2022 RESPONSIBLE INVESTMENT REPORT

RESPONSIBLY INVESTING FOR TODAY AND TOMORROW

OrchardStreet
INVESTMENT MANAGEMENT

Overview

Transition to net zero and build climate resilience

Enrich biodiversity and increase circularity

Provide high quality buildings

Promote inclusive and fair business practices

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PHILIP GADSDEN
Managing Partner

ABOUT THIS REPORT

Orchard Street Investment Management is a leading commercial property investment manager focused on the UK market. Through our responsible investment approach, we act on behalf of institutional clients to enhance their real estate portfolios.

This report covers the period from 1 October 2021 to 30 September 2022. It reflects how we actively manage the environmental, social and governance (ESG) risks and opportunities most material to our business and stakeholders, shares our ESG performance and the progress we have made against our 2021/22 responsible investment targets and communicates our new strategy and targets.

We report in line with the EPRA Sustainability Best Practices Recommendations (sBPR) methodology for environmental metrics and undertake independent assurance of specific energy, water and waste performance measures. The 2022 assurance statement and the Environmental Data Annex can be found **here** and **here**, respectively. All reporting year data relates to the period October 1 2021 to 30 September 2022 and is rounded to the closest whole number.

A MESSAGE FROM OUR MANAGING PARTNER

The relationship between ESG and real estate investing in the UK has changed fundamentally in the last decade. ESG initiatives such as net zero carbon strategies and responsible procurement practices once considered ‘nice to have’ have become essential to fulfil client expectations, raise capital and meet current and future regulatory requirements. We increasingly see large occupiers in the office, industrial and retail sectors engaging on ESG features in a more meaningful way, and investors considering stranded asset risk in their investment strategies. Orchard Street’s voice and engagement with the industry has evolved with these changes. We have both the conviction and duty to demonstrate to the market how real estate investing that includes robust and ambitious ESG integration increasingly drives superior performance.

For Orchard Street, the relationship between strong financial returns and ESG integration is reflected in one of the biggest achievements of our responsible investment journey to date – the launch of our £400m Orchard Street Social and Environmental Impact Partnership. The fund will target value-add real estate investment opportunities across three impact areas: decarbonising existing buildings, investing in local communities and responding to local social issues and making buildings healthier for those that live and work in them (see page 48).

In 2022, we refreshed our responsible investment strategy to ensure that we are managing the ESG topics most material to our business and where we have the greatest influence. I am pleased to publicly launch our new responsible investment strategy in this report. Responsible real estate investing that delivers outperformance today and tomorrow is detailed on page 6. Our new strategy builds on the work we have done to date on net zero carbon, climate resilience, biodiversity, waste, social value, wellbeing, community engagement, fair business practices, procurement and diversity. The strategy provides a clear three-year roadmap for where we need to get to and how we will get there. We continue to support the outcomes of the UN Sustainable Development Goals and our new strategy provides a more detailed and measurable alignment to the specific SDG targets where we can make the most significant impact through our core business activities.

We support the transformation of the property industry to net zero carbon through engagement with clients, our supply chain and peers. We are signatories to the UN Principles for Responsible Investment, Better Buildings Partnership Climate Commitment and Net Zero Asset Managers Initiative, supporting a 1.5°C transition globally and within the UK. We are sharing our first net zero carbon pathway progress report on page 14 and have obtained independent assurance of specific metrics related to our net zero carbon targets. In 2021, we put in place the policies and procedures to deliver on our net zero carbon pathway and are starting to see results. I am pleased to report that we installed and commissioned 337 kW of new solar PV capacity and improved the Energy Performance Certificate (EPCs) of 14% of units under management. We reduced carbon intensity by an estimated 13% and continue to work towards our target of reporting emissions from 50% of occupier energy consumption (by floor area) based on actual data by 2025.

Orchard Street’s competitive advantage relies on the strength of our people and their ability to execute our ESG strategy. We are continuously reviewing our tools including our Sustainability Principles and Asset Sustainability Action Plans and provide training to ensure our people have the guidance, skills and knowledge to realise our objectives and their own career ambitions.

This report reflects our progress, along with the successes and challenges of our responsible investment journey in 2021/22. We have an exciting road ahead of us and we look forward to continuing with you on our journey.

WHO WE ARE

£3.9bn

Total value of assets under management[1]

£1.4bn

Invested over the last seven years[1]

134

Total number of assets[1]

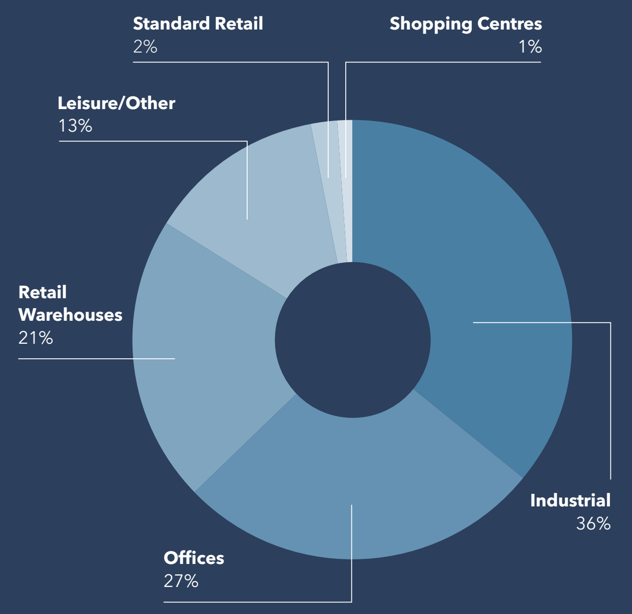
1,003

Total number of tenancies[1,2]

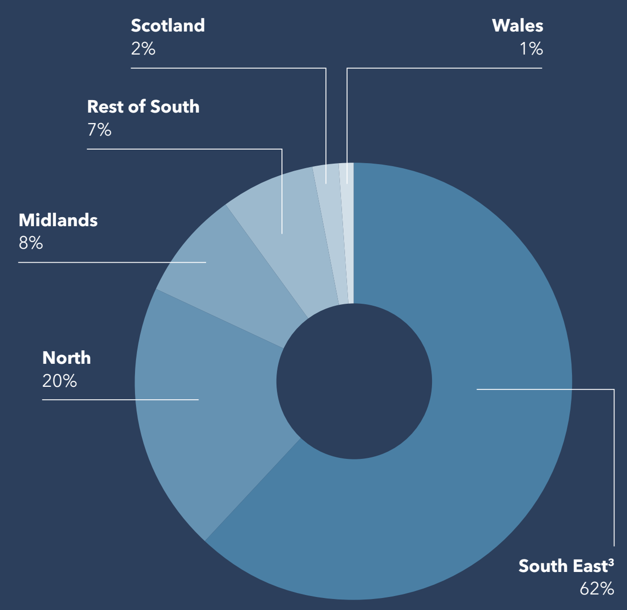
Established in 2004, Orchard Street acts on behalf of institutional clients to advise on investing in and the active management of UK commercial property assets. Given our belief that responsible real estate investing delivers outperformance, we consider the creation and stewardship of sustainable portfolios as part of our fiduciary duty to our clients and their beneficiaries.

We scrutinise the ESG credentials of assets on acquisition, in business plans and upon exit, identifying opportunities for ESG improvements that improve value, letting potential and resilience to expected future regulation. Our active asset management enables us to make a positive contribution to the sustainability of our assets under management. Our strategic approach to responsible investing has been nurtured since the introduction of our first responsible investment strategy in 2017, to embed effective processes and policies and develop the skills required to realise our responsible investment objectives throughout the business. Effective engagement and collaboration with our key stakeholders - clients, occupiers, suppliers, employees and shareholders is critical to our approach.

ASSETS BY VALUE BY SECTOR[1]



ASSETS BY VALUE BY REGION[1]



2021/22 RESPONSIBLE INVESTMENT HIGHLIGHTS

82%

of our in scope 2021/22 targets were achieved

4/5 STARS

on both UN PRI modules that we responded to (Investment and Stewardship Policy and Direct – Real Estate)[4]

£400m

Impact Investment Fund launched

337 kW

of renewable energy capacity installed and commissioned

22%

increase in green certified assets by value[5]

75%

of new leases included all six of our core green clauses, with 92% including at least one

RESPONSIBLE INVESTMENT STRATEGY REFRESHED

BIODIVERSITY NET GAIN ASSESSMENTS ON 12 SITES

CLIMATE CHANGE FLOOD RISK REVIEW OF SELECTED ASSETS

DIVERSITY AND INCLUSION COMMITTEE FORMED

1. Figures as at 30 September 2022
2. Number of let units plus those with agreements for lease, excludes vacant units and those units under development
3. Including central London and Cambridge
4. UN PRI scores were delayed by a year due to issues with its new reporting framework. This 2021 score relates to our 2019/20 reporting year and was received in September 2022
5. A green certified asset is classified as a property where either the value weighted average of the EPCs are B or above or the property has a NABERS UK, BREEAM or equivalent standard certification

OUR RESPONSIBLE INVESTMENT STRATEGY

As an experienced UK commercial property investment manager, our clients and wider stakeholders look to us for responsible investment leadership, in addition to our delivery of financial performance. Our long-term performance depends on our ability to minimise our negative impacts and maximise the resilience of our assets across various ESG issues – including climate and nature-related factors, the wellbeing of our occupiers, the communities in which our assets are rooted and the treatment of people across our value chain.

Starting in late 2021, with the support of an expert sustainability consultant, we undertook a detailed review to identify where we are best placed to make a difference through the strengths of our business. This included an evaluation of our existing ESG commitments, policies and procedures to identify gaps and opportunities for improvement; a peer and competitor review to understand industry trends and best practice approaches; engagement with clients to hear their expectations and direction of travel; and interviews with key internal stakeholders, including our employees, to uncover sentiment and fact finding.

Using the findings from this research, we ranked ESG topics based on our current management and market expectations. We analysed the areas that are most material to our business and where we have greatest influence to deliver positive outcomes for stakeholders. Third-party analysis confirmed the strategic importance that we have already placed on net zero carbon, climate resilience, transparency and occupier experience. We have further prioritised the nurturing of biodiversity and people, through a focus on diversity and inclusion, skills and employment.

RESPONSIBLE REAL ESTATE INVESTING THAT DELIVERS OUTPERFORMANCE TODAY AND TOMORROW

Our 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.

We have established four responsible investment pillars and set stretching targets to drive progress (see page 8 and 9).

Our **Responsible Investment Policy** sets out how we manage ESG as part of our fiduciary duty to deliver value for our clients. We review the policy annually and it is approved by the Managing Partner on behalf of the Management Board.

We support the UN Sustainable Development Goals (SDGs), developed as a shared blueprint for Member States to achieve peace and prosperity for people and the planet. We have analysed the SDGs and their underlying targets. Goals 11 and 17 are where we can make the most significant impact and eight additional SDGs are aligned to our pillars. Please see page 64 for more information.

net zero

TRANSITION TO NET ZERO AND BUILD CLIMATE RESILIENCE

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

7 AFFORDABLE AND CLEAN ENERGY
13 CLIMATE ACTION

ENRICH BIODIVERSITY AND INCREASE CIRCULARITY

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

12 RESPONSIBLE CONSUMPTION AND PRODUCTION
15 LIFE ON LAND

11 SUSTAINABLE CITIES AND COMMUNITIES
17 PARTNERSHIPS FOR THE GOALS

PROVIDE HIGH QUALITY BUILDINGS

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

3 GOOD HEALTH AND WELL-BEING
8 DECENT WORK AND ECONOMIC GROWTH

PROMOTE INCLUSIVE AND FAIR BUSINESS PRACTICES

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

10 REDUCED INEQUALITIES
16 PEACE, JUSTICE AND STRONG INSTITUTIONS

OUR 2025 TARGETS

TRANSITION TO NET ZERO AND BUILD CLIMATE RESILIENCE

MATERIAL ISSUES

Net zero transition
Climate resilience
Water use

- Achieve an average water intensity on our multi-let office portfolio of better than 450 litres/m² NLA (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)[6]
- 50% of actual occupier energy data (by floor area) to be collected by 2025[6]
- Reduce Scope 1, 2 and 3 carbon intensity (tCO_2e/m^2) by 25% compared to 2018/19 baseline[6]
- 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 six 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

MATERIAL ISSUES

Materials
Waste
Biodiversity and nature

- Recycle or compost at least 70% of landlord managed operational waste[6]
- Send less than 1% of landlord managed operational waste to landfill or incineration, this excludes incineration for waste to energy[6]
- 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

PROVIDE HIGH QUALITY BUILDINGS

MATERIAL ISSUES

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

- 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 a 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 one 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

MATERIAL ISSUES

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

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

6. Measured between October 2024 - September 2025

EXTERNAL INITIATIVES AND FRAMEWORKS WE SUPPORT:

BBP | BETTER BUILDINGS PARTNERSHIP

We are a member of the Better Buildings Partnership (BBP), working together with the UK's leading property owners and investment managers to improve the sustainability of existing commercial building stock.

BBP CLIMATE COMMITMENT Signatory

We are a signatory of the BBP Climate Commitment, which brings market-leaders together to transform the real estate sector and deliver a net zero carbon building sector with ambitious, transparent and accountable commitments.

TCFD | TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

We have been an official supporter since 2020 and make an annual TCFD disclosure, enhancing our climate-related disclosures and enabling informed decision making.

