

2019

FUTURE FOCUSED

Responsible Investment Report

OrchardStreet
INVESTMENT MANAGEMENT



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ABOUT THIS REPORT

Welcome to Orchard Street Investment Management's 2019 Responsible Investment Report.

At Orchard Street Investment Management, we use our Future Focused Responsible Investment Strategy to protect and enhance performance of our clients' real estate portfolios. As part of this strategy, we set targets each year in line with our Core Values, the evolving market and legislative landscape.

To invest responsibly, we consider the environmental, social and financial sustainability of assets both now and in the future. This approach has been an integral part of our business since 2010.

In this report we invite you to learn more about our responsible investment journey. We set out our Core Values and targets, and show what lies ahead as we pursue our Future Focused Responsible Investment Strategy. The report covers our financial year ending September 2019.

“RESILIENCE IS NO LONGER SIMPLY ABOUT MANAGING RISK BUT ALSO ABOUT SEIZING OPPORTUNITIES.”

A MESSAGE FROM OUR MANAGING PARTNER

I am very pleased to introduce Orchard Street Investment Management's 2019 Responsible Investment Report.

Responsible investment has been an increasingly important part of the DNA of Orchard Street Investment Management since we were founded in 2004. It is an integral part of our company and a fundamental part of how we deliver services that bring value to our clients.

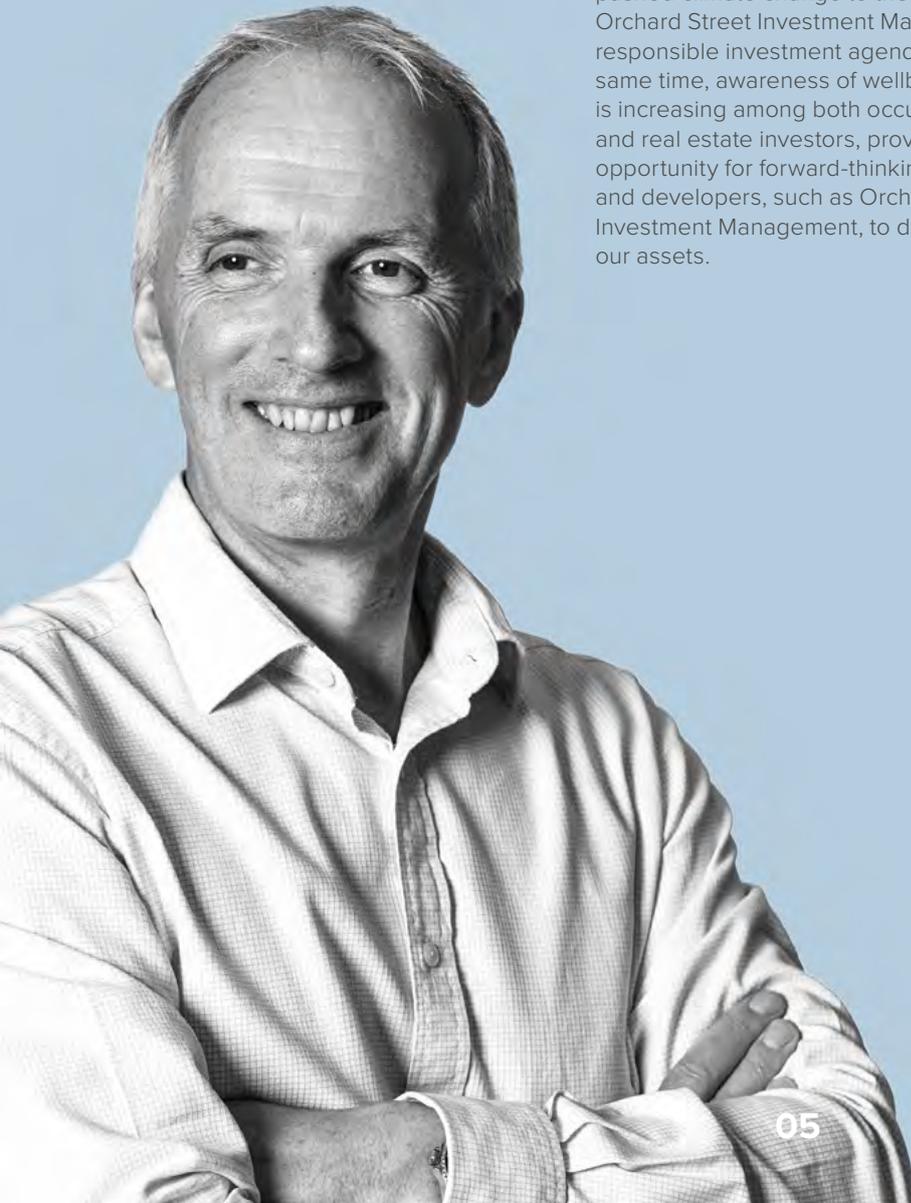
It is woven into everything we do – into how we improve the sustainability of our assets, deliver long term performance and enable our people to thrive. From an early stage, we have diligently focused on building resilience in our portfolios by reducing compliance risk, driving down energy consumption and building strong links with local communities. This approach remains consistent, even as we evolve to reflect the constantly changing political, social and commercial environments we operate in.

