Energy Intensity	Energy intensity (kWh)/m²	2	2	36	56	5	5	40	61	78	36
Greenhouse Gas Emissions	Scope 1 emissions from landlord obtained consumption of fuels (tCO2e)	35	23	41	115	3	46	-	-	215	169
	Scope 2 emissions (location based) from landlord obtained consumption of eletricity (tCO2e)	102	167	162	152	276	178	125	188	308	282
	Scope 2 emissions (market based) from landlord obtained consumption of eletricity (tCO2e)	0	0	0	0	0	0	0	0	0	0
	GHG emissions intensity (tCO2e/m²)	0.001	0.001	0.009	0.012	0.001	0.001	0.010	0.014	0.018	0.008
Water	Total landlord obtained mains water (m³)	660	992	31,614	30,956	4,435	395	392	402	2,998	5,892
	Coverage	2 out of 27	4 out of 27	1 out of 2	2 out of 2	4 out of 22	4 out of 22	1 out of 5	1 out of 5	2 out of 2	3 out of 3
	Total like-for-like landlord obtained mains water (m³)	660	212	31,614	30,956	64	386	392	402	2,979	5,499
	Coverage	2 out of 2	2 out of 2	1 out of 2	2 out of 2	2 out of 2	2 out of 2	1 out of 1	1 out of 1	1 out of 1	1 out of 1
	Landlord obtained water (m³/m²)	0.024	0.014	5.930	1.350	0.092	0.014	0.046	0.047	0.103	0.099
Waste	Total weight of waste (tonnes)	-	-	51	172	25	37	7	8	13	46
	Total weight recycled (tonnes)	-	-	51	84	21	4	7	7	13	11
	Total weight to energy recovery (tonnes)	-	-	-	54	-	28	-	1	-	1
	Total weight sent to landfill (tonnes)	-	-	-	34	4	5	-	0	-	35
	Proportion of waste recycled (%)	-	-	100	80	83	87	100	99	100	25
	Proportion of waste sent to landfill (%)	-	-	0	20	17	13	0	1	0	75
	Coverage	0 out of 27	0 out of 27	1 out of 2	2 out of 2	2 out of 22	3 out of 22	1 out of 5	1 out of 5	1 out of 2	2 out of 3

CORPORATE OFFICE

Scope		Corporate Office
Indicator	**Boundaries**	**19/20**
Energy	Total Orchard Street obtained electricity consumption (kWh)	36,302
Fuels	Total Orchard Street obtained fuels consumption (kWh)	919,910
Energy Intensity	Energy intensity (kWh/m2)	215
Greenhouse Gas Emissions	Scope 1 emissions from Orchard Street obtained fuels consumption (tCO2e)	169
	Scope 2 emissions from Orchard Street obtained electricity consumption (tCO2e)	8
	GHG emissions intensity (Scopes 1 & 2) (tCO2e)	0.04
Water	Total water consumption (m3)	6,202
	Water intensity (m3/m2)	1.40

METHODOLOGICAL NOTES

Our environmental indicators are reported according to the methodology set out in the 3rd edition of the EPRA Sustainability Best Practices Recommendations (sBPR).

Organisational boundaries and scope of data (reporting on landlord and tenant consumption)

The information and data in this report covers assets under our direct operational control. As of 30 September 2020, this comprised a £3.94 billion portfolio of commercial assets covering offices, industrial sites, leisure/other facilities, retail warehouses, standard retail units and shopping centres.

All landlord obtained utilities consumption relates to consumption that we purchase and/or control as the landlord, including common areas and shared services.

We have reported environmental data from our own office consumption separately as this does not form part of our portfolio under management. Data relating to our employees covers our Partners and all direct employees employed by Orchard Street Investment Management.

Coverage

Absolute and like-for-like portfolio environmental data is only reported for assets that fall within our organisational boundaries and for which we can collect utilities data.

In 2020, this included 86 assets covering a net lettable area of 787,750 m^2 out of a total portfolio covering a net lettable area of 1,147,515 m^2.

The levels of coverage for each indicator are provided in the tables presented on pages 28 and 29.

Analysis – segmental analysis (by property type, geography)

Segmental analysis by geography is not relevant for our portfolio. Segmental analysis is instead provided by asset type and is consistent with our financial reporting.

Reporting period

All data relates to our financial year which runs from 1st October to 30th September.

Estimation of landlord-obtained utility consumption

We have applied estimations where consumption data is not available for the full reporting year. The following estimations apply to data covering 2018/19: 2% of total electricity consumption, 1% of total gas consumption and 12% of total water consumption. In 2019/20, 2% of electricity consumption, 30% of gas consumption, and 15% of water consumption data were estimated. Estimated data is calculated on a pro-rata basis where invoices and meter readings are not available at the time of publication.