PRI | Principles for Responsible Investment

As a signatory of PRI since 2018, we publicly support responsible investment and the need for a more sustainable financial system. Our latest PRI scores are 4 out of 5 stars on both the Investment and Stewardship Policy and Direct – Real Estate modules.

NET ZERO ASSET MANAGERS INITIATIVE

As a member of the Net Zero Asset Managers Initiative (NZAMI), we support the UN Race to Zero, and the investment for and achievement of net zero emissions by 2050 at the latest, aligned with the 1.5 degree warming pathway. Our net zero target has been officially accepted and is **available here**.

SUSTAINABLE DEVELOPMENT GOALS

We support the outcomes of the UN SDGs. We have identified Goals 11 and 17 where we can make the most significant impact as well as eight additional SDGs aligned to our four strategic pillars.

RESPONSIBLE INVESTING THROUGH THE ASSET LIFECYCLE

Investment and capital raising

Our approach to responsible investment is included within capital raising and due diligence. Managing ESG risks and opportunities is a critical consideration in the development of our investment strategies.

Acquisitions

Our acquisition checklist ensures ESG risks and opportunities are embedded into the decision making and due diligence process. For example, we incorporate physical, transition and regulatory changes related to climate change into calculations for expected risks and returns of asset classes. ESG is embedded into the investment team's analysis and business planning by including it in our financial modelling refurbishment costs for delivering ESG improvements (e.g., EPC improvements and on-site renewables) and any associated income generated from such improvements.

Developments, refurbishments and fit-outs

We use refurbishments to improve the sustainability performance of our assets. Orchard Street's Sustainability Principles provide holistic recommendations for energy and carbon, water, materials, circular economy, climate resilience, transport, nature and biodiversity, pollution control, health and wellbeing, community, supply chain management and certifications. For example, all major refurbishments and developments target a minimum B EPC rating, with an aspirational target of A+ and a minimum BREEAM Excellent or Very Good rating (depending on the sector), with an aspirational target of BREEAM Outstanding. Minor refurbishments have a target to achieve an EPC rating of B.

Asset management

We work closely with our occupiers to identify opportunities to improve the sustainability performance of our assets and reduce investment risk. All asset business plans include ESG objectives, and property and asset managers use our Asset Sustainability Action Plans to drive social and environmental initiatives.

Disposal

We consider ESG factors when selecting assets to hold or dispose.

TRANSITION TO NET ZERO AND BUILD CLIMATE RESILIENCE

Our aim: Improve the resilience of portfolios through stock selection, refurbishment and property management

According to the Intergovernmental Panel on Climate Change's (IPCC) 2022 report, every tenth of a degree of additional temperature rise will escalate threats to people, species and ecosystems.[7] In the UK, the 2022 Climate Change Risk Assessment[8] states that, by 2050, annual economic damages for eight climate risks including those to human health, wellbeing, productivity, people and the economy could exceed £1 billion annually under 2°C of warming.

The actual extent of these impacts will depend on our ability to limit greenhouse gas (GHG) emissions and mitigate and adapt to our most significant climate risks. Yet, according to the global 2022 Net Zero Economy Index, the world's rate of decarbonisation - meaning the reduction in energy-related CO_2 emissions per unit of GDP – was at its lowest level in over a decade in 2021.[9]

Buildings have a significant role to play in this transition and are responsible for 23% of all UK carbon emissions, with 30% of those emissions produced by non-domestic buildings.[10] Approximately 80% of buildings in cities that will be here in 2050 already exist,[11] which means transitioning to net zero requires refurbishing existing buildings to be more energy efficient. For example, the UK Government wants energy efficiency improvements to reduce the final energy consumption from buildings and industry by 15% by 2030.[12] Well designed refurbishments and new developments can also reduce vulnerabilities to current and future climate risks such as water stress and biodiversity.

At Orchard Street, we believe decarbonising our clients' portfolios isn't just doing the right thing, it improves asset values. Integrating energy efficiency measures, electrifying buildings and installing renewable energy is accretive to value in all sectors. It futureproofs buildings for the government's stated intention to require a minimum EPC B rating by 2030 and provides electricity to occupiers at a discounted rate to grid electricity contracts. We are also seeing that ESG initiatives such as BREEAM accreditation, electric vehicle charging and net zero carbon buildings attract high quality occupiers and increase letting velocity. We expect that as institutional investors increasingly integrate climate risk analysis into purchasing decisions, exit values will be favourable for buildings that have addressed both transition and physical risks. This includes alignment with the Carbon Risk Real Estate Monitor (CRREM), flood resilience, water efficiency and certifications for operational energy and carbon.

7. https://www.wri.org/insights/ipcc-report-2022-climate-impacts-adaptation-vulnerability#:~:text=The%20report%20finds%20that%20every,is%20not%20safe%20for%20all.
8. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1047003/climate-change-risk-assessment-2022.pdf
9. https://www.pwc.co.uk/sustainability-climate-change/pdf/net-zero-economy-index-2022.pdf
10. https://www.sustainablefinance.hsbc.com/carbon-transition/towards-net-zero-in-uk-corporate-real-estate#:~:text=Buildings%20are%20a%20major%20contributor,coming%20from%20non%2Ddomestic%20buildings.
11. https://www.weforum.org/agenda/2022/11/net-zero-cities-retrofit-older-buildings-cop27/#:~:text=Around%2080%25%20of%20the%20buildings,warming%20to%201.5%C2%B0C.
12. https://www.gov.uk/government/news/uk-government-takes-major-steps-forward-to-secure-britains-energy-independence#:~:text=That%20is%20why%20the%20government,scheme%2C%20announced%20earlier%20this%20week.

TRANSITIONING TO NET ZERO

Our net zero carbon pathway, launched in 2021, is supported by 2025 and 2030 targets aligned with the net zero carbon hierarchy. Targets for 2035 and 2040 will be set in 2030 to ensure they are sufficiently ambitious and reflect current best practice. As signatories of the BPP's Climate Commitment and the NZAMI, we are required to report annually against our net zero carbon pathway (a detailed progress report is included within the **Environmental Data Annex**). Our pathway covers Scope 1, 2 and 3 emissions, with the full details on scope and boundaries, including our 2030 targets, available in our net zero carbon pathway report **here**.

We are reporting our progress against the 2025 targets in our net zero carbon pathway for the first time, and these KPIs have been assured by an independent third-party (see page 68 for the 2022 assurance statement).

2030 By **2030**, all operational landlord emissions, corporate emissions and embodied carbon from refurbishments and landlord fit-outs achieve net zero carbon

2040 By **2040**, occupier operational building energy emissions and embodied carbon from occupier fit-outs, including FRI assets, achieve net zero carbon

	Reduce embodied carbon	Reduce operational carbon	Maximise renewable energy	Offset residual carbon
	Avoid emissions by refurbishing and selecting low carbon materials	**Reduce operational energy consumption as far as possible**	**Maximise on-site renewables and renewable energy procurement**	**Offset unavoidable emissions using verified schemes**
2021/22 PROGRESS	Asset managers began to incorporate Orchard Street's Sustainability Principles guidance on embodied carbon into capital expenditure proposals to the Investment Committee and included embodied carbon measurement in specifications for flagship projects.	**13%** reduction in Scope 1, 2 and 3 location-based carbon intensity (tCO_2e/m^2) compared to 2018/19 baseline[13] **18%** of actual occupier energy data (by floor area) collected **62%** automated meter reading (AMR) "smart" data coverage for all landlord controlled energy consumption **44%** of assets under management by value are green certified	**337 kW** of capacity installed and commissioned in 2021/22 **883 kW** installed and commissioned since October 2019 (including 2021/22 installations)	After pursuing all elements of our net zero carbon pathway, we will procure high quality offsets for the residual carbon emissions that we cannot eliminate. As our pathway does not include any offsetting until 2030, we have prioritised activities in the other three areas in 2021/22.
OUR 2025 TARGETS[13]	Measure embodied carbon on six refurbishment or development projects by September 2025	Reduce Scope 1, 2 and 3 carbon intensity (tCO_2e/m^2) by **25%** compared to 2018/19 baseline[14] **50%** of actual occupier energy data (by floor area) to be collected[14] **50%** of assets under management by value to be green certified by September 2025[15]	Install **4 MW** of renewable energy generation capacity from October 2019 to September 2025	No offsetting

13. Refer to page 66 for further detail
14. Measured between October 2024 and September 2025
15. Green certified includes NABERS UK, BREEAM, EPC B or above and equivalent standards

OUR NET ZERO CARBON PATHWAY IN ACTION

2 Centro, Hemel Hempstead

Poyle Point, Heathrow

The redevelopment of Poyle Point in 2022 consisted of demolishing five obsolete brick buildings, with compromised access and height originally built in the 1930s. As well as poor building fabric containing harmful materials, the original buildings were built at too high a density for today's modern occupier. The build faced several challenges due to a slower planning application process compared to that of refurbishments and securing materials and labour. A redevelopment was chosen in this case to achieve the highest standard rather than a retrofit with compromised conditions.

Due for completion in Q1 2023, the site will include 82,000 sq ft of new industrial warehouses and office space. It will also host 10 electric vehicle chargers and 11 cycle and 2 e-cycle parking spaces to support low-carbon travel options. UK Green Building Council Net Zero Carbon aligned embodied carbon and operational carbon assessments are being undertaken and will be finalised once as-built information is available at practical completion. A 285 kWp solar array is being installed on the roof of the property, which will save an estimated 60 tCO_2 annually. In addition, air filtration has been integrated into the HVAC system to improve air quality to office areas. To evidence its high environmental credentials, the property is targeting an A+ EPC rating and BREEAM Excellent.

Beyond the buildings themselves, the redevelopment has considered improvements to local biodiversity by planting native species and installing bat and bird boxes. Maintenance guidance has been developed to ensure effective impact. We also partnered with the contractor to fund an apprentice engineer role for the construction of the project.

Poyle Point, Heathrow

82,000 sq ft
of new industrial warehouses and office space

285 kWp
solar array

A+
EPC rating targeted

BREEAM EXCELLENT
targeted rating

2 Centro, Hemel Hempstead

This year, we completed a comprehensive refurbishment and upgrade of 2 Centro in Hemel Hempstead, a 16,000 sq ft industrial warehouse, improving the EPC from a C to an A. The refurbishment consisted of removing gas fired heating systems within the warehouse and office to install a high-efficiency variable refrigerant flow heating and cooling system, and heat recovery ventilation system, to serve the office suite. This removes dependency on natural gas and ultimately reduces energy costs. Together with the new mechanical and electrical systems, a 62% reduction in total energy consumption per annum is predicted.

The works included replacing external lighting with LED fittings and installing PV solar panels to the south facing roof slope. The solar panels have a capacity of approximately 67 kWp, are projected to generate 61,746 kWh of solar energy annually and save 14 tCO_2 per year. The site boasts new electric vehicle car charging pods with ducting for additional pods in the future.

2 Centro, Hemel Hempstead

To avoid additional embodied carbon emissions, double glazed windows and doors were retained. New carpeting installed to the first-floor offices, lobby and stairwells had a 75% recycled content. The project achieved a 94% recycling rate for all construction waste. In the bathroom facilities, sensor operated taps were installed to limit unnecessary water use along with flowsaver devices for urinals.

16,000 sq ft
industrial warehouse refurbishment

62%
reduction in annual energy consumption predicted

67 kWp
solar array installed and commissioned

A
EPC rating

REDUCE EMBODIED CARBON

An estimated 11% of global emissions result from materials for the construction of buildings.[16] Therefore, we have committed to measure embodied carbon on six refurbishment or development projects by 2025 to inform our net zero carbon pathway and project design.

Orchard Street's asset managers apply our Sustainability Principles to major refurbishments and developments and minor refurbishments. Our property managers are responsible for implementing the Sustainability Principles for property maintenance. The Principles are applicable to all sectors and the sustainability targets and guidance are customised depending on the project scope. Asset managers and the entire project team are responsible for reducing embodied carbon associated with the scope of work by reusing or repairing existing fittings and fixtures, making use of recycled or repurposed products, sourcing materials locally, limiting waste and promoting natural materials with low environmental impact.

The larger scope of works on major refurbishments and developments offers the opportunity to change more aspects of the asset. On these projects, design teams are expected to review design and specification options to reduce embodied carbon, target 300 $kgCO_2e/m^2$ and measure and report embodied carbon data during construction. We are on a journey to implement our Sustainability Principles, engaging our asset managers through training and feedback sessions to improve outcomes.