The UK Government's commitment to achieve net-zero carbon by 2050 has pushed climate change to the forefront of Orchard Street Investment Management's responsible investment agenda. At the same time, awareness of wellbeing is increasing among both occupiers and real estate investors, providing an opportunity for forward-thinking owners and developers, such as Orchard Street Investment Management, to differentiate our assets.

In this context, resilience is no longer simply about managing risk but also about seizing opportunities. Since 2010 we have had a strong responsible investment ethos however, in 2017, we reviewed our sustainability strategy to provide us with a new foundation for our approach moving forwards. We are excited about the opportunities our Future Focused Responsible Investment Strategy creates for our business. This strategy is about looking ahead with respect to both our own operations and embracing the role we can collectively play in moving our industry to a more sustainable way of doing business.

Our seven long-term Core Values will continue to guide our targets to 2020 and beyond. Together our Future Focused Responsible Investment Strategy, our Core Values and our targets create a clear plan to generate value for our clients by proactively embedding sustainability into our asset management, acquisition and development strategies, whilst using our impact to influence our partners and suppliers.

We are proud of what we have achieved so far and the credit for this must go to our people. Their passion, commitment and enthusiasm have driven our business forwards, and they continue to push us hard to achieve much more. We are all excited about the road ahead, and I look forward to updating you on our progress in future years.



Philip Gadsden
Managing Partner

ABOUT US

Who we are and what we do

We are a leading commercial real estate investment manager with a focus on the UK market.

Our vision is to responsibly protect and enhance performance of our clients' real estate portfolios, for whom we provide segregated mandate, fund management and joint venture investment services.

Our Future Focused Responsible Investment Strategy supports this vision by enabling us to manage the environmental, social and economic risks and opportunities on a day-to-day basis.

Key facts*

£4.38bn

Total value of assets under management (AUM)

