

RESPONSIBLE INVESTMENT POLICY



Introduction

Orchard Street Investment Management LLP (“OSIM”) is appointed by clients to act as Investment and Portfolio Managers, in respect of direct real estate with a focus on UK commercial property. OSIM’s wholly owned subsidiary, Orchard Street Investment Advisers Limited (“OSIA”) is authorised and regulated by the UK Financial Conduct Authority under FRN 461061 and is appointed by clients to undertake all regulated activities including the management of indirect real property assets. Where the context in this document so admits, Orchard Street includes OSIM and OSIA.

Our experienced team has a consistent track record of investment performance over 18 years. Disciplined decision making, risk management and pro-active asset management skills are all critical to maintaining our track record.

Our belief is that buildings that positively impact the communities and environments in which they sit are more attractive to occupiers and investors and thereby offer better resilience. This Responsible Investment Policy is founded on the principle that we can enhance the fund and asset performance of our clients’ real estate portfolios through active ESG (Environmental, Social and Governance) management.

The aim of this Policy is fourfold:

- To identify the stakeholders affected by our business.
- To communicate how we integrate Responsibility in our governance.
- To set out how we as fiduciaries actively implement the management of ESG risks and opportunities in delivering attractive risk adjusted returns to our clients.
- Confirms our commitment to transparent reporting, accountability, and knowledge sharing.

The Policy applies to all business activities carried out on behalf of our clients (in so far as our contractual appointments permit) and our own UK operations including any entities in which we invest, with appropriate disclosure on ESG issues associated with the management of those investments.

This Policy is reviewed annually and approved by the Managing Partner of OSIM who also serves as the Chief Executive of OSIA on behalf of the Boards of OSIM and OSIA respectively.

1. Stakeholders

Our business activities impact a range of stakeholders. We consider our primary stakeholders are our clients, investors, shareholders, investment consultants, occupiers, the local communities around our assets and Orchard Street employees. We however recognise our responsibility to all stakeholders, and for this reason we consider both now and looking forwards, the environmental and social impact of our managed assets and their financial sustainability.

2. Governance

2.1 ORCHARD STREET MANAGEMENT BOARD

Our Board has full oversight of climate-related risks and opportunities. The Board has delegated the management of all climate-related risks and opportunities to the Managing Partner who in turn has established the Responsible Investment Committee to be accountable for all climate-related issues and to provide updates to the Board on a quarterly basis. Further detail on our climate-related risk governance is available in our TCFD disclosure statement included in our [Annual Report](#).

2.2 ORCHARD STREET INVESTMENT COMMITTEE

Orchard Street's Investment Committee, which is chaired by the Managing Partner, is responsible for all Investment and Asset Management decisions taken in the management of our clients' assets. ESG risks and opportunities are considered as part of every recommendation that is presented to the Investment Committee. Our acquisition, capital expenditure, letting, lease renewal, and sales processes, formally require sustainability risks and opportunities, along with confirmation of mandatory compliance checks, to be included in Investment Committee reporting. ESG targets in line with our Responsible Investment Objective and Responsible Investment Strategy are included in the business plan for each asset.

2.3 AUDIT RISK AND COMPLIANCE

Orchard Street's Audit Risk and Compliance Committee, a sub-committee of the Management Board, formally considers ESG risks, including Responsible Investment and Climate Risks, as part of its Risk Management Framework.

The Committee is also responsible for advising the Board on other Orchard Street policies including those closely associated with ESG such as Agile Working, Conflicts of Interest, Equality, Diversity and Inclusion, Financial Crime, Modern Slavery, Service Provider Selection, Stewardship, and Remuneration. Policies on each ensure good ESG outcomes across the business. Where policies so require, ongoing compulsory training is provided for Orchard Street partners and staff.

3. Implementation

Having substantially developed our ESG capabilities, resourcing, integration, data and reporting since forming our Responsible Investment Committee in 2017, we are now well positioned to continue to implement successful ESG outcomes across our business and within our managed portfolios.

To guide our implementation and to allow for our stakeholders to appraise our ESG outcomes, we have established a Responsible Investment Objective, a Responsible Investment Strategy, and a set of clear and measurable targets against which we will publicly report assured performance data for the period through to 2025.

3.1 Responsible Investment Objective

We aim to be responsible for the creation and stewardship of a portfolio of sustainable real estate investments that deliver outperformance for our clients and their beneficiaries today and tomorrow. Integral to this, we strive to provide healthy, high-quality buildings which positively affect the environment, occupiers, and the local community. In so doing, we seek to demonstrate that when real estate investing includes robust and ambitious ESG integration, this increasingly drives superior financial performance.

3.2 Responsible Investment Strategy

To ensure the delivery of our Responsible Investment Objective, our strategy aims to be relevant, specific, and measurable, whilst allowing evolution of the strategy in response to the market, technology, legislation, and the changing demands of our stakeholders.

We recognise that the long-term performance of our portfolios and business depends on our ability to minimise our negative impacts and maximise the positive impacts which most affect our assets.

To identify those aspects of sustainability where Orchard Street is best placed to make a difference, we have undertaken a detailed sustainability review identifying four strategic areas which we have analysed as being both material to our business and over which we have greatest influence in delivering positive outcomes for stakeholders.

We have established these four areas as the four “Pillars” of our Responsible Investment Strategy, with targets and key performance indicators (KPIs) through to 2025 for each Pillar. In setting our Strategy we seek to support the outcomes of the United Nations Sustainable Development Goals (SDGs) which defines its aim as providing a “blueprint for dignity, peace and prosperity for people and the planet, now and in the future”. In total, the four Pillars of our Responsible Investment Strategy contribute to ten SDGs.