6

Measure embodied carbon on six refurbishment or development projects by September 2025

Our net zero carbon pathway actions:

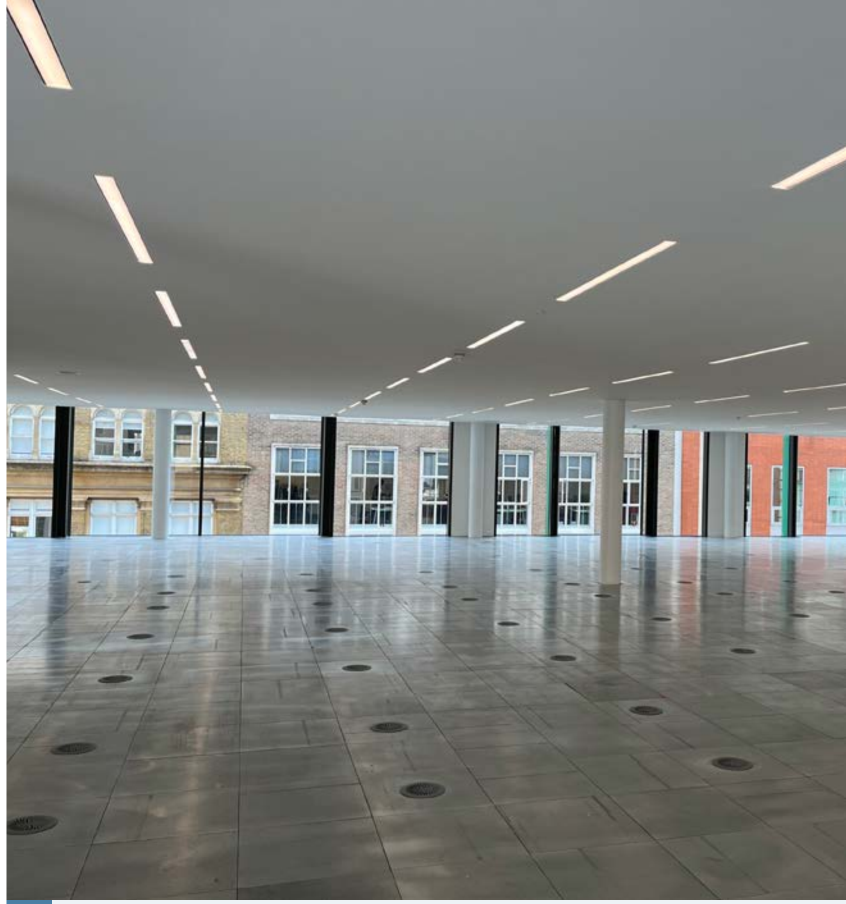
- Refurbish and maintain assets in line with our Sustainability Principles
- Trial internal shadow price of carbon
- Engage occupiers on sustainable fit-outs

16. https://worldgbc.org/advancing-net-zero/embodied-carbon/

Time Central, Leeds

Our strategy in action...

At Time Central office in Leeds, we undertook an extensive refurbishment of the bathroom facilities across three floors. The site team was able to retain mirrors, wash basins, urinals, toilets, dispensers and dryers and reuse them in the refurbished spaces, instead of buying new. Reusing existing materials reduces additional embodied carbon emissions by avoiding the carbon that would be emitted to produce the new items.



25 Great Pulteney Street, London

Our strategy in action...

During the refurbishment of 25 Great Pulteney Street in 2022, both the metal raised floor and suspended ceiling were retained to limit embodied emissions from the works.

At Techno Trading Estate in Swindon, the entire roof was retained after analysis revealed that the embodied carbon from replacing the roof would be higher than the emissions saved from replacing it to install a solar array.

Wellbar Central, Newcastle

Our strategy in action...

At Wellbar Central in Newcastle, we upgraded lighting to LED throughout the common areas of the office with smart controls. This was a lifecycle replacement project with the objective to maximise energy savings and the operational life of the installed lighting. Considering rising energy costs this was a timely project and improved the EPC rating to a B.

REDUCE OPERATIONAL CARBON

Operational carbon emissions result from the energy required to provide lighting, power, heating, cooling, ventilation, water and waste disposal. In 2019, operational carbon emissions from buildings made up 18% of the UK's total emissions.[17] To manage these, we have set targets spanning our Scope 1, 2 and 3 emissions, installation of smart meters, the collection of actual occupier energy consumption data and green building certifications (including EPCs of B and above).

At Orchard Street, occupier emissions – those resulting from occupier-controlled areas – account for most of our operational emissions, approximately 88%. This means engaging with occupiers is essential for achieving our Scope 3 emission reduction targets. It can also provide co-benefits by supporting occupiers' own decarbonisation ambitions. As such, we have a formal engagement process between occupiers and managing agents. In 2022, we collected 18% of actual occupier energy data by floor area (compared to 3% in 2021), putting us on track to achieve our target of 50% by 2025.

Collectively, efforts to reduce operational emissions as well as the buying and selling of assets in line with our investment strategy, have led to 38% of individual units by value (ERV) having an EPC rating of B or above.[18] This is an encouraging increase from 28% in 2021, resulting in a larger proportion of assets by value being compliant with the anticipated changes to the Minimum Energy Efficiency Standard (MEES) legislation. Overall, 44% of assets are green certified, significant progress from 36% as at September 2021.

17. https://post.parliament.uk/research-briefings/post-pb-0044/
18. An English equivalent rating has been used for Scottish EPCs where available. The 2030 MEES target that requires a minimum EPC of 'B' by 2030 does not apply to the Scottish portfolio. Our 90% by 2030 target allows for MEES exemptions and holdings outside England and Wales that operate under different regulatory systems

Our net zero carbon pathway actions:

- Increase smart meter coverage
- Building management optimisation
- Remove fossil fuels and minimise energy use intensity through refurbishment
- Occupier engagement
- Green leases and supporting occupiers' own goals
- Maximise low carbon business travel

See our net zero carbon pathway report for more details here.

38%

of individual units by value have an EPC B or above

44%

of assets by value are green certified

Our strategy in action...

We look to acquire high quality, futureproofed assets for clients with low development risk strategies. The recent acquisition of Devonshire Retail Park in 2022, consists of five retail warehouse units totalling 79,449 sq ft and a standalone 'pod' of 1,809 sq ft, all with EPC A ratings. Already fully let, all occupational leases incorporate green clauses including an obligation on the occupier not to adversely affect the unit's EPC rating. In addition, the majority of the leases provide for the landlord's right to install, maintain and repair solar PV equipment. This supports our net zero carbon commitments to install on-site renewable energy and increase the percentage of assets by value that are green certified (including those with EPCs of B and above) to 50% by 2025.

Devonshire Retail Park, Paignton

OUR CORE GREEN LEASE CLAUSES

Green clauses in leases incorporate requirements to monitor and improve a building's environmental performance. In 2021/22, 92% of new leases included at least one of Orchard Street's six core green clauses and 75% of new leases included all six green clauses.

Asset managers also negotiate with occupiers upon renewal to add green clauses to existing leases, however these were not tracked in 2021/22. We have introduced a new tracking system across all portfolios that will record green clause incorporation on all leases, including those protected by the 1954 Landlord and Tenant Act, where the occupier has rights to renew their lease without change. We will report on this in our 2023 Responsible Investment report.

75%

of new leases included all core clauses

Occupiers' compliance with regulation regarding waste management and environmental performance improvements

Grants landlord access to carry out works to improve and monitor environmental performance

Occupiers are required to provide the landlord with information to efficiently manage the building including environmental data

Occupiers' ability to obtain an EPC unless required by the EPB Regulations is restricted

Alterations that adversely affect the EPC rating or environmental performance of the property are prohibited

Environmental charges and activities related to energy use can be imposed directly on the occupier or through the service charge

27 Mortimer Street,
London

SMART METER ROLL-OUT

To accurately measure the impact of energy efficiency projects and to manage building energy, accurate metering of consumption is critical. We committed to a strategic roll-out of smart meters on medium and high consuming electricity and gas meters, targeting 90% coverage of all landlord-controlled energy consumption. However, despite instructing this project in 2021, the roll-out has been delayed by a lack of chips in the supply chain, supplier workforce shortages and the complex administration required between the various stakeholders.

By the end of September 2022, electricity and gas smart meters covered 62% of landlord-controlled energy consumption. Further meters are in the process of being installed and we will report on smart meter coverage in our 2023 report (includes new and existing meters).

69

electricity and gas smart meters installed by 30 September 2022 (includes new and existing meters)

62%

landlord-controlled energy consumption covered

MAXIMISE RENEWABLE ENERGY

We currently purchase 100% REGO-backed renewables for landlord-purchased electricity and only currently procure 'green' gas at our head office. Within our net zero carbon pathway, we have a target to install 10 MW of PV capacity by 2030, determined following a feasibility study by a third-party consultant across our assets under management. Since our baseline year of 2018/19, we have installed and commissioned 883 kW of renewable energy capacity, delivering nearly 10% of our 2030 target. We have set an interim target in our new responsible investment strategy to install 4 MW of renewable energy generation capacity from October 2019 to September 2025.

We installed and commissioned solar PV systems across nine units at six of our assets between October 2021 and September 2022. The estimated peak generation capacity, based on commissioning and MCS certificates, is 337 kW. This is estimated to avoid 77 tCO_2 per annum, equivalent to 2% of the total landlord procured operational energy estimated to be consumed by our assets under management. We expect these installations to generate in excess of £100,000 of annual income (increasing in line with consumer price index (CPI)) and to increase property values due to capitalising the income from renewable energy sale, clearly demonstrating the link between these ESG initiatives and financial returns.

Our asset managers have experimented with a range of technology, leasing and power purchase arrangements. Asset managers have invested in relationships with many occupiers and taken the time to support them in understanding this evolving operational context, particularly the role of Power Purchase Agreements (PPA). Along with others in the industry, we have dealt with challenging supply chain conditions, including availability of solar PV panels and meters to measure energy generation, and long contractor lead times from instruction to project completion. Our Solar PV Taskforce has led a drive to find the best solutions to these issues, working with property managers, valuers, solar PV suppliers and occupiers. The Taskforce has developed standard procedures and training for negotiating PPAs, specifying systems, commissioning and billing. In the next year, we will leverage the Taskforce's work and, as of March 2023, we have a pipeline of 0.7 MW of projects already installed or instructed for completion in our 2022/23 reporting year.

Our net zero carbon pathway actions:

- Increase on-site renewable energy and occupier PPAs
- 100% high quality landlord renewable electricity
- Influence occupiers to procure high quality renewable electricity
- Monitor off-site renewable Power Purchase Agreement market

337 kW

solar energy capacity installed in 2021/22[19]

6

sites

OVER 75 tCO_2

avoided p.a.[20]

19. Where a kWp figure is not available on the MCS or Commissioning Certificate declaration of total installed capacity, the kW figure provided has been used, based on advice that in this context it is describing the same system capacity feature
20. This is based on installer projections and reflects expected operational carbon avoided. It doesn't take into account the embodied carbon of the systems

Headley Park, Reading

Kettering Retail Park, Northamptonshire

At Kettering Retail Park, as part of landlord works on Unit 5, 89 kWp capacity of solar PV panels have been installed. The system installer estimated the system will generate 83,111 kWh and avoid 23 tonnes of carbon per year. We have agreed to sell the electricity to the occupier, providing a conservative payback period of circa 12 years including the cost of strengthening the roof, installation and annual maintenance.

Our strategy in action...

At 10 Headley Park, Units 1-2, in Reading, 57 kW of solar energy capacity has been installed, with 11 tCO_2 projected to be avoided per annum.

BUILDING CLIMATE RESILIENCE

Supporting the Better Building Partnership (BBP) Climate Commitment

We support the BBP's definition of climate resilience, "A climate-resilient business has a strategy in place to mitigate the worst impacts of climate change by becoming net zero carbon by 2030 and 2040, adapt to operating in a world in which climate-driven disruption is more frequent and severe and disclose climate related information to investors, regulators and other stakeholders in a useful and timely way."

To support the development of industry best practice, in 2022 we participated in the development of the BBP's new guidance paper on climate change resilience.

Expectations are increasing for the disclosure and management of climate risks due to UK policy such as the Companies Regulations 2022 that place requirements on large private companies to incorporate Task Force on Climate-related Financial Disclosures (TCFD) in their annual reports and industry best practice. Since 2020, we have reported in line with TCFD. This year, we have begun to implement the BBP's guidance on enhanced TCFD disclosure and we will fully align in 2023 as per the revised BBP Climate Commitment.

We are continuing to build on the climate risk scenario analysis completed in 2020 to both advance our understanding of evolving risks and to address the key risks and opportunities identified. We are also developing a detailed view of how our individual assets may be impacted. This requires understanding how each asset's location, construction and use will be uniquely affected to ensure they can adapt and be resilient to climate risks now and in the future. Our TCFD disclosure can be found on page 56.

SUSTAINABLE TRANSPORT

We set a 2021/22 target to pilot an EV charging partnership on selected retail parks to support the transition to lower emissions travel. As a successful outcome of our efforts, three sites received planning permission in 2022, with the installation of 16 superfast chargers to be completed in 2023. It has been a year-long complex process to identify potential sites, engage with occupiers, obtain planning permissions and secure grid connections. We partnered with GRIDSERVE to provide this rapid electric vehicle charging solution (75-150 kW). The chargers are supplied by solar energy through grid-connected PPAs and energy storage infrastructure. This additional income stream for clients will be enhanced by the charging points forming part of GRIDSERVE's Electric Highway. They will be publicised with live status on its interactive map, as well as on third-party apps such as Google Maps, Zap Map and Plugshare.

48

electric vehicle charging points installed in 2021/22

16

superfast chargers planned for delivery in 2023 H1

UNDERSTANDING FLOOD RISK

Flooding – which has been a long standing due diligence check at the point of purchase – was identified as one of the top three physical climate risks for our assets under management in 2020. In 2021, using Environment Agency flood maps, we reviewed the current flood risk of all assets under management. No high flood risk properties were identified, however, for eight sites rated as medium on our desktop analysis, we commissioned an expert flood risk assessor to complete a climate change flood risk review.

This review considered climate change flood risk across a range of time horizons to 2100, covering flooding from tidal, fluvial, surface water, groundwater and artificial sources. The review found that two of the properties were considered to be low risk even considering climate change. Of the remaining six properties, measures to reduce flood risk were identified by the experts, along with the residual projected flood risk after these changes. Examples of the interventions identified include ensuring the maintenance of on-site drainage, installing flood risk barriers and flood proof bricks, relocating plant above potential flood levels and tanking any walls and floors below the potential flood level. We will give particular consideration to flood risk in our long-term strategy for these assets.