Units of measurement

Utilities data are reported based on absolute consumption measured in kWh (energy), tCO_2e (GHG emissions), m^3 (water). GHG emissions are reported using location-based conversion factors published by the DEFRA.

Where consumption is normalised, we calculate intensity indicators using floor area (m^2) for whole buildings, including tenant areas. We are aware there is a mismatch between the nominator and denominator in our methodology for calculating intensities, as we receive utility bills for electricity consumed only in common areas, but we receive utility bills for fuel consumed both in the common and tenant areas (it is not possible to separate these consumptions).

Assurance

A third-party assurance of the 2019/20 environmental data has been carried out by JLL according to the AA1000 limited assurance standard. The statement is available on page 32.

Left
75 Farringdon Road, London

Right
75 Farringdon Road, London

Independent Assurance Statement

Image
25 Great Pulteney Street, London

TO: THE STAKEHOLDERS OF ORCHARD STREET INVESTMENT MANAGEMENT

Independent assurance statement by Upstream Sustainability Services, JLL ("Upstream") to the stakeholders of Orchard Street Investment Management LLP (OSIM) concerning the data for the period October 2019 to September 2020 and the 2019/20 Responsible Investment Targets as stated in the 2020 Responsible Investment Report.

SCOPE OF WORK

OSIM engaged Upstream to provide independent assurance of energy, water and waste performance information, greenhouse gas (GHG) emissions and 9 Responsible Investment Targets for 2019/20 relevant to its Responsible Investment Report. The engagement was Type 2 moderate assurance in accordance with the AA1000AP (2018) standard which consisted of:

A. Evaluation of OSIM's adherence to the AA1000 AccountAbility Principles (AA1000AP 2018) of Inclusivity, Materiality, Responsiveness and Impact;

B. Evaluation of the reliability of the specified sustainability performance information and associated data collection and management processes and systems;

C. Evaluation of the actions and progress made by OSIM in meeting their Responsible Investment Targets for 2019/20.

LEVEL OF ASSURANCE AND LIMITATIONS

Upstream provided a moderate level of assurance which included a desktop review, management and property level data verification, interviews and evidence gathering from internal sources and third parties. The verification did not include financial data, technical descriptions of or information relating to buildings or other information not related to sustainability.

We tested a sample of 686 data points from a total of 57 data sources (e.g. meters or waste disposal routes) that are reporting data for the reporting period of October 2019 to September 2020 from:

- 86 directly managed properties within OSIM's portfolio
- OSIM's headquarters

The scope of AA1000 Assurance is limited based on the amount of interaction and information provided. Material from the OSIM Responsible Investment team was provided as part of the evidence.

A: EVALUATION OF OSIM ADHERENCE TO THE AA1000 ACCOUNTABILITY PRINCIPLES (AA1000AP 2018) OF INCLUSIVITY, MATERIALITY, RESPONSIVENESS AND IMPACT

Based on the scope of work described above, nothing has come to our attention to suggest that OSIM did not adhere to the criteria under the principles of Inclusivity, Materiality, Responsiveness and Impact.

Further observation and recommendations can be found in the full assurance statement here.

B: EVALUATION OF THE RELIABILITY OF THE SPECIFIED SUSTAINABILITY PERFORMANCE INFORMATION AND ASSOCIATED DATA COLLECTION AND MANAGEMENT PROCESSES AND SYSTEMS

Based on the scope of the work described above, nothing has come to our attention that gives cause to believe that the specified performance for electricity, natural gas, water, waste and GHG emissions is not fairly stated by OSIM.

Further observations and recommendations can be found in the full assurance statement here.

C: EVALUATION OF THE ACTIONS AND PROGRESS MADE BY OSIM IN MEETING THEIR 2019/20 RESPONSIBLE INVESTMENT TARGETS

Based on the scope of the work described, it was determined that 100% of 2019/20 targets were achieved, by demonstrating the appropriate resources and implementation to the level described in the Responsible Investment Report.

It is noted that the scope of target, "Assess the feasibility of making five of our highest carbon emitting buildings Net Zero Carbon by 2030." has changed to include the entire portfolio during the feasibility assessment.

Further observation and recommendations can be found in the full assurance statement here.

INDEPENDENCE OF ASSURANCE

Due to our expertise and experience with non-financial information, sustainability management and social and environmental issues, we have the competencies required to conduct this independent assurance engagement. We are bound by the JLL Code of Business Ethics and are independent as defined by AA1000AP (2018).

Upstream is a consultant to OSIM and provides support on their environmental and sustainability programme, however the assurance team has not been involved in the delivery of these other services for OSIM and we do not consider that there is any conflict of interest between these other services and this assurance and verification engagement.

Lewis Richards
Sustainability Consultant
Upstream Sustainability Services

JLL®

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