We are proud to be signatories of the Better Buildings Partnership Climate Commitment and to be amongst the foremost real estate investment managers in committing to achieving net zero carbon for landlord, refurbishment, and our own corporate emissions, by 2030. We shall expand the scope of our net zero carbon commitment from 2040 to include occupier emissions from energy and occupier fit outs. Our [Net Zero Carbon Pathway](#) details how we will achieve this. The first of our four Pillars centres on delivering our Net Zero transition.

Full details on the workstreams to implement our four Pillars is provided in our [2022 Annual Responsible Investment Report](#).



TRANSITION TO NET ZERO AND BUILD CLIMATE RESILIENCE



Improve the resilience of portfolios through stock selection, refurbishment and property management.



Material Issues

Net zero transition
Climate resilience
Water use



ENRICH BIODIVERSITY AND INCREASE CIRCULARITY

Increase biodiversity and reduce, reuse and recycle materials to increase circularity.



Material Issues

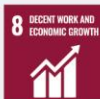
Materials
Waste
Biodiversity and nature



PROVIDE HIGH QUALITY BUILDINGS



Provide healthy, high quality buildings that positively affect occupiers and the local community.



Material Issues

Health and wellbeing
Occupier experience
Community engagement
Air quality
Social impact
Local economy



PROMOTE INCLUSIVE AND FAIR BUSINESS PRACTICES

Operate ethically and transparently, promoting diversity, inclusion and fair working conditions in our own operations and supply chain.



Material Issues

Diversity and inclusion
Modern slavery
Fair remuneration
Human rights
Skills and employment
Transparency



3.3 Responsible Investment Targets to 2025

Our responsible investment targets to 2025 specifically correspond to each of the four Pillars of our Responsible Investment Strategy. This provides a 3 year timeline of clear priorities for the business to deliver meaningful progress based on the extensive research we have completed to identify risks and opportunities. Externally assured progress against the targets will be reported annually through to 2025. A summary of the targets is provided below.



TRANSITION TO NET ZERO AND BUILD CLIMATE RESILIENCE

- Achieve an average water intensity on our multi-let office portfolio of better than 450 litres/m² NLA (this excludes offices held for less than 3 years at 1 October 2025, those sold before 30 September 2025 and those with occupancy below 75% in 2025)¹
- 50% of actual occupier energy data (by floor area) to be collected by 2025¹
- Reduce Scope 1, 2 and 3 carbon intensity (tCO₂e/m²) by 25% compared to 2018/19 baseline¹
- 50% by value of assets under management to be green certified by September 2025 (EPC B or above, NABERS, BREEAM, etc)
- Install 4 MW of renewable energy generation capacity from October 2019 to September 2025
- Measure embodied carbon on 6 refurbishment or development projects by September 2025
- Achieve 90% automated meter reading (AMR) “smart” data coverage of landlord controlled energy consumption by September 2023
- Establish a Climate Change Resilience Strategy in line with the Better Buildings Partnership Climate Commitment



ENRICH BIODIVERSITY AND INCREASE CIRCULARITY

- Recycle or compost at least 70% of landlord managed operational waste¹
- Send less than 1% of landlord managed operational waste to landfill or incineration, this excludes incineration for waste to energy¹
- Establish a quantified target to increase biodiversity value, including scope and baseline, by 30 September 2023
- Review construction waste for major refurbishments and developments in 2023 and 2024. Set a quantified target for construction waste to be measured in the period October 2024 - September 2025

¹ Measured between October 2024 - September 2025



PROVIDE HIGH QUALITY BUILDINGS

- Develop operational wellbeing plans for major refurbishments and developments with capital expenditure over £5 million starting on-site between January 2023 and September 2025
- Undertake occupier experience surveys on a sample of assets and respond to findings by September 2025
- Undertake community engagement exercise on a sample of retail and office assets and use findings to inform community initiatives by September 2025
- Support an average of 1 apprenticeship start per refurbishment or development project over £5 million and starting on-site between January 2023 and September 2025



PROMOTE INCLUSIVE AND FAIR BUSINESS PRACTICES

- Develop and implement a diversity and inclusion strategy by September 2025
- Implement an employee satisfaction survey in 2023
- Provide at least 4 work experience or internship opportunities (including those offered in partnership with suppliers) at Orchard Street between October 2022 and September 2025

4. Communication and Transparency

4.1 EXTERNAL REPORTING

Communication is core to Orchard Street's philosophy, and we are committed to transparent reporting and accountability. Whilst we have no regulatory obligation to report in line with the Taskforce on Climate-related Financial Disclosure's recommendations, we do so to ensure our reporting is comparable for investors and the public alike. We publish on our website and in our annual Responsible Investment Report, our progress against our Responsible Investment Targets, and our contribution to the outcomes of the UN Sustainable Development Goals, excepting only that information which is confidential to individual investment mandates and funds.

Orchard Street's Annual Responsible Investment Report details our progress against our Net Zero Carbon Pathway, provides externally assured environmental data in line with European Public Real Estate Sustainability Best Practices Recommendations (EPRA sBPR), and meets the reporting requirements of the BBP Climate Commitment and Net Zero Asset Managers Initiative (NZAMI).

We will share our challenges as well as our achievements, to enable the whole sector to benefit from what we have learned.

4.2 EXTERNAL THIRD PARTY ASSURANCE

Our progress against targets and KPIs is, and will continue to be, assured by an external third party verification provider on an annual basis.

4.3 Engagement

We recognise that we have numerous stakeholders beyond our primary stakeholders for example peers, government, and academic researchers. We proactively listen and engage with all stakeholders, both primary and secondary, to communicate our strategic direction and be agile in responding to diverse stakeholders needs.



Philip Gadsden
Managing Partner

February 2024