3 Arlington Square, Bracknell

Our strategy in action...

Rainwater harvesting

At 3 Arlington Square, we integrated rainwater harvesting butts into our roof terrace refurbishment to irrigate the garden with rainwater rather than using the mains supply.

Occupier Retail Fit-Out Guide

In 2022, we introduced a Retail Fit-Out Guide for retail occupiers. We advise, for example, to install low water use equipment to meet efficiency requirements in line with BREEAM Refurbishment and Fit-Out standards and to install sub-meters in high consuming areas and secondary sub-meters on the main incoming water supply to automatically detect water leaks. It also covers monitoring and maintenance, from water reduction targets to reporting annual consumption and ensuring maintenance and repairs on water systems are addressed immediately. Building on the guide's success, we will consider developing additional fit-out guides for other sectors.

MANAGING OUR WATER USE

68%

Increase in landlord water consumption from the municipal supply (largely due to the return to workplaces following COVID-19 lockdowns) (2021/22: 89,409 m³)

Both our 2020 climate risk scenario analysis and the materiality review for our new responsible investment strategy identified water scarcity as an important ESG theme to be managed.

In contrast to flooding and energy and carbon features, we do not currently see water efficiency features impacting valuations or rents. However, with droughts and heatwaves such as those experienced in 2022 likely to occur more frequently, we anticipate that water efficiency in buildings will rise in importance in the medium to long-term. Our Sustainability Principles provide guidance on water efficiency measures where relevant to the scope of works.

Achieve an average water intensity on our multi-let office portfolio of better than 450 litres/m² NLA[21]

2025 TARGET

The quality of water data has been a consistent issue within the industry and our own portfolio, with many meters being read only once or twice a year and high levels of estimation. This has affected our ability to accurately monitor the impact of our activities and set meaningful water reduction targets. To address this, we instructed the installation of water limpets on water meters with consumption levels over 2,000 m² per year. A limpet is the equivalent of a smart meter for water consumption, measuring and recording the flow of water. By the end of September 2022, nine limpets had been installed covering 35% of total 2021/22 landlord water consumption. The roll-out has been delayed by supply chain issues and a slow response by utility companies.

The majority of landlord-procured water consumption in our portfolio is from multi-let offices, ranging from 57% in 2020/21 to 59% in 2021/22. We have therefore decided to focus our water reduction target on multi-let offices, where we have the greatest influence on water consumption. We conducted an initial analysis on water intensity across our multi-let office portfolio based on data through March 2022 to identify an appropriate level of water reduction in line with our 2021/22 target. However, we found that variable occupancy due to COVID-19 and estimated data made 2021/22 an inappropriate baseline year. Instead, we have set a target to achieve at least the 2020 BBP Real Estate Environmental Best Practice water intensity benchmark for offices (450 litres/m² NLA) on our multi-let office portfolio. This is the last pre-COVID year for which a benchmark was available at the time of setting our 2025 target and we may align the target to a future BBP benchmark if appropriate.

Our external property managers are key to delivering this target. Over the course of 2022, we have been trialling a shift from quarterly ESG Asset Tracker meetings with initiatives identified each quarter to a more strategic Asset Sustainability Action Plan. We are now holding monthly ESG-specific meetings with property managers and asset managers to increase coordination and momentum on delivering initiatives such as this water reduction target. We are also piloting a performance incentive for property managers based on progress against the Sustainability Action Plan goals, agreed at the beginning of each year. Some of the water related measures implemented this year include upgrading and installing water limpets and installing water saving measures on toilets, showers and sinks.

21. 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%. Measured between October 2024-September 2025

ENRICH BIODIVERSITY AND INCREASE CIRCULARITY

2 Centro,
Hemel Hempstead

Our aim: Increase biodiversity and reduce, reuse, and recycle materials to increase circularity

Biodiversity is central to the ability of ecosystems to function effectively, which we depend on for food, water, building materials and regulating carbon amongst other critical human requirements. Since the 1970s, an estimated 41% of species have declined in the UK, with 26% of UK mammals now at risk of extinction.[22]

Mandatory biodiversity net gain requirements will be implemented from November 2023 for most developments in England to ensure new developments increase the biodiversity of a site by 10% at a minimum.[23] However, this does not address existing green spaces in commercial real estate, which are not subject to planning requirements. That is why we have committed in 2023 to set a quantified target to improve biodiversity value in our portfolio.

Leveraging the biodiversity assessments, training and property manager engagement completed in 2022, we are transitioning to a more strategic approach to how we manage biodiversity at our assets, measuring their baseline performance and identifying the most effective measures for improving it. A collaborative approach is essential for achieving these aims and our asset managers are working closely with property managers to identify best practice processes and actions.

Circularity refers to systems that aim to eliminate waste and maximise the reuse of resources. Biodiversity and circularity are inextricably linked, as the extraction of raw materials and manufacture of goods can cause environmental harm. We can increase circularity by making use of design, recycling, reuse, remanufacturing and refurbishment to minimise the use of 'virgin' materials, reduce waste creation and maximise waste reuse.

Biodiversity Net Gain (BNG) is a strategy to develop land and contribute to the recovery of nature. It is a way of making sure the habitat for wildlife is in a better state than it was before development.

CHRIS BEEVOR
Asset Manager

"Changing our mindset on the value of green spaces is key to unlocking biodiversity benefits. Even small spaces on industrial estates can make a meaningful difference through wildflower meadows and changes to grass management."

22. https://www.nhm.ac.uk/discover/news/2019/october/the-state-of-nature-41-percent-of-the-uks-species-have-declined.html
23. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1133967/environmental-improvement-plan-2023.pdf

CIRCULARITY AND WASTE MANAGEMENT

Our refreshed responsible investment strategy will drive us to put a greater emphasis on a consistent, measured approach to reducing, reusing and recycling materials. The construction and demolition of buildings produces 62% of the UK's total waste,[24] and in this process, natural resources such as wood, clay, stone and metal are wasted throughout a building's lifecycle. We currently provide guidance on the circular economy and materials in our Sustainability Principles for property maintenance, refurbishment and development. We look to avoid waste by reusing and recycling existing building materials, furniture, fixtures and fittings to limit the number of resources ending up as waste. We will expand the scope of our waste measurement and reporting to include construction waste from major refurbishments and developments over the next three years. We will set a quantified target for construction waste in 2025, using the lessons learned from construction waste measurement and monitoring in 2023 and 2024.

Although occupiers are responsible for their own waste at most of the properties that we manage, there were still 2,127 tonnes of waste generated and disposed of in our landlord managed waste streams in 2021/22. We set ourselves a challenging target to achieve a 70% recycling rate for landlord provided waste services during the same period. We missed this target, achieving a 62% recycling rate for reported landlord managed operational waste, a 3% improvement compared to 2020/21. We have realised that to meet or exceed this target will require a multi-year approach due to the diverse nature of our assets and the variety of waste management providers we work with, including landscapers, municipal waste and specialist waste managers. We have therefore integrated the 70% recycling target into our new strategy as a 2025 goal, leveraging the lessons learned in the last year (see the case study on page 34). One learning from this year was that waste collected by landscapers from common bins at retail and industrial parks is often not included in the waste figures reported by our property managers. Although the overall waste volume is likely to be low, we will work to fill these gaps in 2023. We will also be including recycling targets in 2023 Asset Sustainability Action Plans where there are landlord managed waste streams.

Send less than 1% of landlord managed operational waste to landfill or incineration, this excludes incineration for waste to energy

Recycle or compost at least 70% of landlord managed operational waste

2025 TARGETS

24. https://www.bbc.co.uk/news/business-57899572

RECYCLING PROGRESS

2021/22

31
out of 134 assets have landlord managed operational waste data

62%
recycling rate for reported landlord managed operational waste, compared to target of 70%

35%
of the 31 assets have an improved recycling rate compared to the previous year

Recycling rate includes anaerobic digestion of food waste.

Wellgate Shopping Centre, Dundee

Our strategy in action...

To contribute to the achievement of Orchard Street's recycling targets, we undertook a waste management gap analysis on 74% of our assets with landlord managed operational waste. This included six waste audits and occupier initiatives to influence recycling. Overall, 12 sites were identified where food and glass segregation is feasible, with plans to implement in 2023. Waste collection schedule optimisation plans were also implemented at five sites to better reflect individual waste needs. In addition, within the retail portfolio, a waste map was completed to understand the number of bins in landlord areas, the type of segregation available and the waste route from the bin to final disposal. This revealed high contamination rates and limited segregation in some areas as well as gaps in waste data. The latter is a result of waste collected by landscapers from common bins at retail and industrial parks not being included in the waste figures reported by our property managers. In 2023, this exercise will be extended to industrial assets.

6

waste audits

7

sites to have food and glass segregation introduced

MANAGING OUR USE OF MATERIALS

We already set expectations for long-term material suppliers regarding local procurement through our Responsible Procurement Charter. The charter applies to retained suppliers and service providers contracted directly by Orchard Street on behalf of our client mandates and sets expectations regarding their performance and minimum standards. This includes measuring and monitoring their impact, setting targets with consideration for lifecycle environmental impacts and their own supply chain and preference for the local sourcing of materials and goods (see page 53 for more details on our service provider selection process).

Our Impact Fund, launched in 2022, includes ambitious embodied carbon targets that will require material reuse to be achieved (see page 48 for more information). Net zero carbon and circularity are directly linked through the 'reduce embodied carbon' step of the net zero carbon hierarchy. Carbon emissions are produced through the production of virtually all the materials used within buildings. If an existing item is replaced with a new one, additional emissions, also known as embodied carbon emissions, are generated to manufacture that new item.

If existing materials are reused, carbon emissions from producing a new material or product are avoided. A wider adoption of circular economy principles in our asset management will reduce resource consumption and emissions. We have already started exploring options such as utilising preowned furniture for office fit-outs and specifying recycled material content in major refurbishments.

Our strategy in action...

When refurbishing properties, we consider which materials can be reused or retained within the project and where items such as furniture and carpet tiles can be donated or recycled. Our asset managers seek to identify opportunities to reuse and rehome materials left behind when occupiers vacate spaces. Donating or reusing items and construction materials can reduce waste sent to landfill, provide income for charities and support SMEs with accessing low-cost furniture:

- At the former Debenhams in St Catherine's Walk, following approval by the administrators, reusable items were identified and rehomed. For example, Air Ambulance Wales collected the metal fixtures and fittings and sold them as scrap metal at preferential rates to support their work.
- We take a sensible approach to repairs following the end of a lease. When an occupier leaves and is required by the lease to remove elements of fit-out such as rooms, furniture and carpeting, we assess the location and condition. If appropriate, we negotiate a cash-in-lieu settlement rather than dilapidation. This can preserve the materials used in partitions, flooring, counters, hardware and furniture such as desks and chairs so that they can be used by the following occupier.

Review construction waste for major refurbishments and developments in 2023 and 2024. Set a quantified target for construction waste for 2025

2025 TARGET

BIODIVERSITY AND NATURE

For biodiversity, our action plan includes:

- **Developing biodiverse landscape management guidance** to supplement our Managing Agent Standard
- **Enabling further biodiversity training** for Orchard Street and key delivery partners such as property managers
- **Updating the biodiversity guidance** in our Sustainability Principles
- **Measuring biodiversity value** across all our managed assets
- **Developing a multi-year biodiversity improvement plan** for each asset where there are cost-effective opportunities, utilising our Asset Sustainability Action Plan process (formally known as the ESG Asset Tracker)
- **Monitoring the delivering** of biodiversity improvements

12

biodiversity net gain assessments on 12 sites

Green Apple Award for Springkerse Retail Park

Establish a quantified target to increase biodiversity value, including scope and baseline, by 30 September 2023

2025 TARGET

Although our assets under management do not typically have large areas of green space and we do not develop on greenfield sites, we recognise that biodiversity is a material issue for our business. We can promote biodiverse habitats and enhance nature through our management of green spaces, roofs and walls on service charge properties and through refurbishment specifications.

We have installed bird boxes, bug hotels, spring bulbs, wildflowers and sedum roofs across many of our sites in the last three years. Our efforts to enhance biodiversity at Springkerse Retail Park won a Green Apple Award in 2022. This enhancement programme included installing bug hotels, bird boxes and several hedgehog houses, the latter of which provides safe shelter and hibernation to this native species. Bug hotels create homes for insects to increase pollination and bird boxes offer a safe place for birds to build their nests, away from predators. Springkerse Retail Park is also working with its landscaping contractor to select suitable areas for wildflowers. This increases the population of bees, butterflies, birds and insects, while making the area more attractive, providing visual impact, colour, and variety.

We have however recognised the need for a more strategic approach and in 2022 instructed detailed biodiversity net gain assessments on 12 sites by professional ecologists. The sites chosen – three retail properties, one leisure scheme, four office buildings and four industrial estates – are a representative sample of our standing assets. The reports for each site measured the baseline biodiversity value and offered site-specific actionable proposals to achieve the calculated biodiversity net gain improvements.

Reception, 27 Mortimer Street

17

employees received bespoke biodiversity training

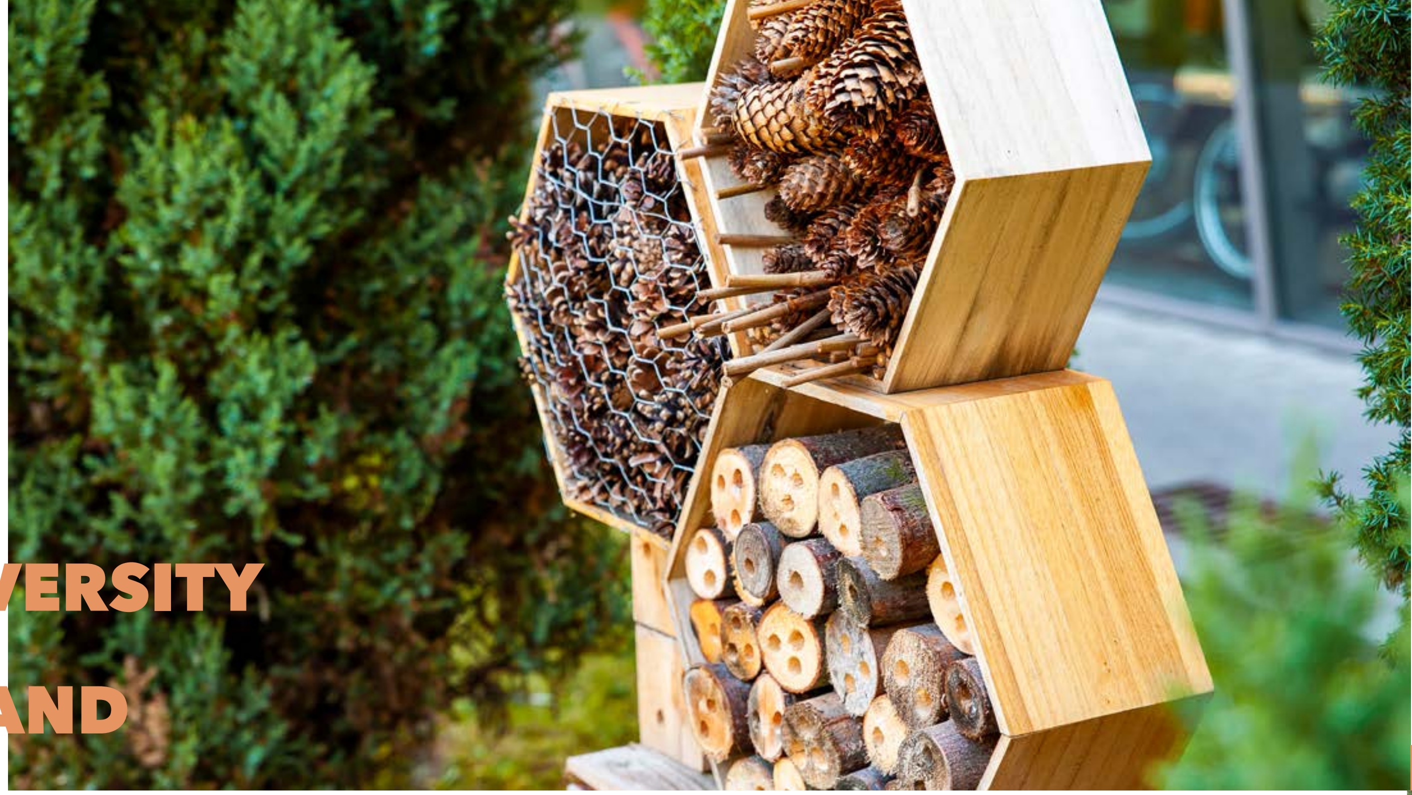
The key identified interventions for improving our on-site landscaping and habitat provision are:

- **Hedges and shrubs:** replace with a mix of five or more native species, expand the area and length and allow to grow higher
- **Grassland:** plant wildflowers and increase species diversity through less intense management
- **Trees:** plant native species
- **Buildings:** install sedum roofs and planters

Costs and opportunities to impact biodiversity vary significantly between city centre offices, out of town retail parks and multi-let industrial estates. To improve biodiversity in a cost-effective way for occupiers and clients requires a multi-year plan for introducing more native species into hedgerows and ornamental borders, converting more turfed areas to wildflower meadows, planting trees and enhancing special habitat areas such as waterways and woods.

The biodiversity reviews and the bespoke biodiversity training that we arranged for 17 employees, including fund and asset managers, gave us clear actions and an understanding of what we can do to improve biodiversity. We are collaborating closely with external property managers to integrate the biodiversity recommendations into their specifications to landscapers and property managers are performing a gap analysis to identify the initiatives that are most feasible and impactful.

ENHANCING BIODIVERSITY THROUGH MAJOR REFURBISHMENTS AND PRO-ACTIVE ASSET MANAGEMENT



Major refurbishments also provide an important opportunity to enhance biodiversity. This is guided by our Sustainability Principles for major development and refurbishment projects, which include two key principles for biodiversity and ecology. The first principle is to avoid impact on local flora and fauna and take measures to mitigate any negative impacts. The second principle is for major refurbishments involving outside space to target biodiversity net gain and for qualified ecologists to be employed to demonstrate the impact of measures taken.

Our asset managers, together with our external property managers, have continued to deliver positive changes to biodiversity in 2021/22 through our Asset Sustainability Action Plan process:

Headley Park

The team at Headley Park in Reading have introduced 30 m² of biodiverse planting at the front of the estate with ox-eye daisy thriving alongside meadow buttercup, black medick and white campions. Another 55 m² of the site has either been identified or already left to grow wild, which encourages flowering plants that support pollinators and provides the perfect habitat for a wide range of animals. The team have created bug hotels using felled trees to further support animal biodiversity. We are introducing signage to educate occupiers about the positive environmental and biodiversity impacts of these initiatives.

30 m²

of new biodiverse planting

3 Arlington Square

We have refurbished an existing garden terrace at 3 Arlington Square, Bracknell with a focus on wellbeing and biodiversity. In the garden, we introduced 17 different species of plants to support a wide range of animals.

17

different species of plants introduced

244

Critical water supply provided for 244 newly planted trees

Logan Meadow

Cambridge City Council invested in a project to plant 244 new trees in Logan Meadow's nature reserve wetland, which backs onto our St Andrews House and Radio House asset. Each tree could reduce 10 kgCO_2 per year and help reduce water run-off and ultimately, flood risk. However, new trees require regular watering to become established and over the extremely hot summer of 2022 there was a risk that the trees would not survive. We worked with our occupier and the council to provide a water supply to assist the growth of the new trees and give them a better chance to deliver the intended sustainability benefits.

PROVIDE HIGH QUALITY BUILDINGS

BAUHAUS,
Manchester

Our aim: Provide healthy, high quality buildings that positively impact occupiers and the local community

Buildings are places where we work, live, play and learn. At Orchard Street, we believe that healthy, high quality commercial buildings can have a positive impact on the health and wellbeing of occupiers and can contribute to the local community in a range of ways including by providing jobs, services and space for community uses. Buildings that combine wellbeing features with good design and excellent customer service will attract and retain modern occupiers.

Orchard Street applies tools such as our Asset Sustainability Action Plans and Sustainability Principles to implement initiatives that enhance the occupier experience and positively impact the communities in which the properties are located. Property managers are critical to the occupier experience and we meet with ours on a biweekly basis to ensure a high level of collaboration, proactively addressing emerging issues.

We have set four strategic targets over the next three years that will improve wellbeing and customer experience in our buildings, increase our understanding of how our assets under management can support local community needs and enable new joiners into the construction industry. Our community and customer targets are pushing us to engage more deeply and undertake both qualitative and quantitative measurement. We believe that this approach will help us to learn important lessons on how to increase the positive impact that we have on communities and occupiers and over the next three years, we will implement initiatives and changes based on our findings.

"Occupiers increasingly expect wellbeing and energy efficiency as part of the package and Orchard Street's asset managers strive to include and improve these features in all major refurbishments and developments, guided by our Sustainability Principles and the relevant market intelligence."

RICHARD WALTERS
Head of Asset Management - Business Space, Partner

DELIVERING BUILDINGS THAT MEET OCCUPIERS' EXPECTATIONS

Despite the shift in working patterns due to COVID-19, a global survey of corporate real estate occupiers ran by Knight Frank found that 90% regard the office as a strategic device and 56% expect an increase in and broadening of the amenities provided within their workplaces. This includes facilities that support mental wellbeing and cycle storage.[25] Orchard Street delivers a quality experience whilst increasing asset value by understanding and exceeding occupiers' needs and expectations.

Our Sustainability Principles provide guidance for asset managers on implementing wellbeing features across various aspects including transport, air, light, noise quality and health and wellbeing. Our 2025 target will add a requirement for specific operational wellbeing plans to be integrated into major refurbishments and developments over £5 million. This will ensure that each project has a clear and specific wellbeing plan, even where a wellbeing certification is not being pursued, and that property managers receive guidance on how to maintain and operate wellbeing features to deliver intended benefits.

Continuous engagement between our asset managers and our external property managers is essential to enhance the environmental and social quality of our buildings. In 2022, we began the shift from quarterly ESG Asset Tracker meetings with initiatives identified each quarter, to more strategic Asset Sustainability Action Plans. We now hold monthly ESG-specific meetings with our property managers to help us build momentum towards implementing initiatives targeted at wellbeing, occupier experience and local communities.

Examples of current wellbeing guidance in our Sustainability Principles:

- Cycling, walking and jogging facilities in accordance with BREEAM
- Optimised daylight provision through window design and solar shading
- Increased automation and touchless technology
- Low or zero formaldehyde and low VOC products
- Biophilic design principles such as internal plantings, green walls, accessible green roofs, community gardens and allotments

27 Mortimer Street,
London

25. https://www.knightfrank.com/london-report/2021-02-03-the-occupier-mindset

Our strategy in action...

Enhancing wellbeing at 27 Mortimer Street

In 2022, we completed a significant refurbishment programme of three office floors at 27 Mortimer Street in Fitzrovia, London. The works included adding a new floor to the building while upgrading the lifts and common areas and building an additional roof terrace, offering excellent views over the West End. The building has been designed to be WELL Gold enabled, for example, air filters were installed to ensure superior levels of fresh, clean air, which are now delivering 30% more fresh air than minimum CIBSE guidelines. Superior lighting was fitted to provide good natural light and planting was added to cover 16% of the roof terraces on the 2nd and 5th floors in a building that previously had no external green space. These terraces provide high quality places for occupiers' employees to meet, network and enjoy the outside. The reception area now hosts a living wall and public art has been curated within stairwells.

The refurbishment also enhances the sustainability credentials of 27 Mortimer Street in line with our responsible investment strategy. For example, the project achieved 18% embodied carbon savings compared to the baseline design, diverted 99% of construction waste from landfill, is projected to reduce building water use by 50% and improved Mortimer's EPC rating from a D to a B. The project achieved a BREEAM Excellent Refurbishment and Fit-out rating. The new floors were positively received in the market and were fully let within four months of practical completion, reinforcing our belief that office occupiers are attracted to spaces with high wellness and environmental credentials.

27 Mortimer Street,
London

18%

embodied carbon savings achieved compared to baseline design

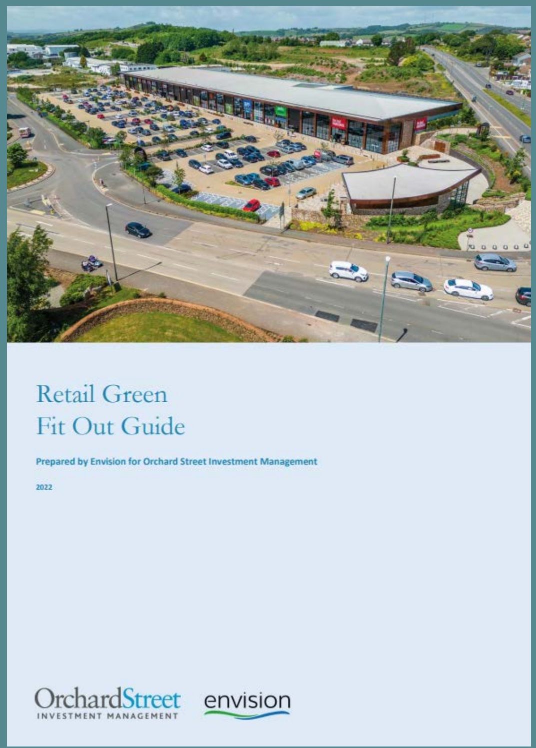
99%

of construction waste diverted from landfill

50%

reduction in building water use predicted

Our strategy in action…



Devonshire Retail Park, Paignton

Supporting occupiers in our retail assets

Influencing our occupiers is an important avenue to improving the sustainability of our assets under management, with that in mind, we have created a Retail Green Fit-Out Guide for our occupiers and their design team. The Green Fit-Out Guide is aligned to the UN SDGs and covers fit-out design and construction with additional recommendations for occupiers. The guide has four principles: reduce energy and carbon, reduce water, embed circularity and enhance health and wellbeing.

The Retail Green Fit-Out Guide details an extensive list of electrical and mechanical measures and low carbon materials to help occupiers manage their operational and embodied carbon emissions and achieve an EPC 'B' rating. It also includes strategies to reduce water consumption and adopt circular economy principles, providing advice for monitoring and reporting performance. Importantly, drawing from Orchard Street's Sustainability Principles and the WELL Building Standard, the guide provides principles for designing healthy fit-outs relating to active travel, thermal, light and noise comfort, indoor air quality and wellness. For example, occupiers are encouraged to ensure that internal and external break-out areas are available for staff, there is 'active movement' signage and safe drinking points are available on each floor along with bottle refilling devices. The guide also covers managing the fit-out project to reduce negative impacts to the local community, improve safety and treat workers fairly.

As an example of this in practice, we shared our Green Retail Fit-out Guide with our occupier at Unit 4 Slough Retail Park. After considering recommendations from the guide, the EPC for their planned re-fit improved from a D to a B.

Engaging occupiers and local communities through meaningful initiatives

Across our assets under management, we create opportunities for occupiers to engage with each other and with local communities through the provision of space and events. Examples from 2021/22 include:

Bauhaus, Manchester: Staff from various occupiers in the office building took part in a flower workshop, enjoying the opportunity to network and introduce their businesses to each other.

Richmond Riverside: We have leased the square in the centre of the development to Duck Pond Market on Saturdays and Sundays, activating the square for the local community. Duck Pond Market advertises itself as a local/ethical/sustainable market.

Techno Trading Estate: Orchard Street worked with the property manager to donate 6,400 water bottles and 4,000 new drawstring bags to Bless the Children Charity in Ukraine following an occupier liquidation.

Great Bridge Retail Park: A Cash for Clothes kiosk was installed in the car park to invite visitors and retailers' staff to donate clothes to charity. This diverts the unwanted clothes from landfill, whilst providing for people in need of them. This initiative has a low-environmental impact, with the unit being supplied by solar electricity.

The Cornerhouse: Worked alongside Nottingham Business Improvement District (BID), who sponsored the Young Creative Awards (YCA), and hosted a young artist's works in its window.

ENCOURAGING CORPORATE VOLUNTEERING

We offer a volunteering programme for all our employees, to encourage them in providing a meaningful contribution to their local communities. In total this year, the business supported employees to volunteer 193 hours for community causes. We offer employees flexibility to use volunteering hours to both participate in team volunteering events and select local initiatives that they would like to support. Employee-led volunteering projects included mentoring, blood donation, charitable fundraising, litter picking and befriending older people at risk of loneliness.

The Orchard Street Charitable Committee manages team volunteering activities, which consisted of four events in 2021/22:

- Doorstep hygiene packages for homeless families
- LandAid 10k to raise money for youth at risk of homelessness
- Stepney City Farm maintenance and wildlife projects to provide an oasis of sustainable farming practices in London
- Children's Book Project book sorting and packing for distribution to children in need

193

hours volunteered

Doorstep

Doorstep is a London-based charity that provides support to homeless families in need of temporary accommodation or access to emotional and practical support. Our Charitable Committee procured all the materials needed for essential hygiene boxes for 35 families, guided colleagues in packaging the boxes with items such as soaps, nappies and laundry detergent, and delivered the bags to the Abbot and Levine Hostel in North Camden.

Stepney City Farm

Stepney City Farm in London is a space where adults and children can enjoy learning about the animals and the sustainable farming practices it has adopted, making the farm an enterprise that strongly aligns with Orchard Street's social and environmental values. In May 2022, 15 Orchard Street employees spent their morning working on the farm by composting, dredging the wildlife pond and building bio-log shelters; all of which is essential in maintaining the farm and the amenities that are open to the public. Stepney's extensive educational programme benefits over 5,000 school children through funded classes, tours and projects each year.

LAUNCHING OUR £400 MILLION IMPACT FUND

The Orchard Street Social and Environmental Impact Partnership, launched in 2022, targets a net return of 12-15% IRR (geared) from value-add real estate investment opportunities. Just under £90 million was committed at first close, with Brunel Pension Partnership acting as the Fund's cornerstone investor along with Orchard Street's Partners and members of Orchard Street's senior team.

The fund aims to transform existing, underused and high carbon buildings – responding to community needs and accelerating the transition towards net zero carbon.

Orchard Street has integrated impact into the Fund's investment strategy from the outset, defining and testing its Theory of Change, aligning the Impact Framework to five UN SDGs and developing a positive and negative investment screening process aligned to the 5 Dimensions of the Impact Investment Project.

Accountability for impact investing is important for investors and Orchard Street has taken a market leading approach by linking 30% of its performance fees to the achievement of the Fund's specific impact targets, alongside personal co-investment committed by Orchard Street's Partners and senior team. Additionally, the Fund has appointed a separate Impact Adviser and Assurer, raising the bar for transparency and reliability of impact performance for investors.

Capital investment is targeted to three impact areas:

Improving health

Investing in communities

Decarbonising buildings

Our impact framework is aligned to five UN SDGs

3 GOOD HEALTH AND WELL-BEING

8 DECENT WORK AND ECONOMIC GROWTH

11 SUSTAINABLE CITIES AND COMMUNITIES

13 CLIMATE ACTION

17 PARTNERSHIPS FOR THE GOALS

PLACE-BASED NEEDS

analysis to target business plans to local needs

30%

of performance fee linked to achievement of impact targets

ISAE 3000 ASSURANCE

independent assurance of impact targets and annual impact report

POSITIVE SCREENING

of acquisitions aligned to 5 Dimensions of the Impact Investment Project

Overview

Transition to net zero and build climate resilience

Enrich biodiversity and increase circularity

Provide high quality buildings

Promote inclusive and fair business practices

PROMOTE INCLUSIVE AND FAIR BUSINESS PRACTICES

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

4/5 STARS

achieved in both PRI assessment modules

At Orchard Street, we implement a suite of policies and procedures, from bribery and anti-corruption to IT security and responsible procurement to support ethical and transparent operations and promote diverse, inclusive and fair working conditions across our value chain. Our voluntary Modern Slavery Statement is available on our website **here**. Through these efforts we are contributing to SDG 16 by working to reduce corruption and bribery in all their forms.

The UN PRI is a globally renowned proponent of responsible investment. The annual UN PRI assessment scores signatories on their integration of ESG issues into investment and decision-making processes. In 2022, Orchard Street received its second UN PRI score, which was delayed from 2021 due to issues with PRI's online platform. We received four out of five stars in both applicable assessment categories; scoring 81% in Investment and Stewardship Policy and 78% in Direct - Real Estate, compared to median signatory averages of 60% and 69% respectively. UN PRI changed its framework so that current scores cannot be directly compared to those of previous years. We will continue to monitor and report on our UN PRI scores going forward as a key measure of our contribution to SDG 17.

Collaborating through industry partnerships and initiatives

Orchard Street takes part in multi-stakeholder industry initiatives to share knowledge and develop guidance for the transition to net zero carbon and responsible investment, in line with SDG 17. We participate in industry knowledge sharing, research and consultation exercises, mainly through our membership and active contribution to the Investment Property Forum (IPF) ESG Interest Group and Better Buildings Partnership working groups and projects. Our Head of Responsibility and Head of Strategy also contribute to industry research, conferences, training and webinars on a range of themes including decarbonisation, impact investing, renewables and biodiversity.

LORA BRILL
Head of ESG and Responsibility

"We work through industry partnerships and innovative products such as our Impact Fund to demonstrate that when real estate investing includes robust and ambitious ESG integration, this increasingly drives superior financial performance."

DIVERSITY AND INCLUSION

A diverse and inclusive team harnesses a range of perspectives on how we can be creative and innovative in our approach and achieve our goals. Whilst the UK's Equality Act 2010 provides legal protection for nine protected characteristics including age, disability, gender reassignment, race, religion or belief, gender and sexual orientation - effective diversity and inclusion strategies go beyond compliance to ensure workplaces are inclusive places, where everyone feels a sense of belonging. Recognising the importance of a formal, strategic approach to equality, diversity, inclusion and belonging, we set up a Diversity and Inclusion Committee, chaired by one of our Partners, to manage an employee satisfaction survey and establish a diversity and inclusion strategy for the business.

30

Employees and Partners

37%

Proportion of females

Creating gender balance

Despite valuable progress, the pace of change towards gender balance within the UK real estate industry remains slow. Women represent only 30% of senior leadership and 22% of board level positions, with the median gender pay gap in real estate at 30%, more than double the 14% for all UK companies.[26]

Our gender-pay gap is internally assessed twice a year and reported to the Executive Committee and the Board. Due to our small company size, short term swings in the gender pay gap can be considerable as staff leave, join or gain a promotion to Partner, thereby ceasing to have salaried remuneration. We do not publish our gender pay gap due to privacy issues with a business size of under 30, however it is significantly below the UK real estate's median gender pay gap of 30%.[30] At 30 September 2022, 28% of Orchard Street's senior decision makers were female and 37% of the employees and Partners were female.

Employees are encouraged to get involved with industry-wide initiatives and advocate progress on ESG topics that are personally important. For example, our Chief Financial Officer is an active mentor for Women in Banking & Finance, a membership network that has championed women in financial services for over 40 years world-wide. As well as providing opportunities for women to connect, upskill and access job opportunities, it collaborates with businesses to address barriers and deliver tangible change.

DANA EISNER
Partner, Chair of Diversity and Inclusion Committee

26. https://www.pwc.co.uk/real-estate/assets/documents/fast-tracking-gender-balance-across-real-estate.pdf

"I've been a mentor for Women in Banking & Finance since 2021, providing advice and support to mentees on their professional goals and challenges. It's extremely rewarding to help women excel in their careers and as a representative of Orchard Street, I help to build the company's network and platform and facilitate the dissemination of ideas and best practice."

URSULA KAY
Chief Financial Officer

SETTING EXPECTATIONS FOR SUPPLIERS

We procure goods and services to add value to our clients' assets and deliver a superior occupier experience. In the last two years, we have enhanced our procurement process through the introduction of a Responsible Procurement Charter and Service Provider Selection policy, which include a range of factors including anti-money laundering, corruption and bribery, human rights, climate change and diversity and inclusion.

Our Responsible Procurement Charter defines the expectations and minimum standards of retained suppliers contracted directly by Orchard Street on behalf of client mandates, in order to maintain a working relationship with us. Standards and expectations are aligned with the UN SDGs.

Expectations for material suppliers are communicated during the tender and due diligence processes, where suppliers must demonstrate that their policies and procedures and performance where applicable, meet our required standards and KPIs. We treat suppliers with fairness and respect, working in partnership with them and facilitating knowledge sharing and training to support upskilling and performance improvements.

We go above and beyond the requirements set by the Money Laundering Regulations and our due diligence process covers a much broader scope of customers and service providers. We do not engage brokers or service providers who lack the regulatory permissions and licences relevant to their businesses and we undertake online sanctions and financial crime checks. In 2022, we also updated our Service Provider Selection Policy to integrate the requirements of the Responsible Procurement Charter into an enhanced due diligence process for long-term, material service providers.

Overview

Transition to net zero and build climate resilience

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Promote inclusive and fair business practices

SKILLS AND EMPLOYMENT

The transition to a low-carbon economy requires upskilling employees to ensure they are empowered to make a substantial impact through the decisions they take in their daily roles. Orchard Street's training programme is dynamic and constantly evolving to respond to the needs of our employees and external environment. In 2021/22, employees and Partners completed over 180 hours of training. ESG topics covered included our net zero carbon pathway, renewable energy, electric vehicles and green lease clauses to support the implementation of the company's net zero carbon targets.

Our training also seeks to embed a culture of ethics, in line with SDG 16. As well as attesting to compliance with all policies and procedures on an annual basis, all employees complete relevant ad hoc and regular training on regulatory and governance issues including anti-money laundering and financial crime, conflicts of interest, gifts and entertainment, permitted share dealing and conduct rules.

184
Hours of training

17
Hours of biodiversity net gain training for investment and asset management teams

59
Hours of training on cyber security and anti-money laundering

Children's Book Project,
Orchard Street corporate volunteering morning

Children's Book Project,
Orchard Street corporate volunteering morning

Our strategy in action...

Supporting youth education and skills

Supporting a just transition – meaning moving to a more sustainable economy in a way that's fair to everyone – requires us to look beyond our employees to how we can support education and skills development. Orchard Street is keen to support real estate and finance career opportunities for the next generation through internships, apprenticeships and work experience offered either directly or via our supply chain. In line with our 2021/22 target, we provided a paid internship to a university student to gain practical work experience supporting our Partner in charge of capital fundraising. We were inspired by the success of this experience to expand our offering. We collaborated with CBRE, a global leader in commercial real estate services and investments, to provide an innovative secondment scheme for an apprentice and a graduate surveyor. This offered a unique opportunity to obtain client-side experience and see our responsible investment approach applied at several managed assets.

Access to education from a young age can significantly influence your job opportunities later in life and we want to support closing the education gap. In 2022, a 14 strong team from Orchard Street volunteered for the Children's Book Project, a charity working with schools and community groups to redistribute new and gently used books to children across the UK. Our team sorted, packed and loaded hundreds of books for delivery. The Children's Book Project has gifted nearly 600,000 books to date to young people in need.

56
Hours volunteered for the Children's Book Project

3
Practical work experience opportunities provided

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

The Board and senior management of Orchard Street understand the severity and urgency of the climate crisis. As a relatively small and privately owned entity, we choose to publish a Task Force on Climate-related Financial Disclosures (TCFD) response because understanding climate-related risks is imperative for our business, investors, occupiers and other stakeholders. We are a supporter of the TCFD and this is our third disclosure. We are also a signatory of the BBP Climate Commitment. As we continue to enhance our climate risk reporting, we note the latest TCFD and FCA guidance and BBP recommendations and are working towards full alignment for our 2023 disclosure.

GOVERNANCE

Our Board has strategic oversight of climate-related risks and opportunities. The Board delegates management of these issues to our Managing Partner, who is supported in this by the Responsible Investment Committee. The Committee meets monthly and reports on climate-related risk to the Board on a quarterly basis. Climate risk is a formal item in Board reporting papers and discussed by the Board as needed.

The Responsible Investment Committee identifies and assesses climate-related risks, implements controls and updates our climate risk register every six months, assigning risk ownership across the business. The Responsible Investment Committee works with the Investment Committee to ensure that climate-related risks and opportunities are also assessed at every stage of the property lifecycle, including pre-acquisition. Climate-related considerations identified during due diligence are included in asset business planning following acquisition.

The Audit Risk and Compliance Committee assists the Management Board in discharging its oversight and governance responsibilities for financial, risk, audit and compliance matters. On matters relating to ESG and responsible investment, the Audit, Risk and Compliance Committee is advised by the Responsible Investment Committee.

We continue to build capabilities and accountability for climate-related risks at all levels of our business. For example, climate-related metrics are included in the performance objectives for all employees in investment and asset management. These performance objectives in turn influence variable remuneration.

STRATEGY

In 2020, JLL Upstream Sustainability Consulting, advised us on identifying and assessing climate-related risks. Our top three physical risks due to climate change were identified as:

- Flood vulnerability
- Extreme weather events
- Heat stress

Changing legislation and stakeholder expectations are the drivers behind our top transition risks. These include:

- Increasingly stringent climate-related building standards
- Growing demand for on-site renewables

In the table overleaf, we detail these risks and their primary impact as well as when these risks will likely become material using the following timeframes:

- Short term – 1 to 5 years
- Medium term – 5 to 10 years
- Long term – lifetime of investment

A series of overarching controls help us mitigate climate-related risks across our business. In addition, specific controls are in place for each key risk. Both overarching and risk-specific controls are outlined overleaf.

Overarching controls of climate risk

- **Project Sustainability Principles** - These provide guidance on climate resilience measures for minor and major refurbishments
- **Net zero carbon pathway** - This roadmap includes targets for green certifications and on-site renewables
- **Climate change resilience strategy** – Building on our decarbonisation and climate risk mitigation, we will establish a climate change resilience strategy in 2023
- **MSCI Climate Value at Risk** – We are trialling this tool for a subset of assets in 2023
- **Valuers' pre-acquisition appointments** – Consideration of climate related risks was enhanced in 2021

Risk Type	Primary Impacts	Time Frame	Risk-Specific Mitigating Controls
Physical Risks			
Flood vulnerability	Valuation impacts. The cost of asset repair and business interruption - reflected in increased insurance costs.	Short-term (1-5 years)	Internal flood risk review of all assets identified none with current high flood risk. Asset business planning in 2023 will incorporate recommendations from external forward-looking flood risk review in 2022. Pre-acquisition due diligence includes flooding, with climate-related flood risk to 2050 and 2100 assessed if current risk is higher than low. Regular meetings to discuss insurance implications with brokers.
Extreme weather events	Losses from assets where extreme weather leads to repairs, business interruption, increased insurance premiums or lower rents (where occupiers are responsible for maintenance). Closely linked to other physical risks.	Medium-term (5-10 years)	Property and facilities managers manage impact of weather-related damage. Pre-bid due diligence considers physical climate-related risks.
Heat stress	Increased costs of installing and operating active cooling systems, passive measures and replacing equipment that malfunctions at higher temperatures. Potentially lower occupier demand for buildings with poor thermal comfort controls.	Medium-term (5-10 years)	Property and facilities managers maintain landlord-controlled M&E heating and cooling systems. Pre-acquisition survey reports include flooding and other physical risks to 2050.

Risk Type	Primary Impacts	Time Frame	Risk-Specific Mitigating Controls
Transition Risks			
Increasingly stringent building standards	Cost of upgrading assets to comply with proposed MEES regulation - that properties hold a minimum B EPC rating by 2030 - and potential impact on valuations for clients. Cost of refurbishing assets to achieve green certifications in sectors where occupier and institutional investor preferences impact value and income projections.	Short-term (1-5 years)	Reviewed EPC ratings of all assets in 2022 and improved EPC ratings on 10% of units.[27] EPC ratings of all assets monitored quarterly and included in annual business planning. Investment Committee papers must address how lettings, renewals, acquisition and capital expenditure proposals will affect current EPC and progress towards B rating or above by 2030.
Growing demand for on-site renewables	Capital cost of installing solar PV. On-site renewables influence MEES compliance as part of EPC rating calculations.	Short-term (1-5 years)	Programmes underway to install solar PV and EV charging on new and existing assets with Solar PV Taskforce managing roll-out and potential issues. Renewable energy feasibility study completed on all standing assets. Investment Committee papers must address renewable energy income and opportunities for lettings, renewals, acquisitions and capital expenditure.

Our top climate-related opportunities include offering on-site renewables, EV charging and potential for a green premium due to sustainability credentials.

Opportunity	Potential Impacts	Time Frame	Actions Taken
On-site renewables	Enhanced income and valuations.	Short-term (1-5 years)	883 kW of capacity installed since October 2019.
EV charging	Enhanced income and valuations.	Short-term (1-5 years)	In 2021/22, we installed 48 new electric vehicle charging points. 16 super-rapid charging spaces at two retail sites are to be installed in 2023. Allowances for EV charging included in acquisition pricing.
Customer demand for sustainable space leads to green premium	Enhanced income and valuations.	Short-term (1-5 years)	Improved EPC letter ratings for 10% of all units in 2022, with 6% of all units increasing their score to a B or above.[27]

27. Excluding properties purchased/sold during period

Scenario analysis

To understand how risks and opportunities could evolve over uncertain climate futures, JLL undertook qualitative scenario analysis in 2020 on our behalf and we plan to update this analysis in 2023.

In line with TCFD recommendations, two plausible climate scenarios were studied, one aligned with a below 2°C pathway:

- IPCC RCP 4.5 – Climate policies gradually become more stringent with a good chance of limiting warming to below 2°C
- IPCC RCP 8.5 – Policy action fails to limit warming which may exceed 4°C by 2100

Climate-related risks will likely materialise over the medium to long-term. JLL therefore assessed the likely evolution of our top climate-related risks and opportunities across uncertain future climate pathways between now and 2100. This allowed us to prioritise risks and controls based on likelihood, impact and whether the risk is rising, stable or decreasing.

As could be expected, transitional risks topped the list in RCP 4.5 and physical risks in RCP 8.5. Since the future is unknown, we must manage both sets of risks.

Since flooding had been identified as a top risk, we subsequently conducted in-depth reviews of flood risk. Following an internal review of current flood risk at all assets, we commissioned a forward-looking flood risk review in 2022. This focused on the few assets with elevated current flood risk profiles, studying their exposure to future flood risk, conducting climate change analysis for surface water and sea level risk and assessing their climate resilience. In 2023, the resilience recommendations will be considered as part of annual business planning. Assessing our exposure to physical risks of extreme weather and heat stress is more complex. We will explore these during our trial of MSCI's Climate Value at Risk (VaR) model and as part of our forthcoming resilience strategy.

Mitigating risks

For each top-rated risk and opportunity, we have implemented risk mitigation programmes, including:

- EPC ratings – We are improving ratings before the proposed increase in MEES to require assets to achieve a minimum of a B rating by 2030. During 2022, we upgraded the EPC letter rating of 10% of all units, with 6% of units increasing their score to B or above.[27] EPC improvements are integrated into our net zero carbon pathway, with EPC targets included in our acquisitions process, as well as proformas for lettings, renewals, regears and capital expenditure.
- On-site renewables – Since occupiers increasingly demand on-site renewable energy, this represents both a major risk if we do not provide it and an opportunity if we do. We have installed and commissioned 883 kW of solar PV capacity between 1 October 2019 through 30 September 2022. A significant pipeline is instructed for 2023 and we aim to install a total of 4 MW of capacity by September 2025.
- Refurbishment - Our Sustainability Principles provide guidance on addressing emissions, energy and climate resilience in relation to major and minor refurbishments.
- EV charging – In a pilot programme with GridServe, installation of super-rapid EV charging is planned at two retail sites in 2023.
- Occupier sustainability - Working with managing agents and occupiers, we increased coverage of occupier data from 3% in 2021 to 18% in 2022. In addition, we have streamlined green lease clauses to encourage occupier acceptance and improved monitoring of negotiation and adoption of these clauses. Our guide for sustainable retail fit-outs aims to help retail occupiers reduce GHG emissions and other environmental impacts.
- Smart meters - In 2021, we began a strategic roll-out of smart meters on standing assets to improve management of landlord-procured energy and water. We have also set a three-year water intensity target at multi-let offices, responsible for 59% of landlord water use in 2022.
- Biodiversity – In 2022,12 assets were assessed by ecologists for potential net gain. We are working with managing agents to integrate recommendations from our biodiversity assessments into Asset Sustainability Action Plans. In addition, we have delivered training to asset managers on biodiversity. In 2023, we will set a quantified target to increase biodiversity value.
- Transition planning – With transition plans set to become a future reporting requirement, we will develop a climate change resilience plan in 2023 based on the BBP's Climate Change Resilience Guide, a document we helped to co-create.

We also participate in industry initiatives, helping to develop sector guidance and standards in response to climate-related legislation and changing market expectations. For example, we participate in BBP working groups, contributing to its Green Lease Toolkit update, annual Real Estate Environmental Benchmark and 2022 Climate Resilience Guide. Our net zero carbon pathway is aligned with both the Net Zero Asset Owner Alliance (NZAO) and NZAMI.

RISK MANAGEMENT

Our **Responsible Investment Policy** underpins our approach to climate-related risk management: how we identify, assess and manage risks and opportunities in line with our fiduciary duty to deliver client value and meet our responsibilities as landlord and developer. The policy is reviewed annually and approved by the Managing Partner.

Climate-related risks are identified and assessed by the Responsible Investment Committee, which implements controls and assigns risk ownership. These risks are assessed at every stage of the property lifecycle including pre-acquisition. Climate-related matters that arise in due diligence are included in asset business planning following acquisition.

The Responsible Investment Committee assesses our climate risk register twice a year for materiality based on likelihood and impact. This is aligned to our overall risk management framework and based on current expectations of climate trajectories and global action. Our annual Climate Risk Review ensures that our assessment of physical and transition risks and opportunities is up to date. We are working to fully integrate climate-related risk into our overall risk management.

Embedding climate-related risks

Our net zero carbon pathway is key to driving down our GHG emissions and managing climate-related risks. With net zero targets of 2030 for landlord, refurbishment and corporate emissions and 2040 for occupier emissions and fit-outs, our roadmap includes targets and guidance for embodied carbon, operational emissions, increased on-site renewables and off-site renewable energy procurement. These targets are part of every relevant asset management decision. We are also adding other controls to manage risk and capture opportunities, such as EV charging and biodiversity net gain assessments.

In addition to risk mitigation programmes outlined above/overleaf, we have integrated climate-related risk into key business processes. These include:

- **Responsible Investment Policy**
- Responsible investment strategy and targets
- Investment Committee papers
- Acquisition checklist
- Asset Sustainability Action Plans
- Business planning
- Sustainability Principles
- Service provider selection

27. Excluding properties purchased/sold during period

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METRICS AND TARGETS

Rigorous data management and ambitious target-setting are essential to reach net zero and build resilience. We report performance using industry metrics and our performance is externally assured. We continue to enhance the metrics we use in investment decision-making. For example, we will develop metrics as part of developing our climate resilience strategy and trialling the MSCI VaR tool in 2023.

Our net zero carbon pathway includes detailed targets and metrics for driving down Scope 1, 2 and 3 emissions, which we report using the Greenhouse Gas Protocol. Since occupiers account for the bulk of emissions, we are rolling out smart meters for gas, electric and water to improve data collection and management. By September 2022, landlord-controlled energy meters monitored 62% of landlord energy use (gas and electricity) and we are targeting 90% coverage in 2023. This is critical to achieving our 2030 target of reducing whole building energy intensity by 16%, including occupier and landlord-procured energy, across all assets under management.

EPCs and other green building certifications are important metrics for mitigating climate risk and meeting changing market and legislative demands. In 2022, 38% of units by value (ERV) were rated EPC B or above, compared to 28% in 2021. At a property level, the percentage of properties with an average EPC rating of B or above or a BREEAM or WELL certification is 44% (versus 36% in 2021).

Below are metrics and targets based on the latest TCFD guidance. Calculation methodologies are described in the **Environmental Data Annex**, which also includes more climate-related performance data.

Emissions, Risks and Opportunities	Metrics	2022 Performance	2021 Performance	2025 Targets
GHG emissions and Energy				
Absolute emissions – Scope 1, 2 and 3	tCO_2e	Scope 1: 1,603 Scope 2 (location-based): 4,181 Scope 2 (market-based): 0 Scope 3 (location-based): 51,861	Scope 1: 2,030 Scope 2 (location-based): 4,613 Scope 2 (market-based): 0 Scope 3 (location-based): 58,418	In our view, intensity targets are more appropriate to our business, where the assets under management can increase or decrease significantly over time
Emissions (location-based) intensity Scope 1, 2 and 3	$kgCO_2e/m^2$	54.9	61.9	25% reduction in Scope 1, 2 and 3 carbon intensity by 2025 (vs 2018/19)[28]
Energy usage	kWh	29,739,457	32,816,436	50% of actual occupier energy data to be collected by 2025 (by floor area)
Energy intensity	kWh/m^2	36	40	An energy intensity target of -16% has been set for 2030
	kWh/m^2	62% of landlord energy use (gas and electricity) covered by smart energy meters	60% of landlord energy use (gas and electricity) covered by smart energy meters	We will continue to progress towards a target of 90% smart meter coverage for landlord-controlled energy supply

Emissions, Risks and Opportunities	Metrics	2022 Performance	2021 Performance	2025 Targets
Transition risks				
Increasing stringency of climate-related building legislation	% of assets by value where value weighted average of EPC is B or above	38%	23%	Expected minimum of B EPC in 2030
	% of assets by value that are green certified[29]	44%	36%	50% by 2025
On-site renewables	MW of capacity installed and commissioned	0.337	0.324	Install 4 MW of renewable energy generation capacity from October 2019 to September 2025
Physical risks				
Risks include fluvial, extreme weather events and heat stress	Metrics under review	Forward-looking flood risk review completed	Internal flood risk review completed	Incorporate flood risk recommendations into 2023 business planning
	Metrics under review	Resilience measures integrated into refurbishment planning in line with Sustainability Principles	Sustainability Principles developed	Develop climate change resilience strategy in 2023
Opportunities				
On-site renewables	MW of solar capacity installed and commissioned	0.337	0.324	Install 4 MW of renewable energy generation capacity from October 2019 to September 2025
Electric vehicle charging	Number of electric vehicle charging points installed	48	Not measured	
Internal Carbon Pricing	N/A	We intend to explore options for an Internal Carbon Pricing mechanism to support our net zero target in the future		
Remuneration	% of variable remuneration	Climate-related metrics are part of every investment and asset management employee's performance objectives which, in turn, influence variable remuneration. Risk management, including climate-related risks, is also considered		

28. Achievement of this target will be measured from 1 October 2024 - 30 September 2025

29. Green certified includes building certifications such as BREEAM, WELL, NABERS or equivalent and EPCs of B or above. The letter rating of an EPC has been used for calculating this metric. Unit level certifications and associated value have been considered when calculating the property level average EPC

TRACKING OUR UN SDG PROGRESS

	SDG	KEY SDG TARGET	HOW WE WILL TRACK OUR PROGRESS
PRIMARY	11 Sustainable cities and communities	**11.6** By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality, municipal and other waste management	• Type and number of sustainability certification, rating and labelling schemes for new construction, management, occupation and redevelopment, see **Environmental Data Annex** • Landlord operational waste recycled (% by weight), see **Environmental Data Annex** • Landlord operational waste sent to landfill (% by weight), see **Environmental Data Annex** • Major development and refurbishment construction waste sent to landfill (volume and tonnes) to be reviewed and reported where available in 2023
PRIMARY	17 Partnerships for the goals	**17.16** Enhance the global partnership for sustainable development, complemented by multi-stakeholder partnerships that mobilise and share knowledge, expertise, technology and financial resources, to support the achievement of the sustainable development goals in all countries, in particular developing countries **17.17** Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships	• UN PRI Rating, page 50 • Qualitative description of the industry partnerships, research and industry education that we contribute to each year, page 10
SECONDARY	3 Good health and well-being	**3.4** By 2030, reduce by one third premature mortality from noncommunicable diseases through prevention and treatment and promote mental health and wellbeing **3.9** By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination	• Landlord operational waste recycled (% by weight), see **Environmental Data Annex** • Landlord operational waste sent to landfill (% by weight), see **Environmental Data Annex** • Major development and refurbishment construction waste sent to landfill (volume and tonnes) to be reviewed and reported where available in 2023
SECONDARY	7 Affordable and clean energy	**7.2** By 2030, increase substantially the share of renewable energy in the global energy mix **7.3** By 2030, double the global rate of improvement in energy efficiency	• MW of renewable energy generation capacity installed, page 24 • Total amount invested in renewable energy, to be reported from 2023 • Average building energy intensity (kWh/m^2), see **Environmental Data Annex**
SECONDARY	8 Decent work and economic growth	**8.5** By 2020, substantially reduce the proportion of youth not in employment, education or training	• Apprenticeships supported (programmes and processes to ensure the availability of a skilled workforce) to be reported in 2023 • Work experience and internship opportunities provided (programmes and processes to ensure the availability of a skilled workforce), page 54

	SDG	KEY SDG TARGET	HOW WE WILL TRACK OUR PROGRESS
SECONDARY	10 Reduced inequalities	**10.3** Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard	• Total # of employees and proportion of females, page 52 • Employee satisfaction survey to be reported in 2023
SECONDARY	12 Responsible consumption and production	**12.2** By 2030, achieve the sustainable management and efficient use of natural resources	• Landlord operational waste recycled (% by weight), see **Environmental Data Annex** • Landlord operational waste sent to landfill (% by weight), see **Environmental Data Annex** • Major development and refurbishment construction waste sent to landfill (volume and tonnes) to be reviewed and reported where available in 2023 • Type and number of sustainability certification, rating and labelling schemes for new construction, management, occupation and redevelopment, see **Environmental Data Annex** • Average water intensity of portfolio (litres/m^2 NLA), see **Environmental Data Annex**
SECONDARY	13 Climate action	**13.1** Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries	• Scopes 1, 2 and 3 carbon intensity reduction (kgCO_2e/m^2), see **Environmental Data Annex** • Coverage of occupier energy data collected by floor area (%), page 20 • Average water intensity of portfolio (litres/m^2 NLA), see **Environmental Data Annex** • TCFD disclosure (risks and opportunities posed by climate change that have the potential to generate substantive changes in operations, revenue or expenditure), page 56
SECONDARY	15 Life on land	**15.5** Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species **15.2** By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally	• Scopes 1, 2 and 3 carbon intensity reduction (kgCO_2e/m^2), see **Environmental Data Annex** • Biodiversity value assessed on 12 sites in 2022, future reporting will cover more assets, page 36
SECONDARY	16 Peace, justice and strong institutions	**16.5** Substantially reduce corruption and bribery in all their forms	• % of employees trained on anti-money laundering (2022: 100%) • % of new, long-term, material suppliers subject to anti-money laundering review (2022: 100%)

OUR TARGET PERFORMANCE

Status key: ●●● Achieved ●○○ Partially Achieved ○○○ Not Achieved

Category	Target	Achievement	Status
Environment	Commission a climate change flood risk review for a sample of existing properties under management	Commissioned an expert flood risk assessor to complete a climate change flood risk review across time horizons to 2100 for eight properties identified through an internal desktop flood risk analysis.	●●●
	Achieve a 70% recycling rate and 99% diversion from landfill for landlord provided waste services	Achieved a 62% recycling rate (including anaerobic digestion of food waste) for reported landlord managed operational waste and a diversion from landfill rate of 100%. Previous year recycling rate was 57%. This target has been integrated into our new strategy to continue to drive progress.	●○○
	Set a water consumption target for landlord-controlled water meters in line with industry best practice benchmarks, utilising the improved data from the "smart" water meter roll-out	We have set a target to achieve at least the 2020 BBP Real Estate Environmental Best Practice water intensity benchmark for offices (450 litres/m² NLA) on our multi-let office portfolio. This is the last pre-COVID year for which a benchmark was available at the time of setting our 2025 target and we may align the target to a future REEB benchmark if appropriate.	●●●
	Achieve 90% automated meter reading (AMR) "smart" data coverage of all landlord controlled energy meters	By the end of September 2022, there were a total of 63 electricity and 6 gas (new and existing) smart meters installed on landlord energy supply, covering 62% of landlord-controlled energy consumption. The roll-out has been delayed by a lack of chips in the supply chain, supplier workforce shortages and the complex administration required between the various stakeholders. We will continue to progress smart meter installation in 2023.	○○○
	Pilot an electric vehicle (EV) charging partnership on selected retail parks to support the transition to lower emissions travel	GridServ selected as our partner. Planning approved for three sites and installation of super-rapid EV charging is planned at two retail sites in 2023.	●●●
	Conduct a biodiversity net gain exercise across a sample of 10 cross-sector sites	Twelve assets were assessed by ecologists for potential net gain. We are working with managing agents to integrate recommendations from our biodiversity net gain assessments into Asset Sustainability Action Plans.	●●●
Net zero carbon pathway 2025 target progress	50% by value of assets under management to be green certified by September 2025 (EPC B or above, NABERS, BREEAM, etc)	44% of assets are green certified as at 30 September 2022, compared to 36% as at 30 September 2021.	In progress
	Install 4 MW of renewable energy generation capacity from October 2019 to September 2025	337 kW of capacity installed and commissioned in 2021/22. 883 kW installed and commissioned since October 2019.	In progress
	Reduce Scope 1, 2 and 3 carbon intensity (tCO_2e/m^2) by 25% compared to 2018/19 baseline (measured Oct 2024 - Sep 2025)	13% reduction in location-based Scope 1, 2 and 3 carbon intensity (tCO_2e/m^2), compared to the baseline year. Emissions reductions in all scopes.	In progress
	50% of actual occupier energy data (by floor area) to be collected by 2025 (measured Oct 2024 - Sep 2025)	In 2021/22, our occupier engagement process enabled us to achieve 18% coverage of occupier energy consumption by floor area compared to 3% in 2020/21.	In progress
Social	Offer a paid internship or work experience opportunity	We provided a paid internship to a university student to gain practical work experience supporting our Partner in charge of capital fundraising. We collaborated with CBRE, a global leader in commercial real estate services and investments to provide an innovative secondment scheme for an apprentice and a graduate surveyor.	●●●
	Support 150 hours of volunteering through Orchard Street volunteering programme	We offer a volunteering programme for all our employees, to encourage them in providing a meaningful contribution to their local communities. In total this year, the business supported employees to volunteer 193 hours for community causes.	●●●
Governance	Establish a Climate Change Resilience Strategy by December 2022 in line with the Better Buildings Partnership Climate Commitment	The BBP Climate Commitment requirements and guidance on establishing climate resilience strategies was changed during the reporting period. We will comply with the revised commitment and report on our strategy in our 2023 RI Report. We have taken account of the BBP Guidance on enhanced TCFD disclosures in drafting our statement this year and aim for full alignment in our 2023 report.	Not in scope for 2022
	Refresh responsible investment strategy in line with the UN SDGs (rolled over from 2021)	Our refreshed responsible investment strategy "Responsible real estate investing that delivers outperformance today and tomorrow" is outlined on pages 6 to 9 of our 2022 RI Report.	●●●
	In support of COP26 , join the UN Race to Zero via the Net Zero Asset Managers initiative	Formally joined in November 2021. NZAMI target accepted in November 2022 in line with signatory requirements.	●●●
	Provide biodiversity training for investment and asset management teams	Biodiversity net gain training delivered for investment and asset management teams in June 2022.	●●●

Independent Assurance Statement

TO: THE STAKEHOLDERS OF ORCHARD STREET

Independent assurance statement by JLL Sustainability Services ("JLL") to the stakeholders of Orchard Street Investment Management LLP ("Orchard Street") on the environmental data and target outcomes stated in the 2022 Responsible Investment Report for the period 1st October 2021 to 30th September 2022.

SCOPE OF WORK

Orchard Street engaged JLL to provide independent assurance of landlord controlled utility data, annual target outcomes and net zero carbon pathway key performance indicators (KPIs) relevant to its 2022 Responsible Investment Report. The engagement was Type 2 moderate assurance in accordance with the AA1000AS v3 standard which consisted of:

A. Evaluation of Orchard Street'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.

RESPONSIBILITY

Orchard Street is responsible for the presentation of assured information, JLL's assurance team was not involved in the preparation of the 2022 Responsible Investment Report. Our responsibility was to provide independent assurance on its content, issue an assurance statement in line with the requirements of AA1000AS, and provide a management report on findings.

LEVEL OF ASSURANCE AND LIMITATIONS

JLL provided a moderate level of assurance which included desktop review, management and property level data verification 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.

The scope of our data testing was limited to the reporting period covering 1st October 2021 to 30th September 2022. We tested a sample of 1,224 data points from landlord-controlled data sources (e.g., meters or waste disposal routes) from a sample of 37 properties within Orchard Street, including Orchard Street's headquarters, that are reporting environmental data in the 2022 Responsible Investment Report. GHG emissions calculation methodology and application of relevant emissions factors have also been reviewed, however underlying data of Scope 3 emissions and floor areas have not been checked back to source. The scope of AA1000 Assurance is limited based on the amount of interaction and information provided.

A: EVALUATION OF ORCHARD STREET'S 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 Orchard Street did not adhere to the criteria under the principles of inclusivity, materiality, responsiveness and impact for 2021/2022.

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 landlord obtained energy (electricity and natural gas), water, waste and GHG emissions calculations is not fairly stated by Orchard Street.

Based on the scope of the work described, nothing has come to our attention to suggest that the specified target outcomes are not fairly stated by Orchard Street. 9/12 of the 2021/22 targets were achieved, 1/12 targets were partially achieved, 1/12 was not achieved and 1/12 was not in scope of assurance due to the timing of this assurance engagement.

Based on the scope of the work described, nothing has come to our attention that gives cause to believe that 4/4 net zero carbon pathway KPIs are not fairly stated by Orchard Street.

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 AA1000AS v3.

JLL is a consultant to Orchard Street and provides support on their environmental, social and governance program. The assurance team has not been involved in the delivery of these other services for Orchard Street and we do not consider that there is any conflict of interest between these other services and this verification engagement.

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