153

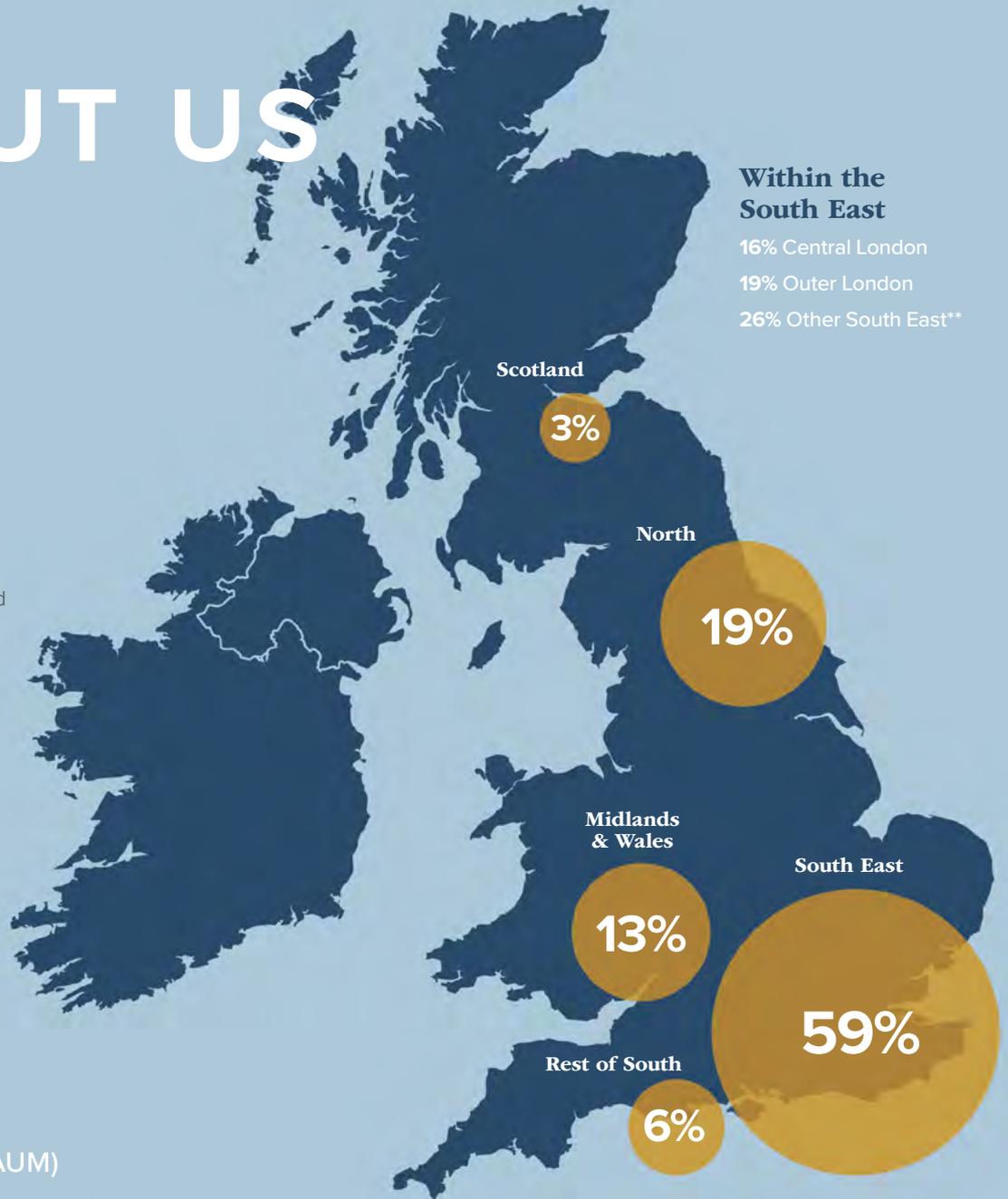
Total number of assets

1,122

Total number of tenancies

2004

Orchard Street Investment Management founded



- Regional offices
- Standard Retail
- Retail Warehouse
- Alternatives
- Central London Offices
- South – East Offices
- Industrial



*For our financial year ending 30th September 2019
**Including Cambridge



“OUR VISION IS TO RESPONSIBLY PROTECT AND ENHANCE PERFORMANCE OF OUR CLIENTS' REAL ESTATE PORTFOLIOS, FOR WHOM WE PROVIDE SEGREGATED MANDATE, FUND MANAGEMENT AND JOINT VENTURE INVESTMENT SERVICES.”

OUR RESPONSIBLE INVESTMENT JOURNEY



2010

Submitted our first report under the UK Government's Carbon Reduction Commitment Energy Efficiency Scheme



2011

Conducted an analysis of energy use at our largest consuming assets



2014

Launched an Energy Reduction Programme to reduce energy consumption and improve energy efficiency



2015

Submitted our first report under the UK Government's Energy Savings Opportunity Scheme (ESOS)



2017

Formed our Responsible Investment Committee



2018

Launched our Future Focused Responsible Investment Strategy to manage progress towards our targets



2018

Became a signatory to the United Nations Principles for Responsible Investment (PRI) committing us to adopt and implement the six principles and report on our progress in 2020



2019

Completion of our first WELL enabled office refurbishment and application to the International WELL Buildings Institute for WELL certification



2019

Published our Responsible Investment Report complete with public targets

2018

Created and implemented Asset ESG Trackers for all assets under management to record all environmental and social initiatives and energy consumption



OUR FUTURE FOCUSED RESPONSIBLE INVESTMENT STRATEGY

Our Future Focused Responsible Investment Strategy and Core Values represent our commitment to protect and enhance the performance of our clients' real estate portfolios.

We aim to have a positive impact on the lives of our employees, occupiers and communities where we manage assets. Through the implementation of our Future Focused Responsible Investment Strategy, we seek to encourage the wider property industry to embrace an approach that integrates environmental, social and governance issues within business strategies.

Our Responsible Investment Policy provides a clear view to investors and other stakeholders of how we actively manage sustainability risks and opportunities as part of our fiduciary duty to deliver value for our investors and our responsibility as a landlord and developer.

Client Service is at the heart of our business and is integrated into our main areas of business activity – Acquisitions, Asset Management and Development

and Refurbishments. Underpinning these activities are our Core Values which guide our relationships with our people, partners and communities.

These Core Values frame our Future Focused Responsible Investment Strategy, channelling our efforts towards the material risks and opportunities we identified through a strategic responsible investment review in 2017 of our main business activities. The strategic review included: internal policies and procedures; legislative and policy requirements; investor and client expectations; peer practices and the views of employees and partners.

Our Future Focused Responsible Investment Strategy is supported by a robust governance structure. The Responsible Investment Committee oversees our strategy and meets quarterly to review our material risks and opportunities, push forward key initiatives, review progress against our targets and think strategically about our response to the fast-changing external environment. The Responsible Investment Committee reports to the Investment Committee which then reports into the Management Board.



Material risks and opportunities:



Legislation and emerging trends that may influence occupier and client demand must be monitored to reduce the risk of obsolescence.



Assets that promote a positive environment for building occupants and improve operational efficiencies are a source of competitive advantage in our sector.



There is a growing shift to responsible investment-led decisions and this is likely to become more widespread.



Operating in a responsible manner is the right thing to do and ensures we continue to attract and retain the best talent so we can deliver the excellence our clients expect.

OUR CORE VALUES



We set internal targets each year to manage our Future Focused Responsible Investment Strategy, in line with our Core Values. This is the first year we have set public targets and we will report our progress towards these in 2020 and beyond.

OUR 2020 TARGETS OUR 2021 TARGETS



Implement a comprehensive process to assess, review and manage climate-related risk.



Assess the feasibility of making five of our highest carbon emitting buildings net zero carbon by 2030.



Report energy, carbon, water and waste performance data for directly managed assets and head office.



Report in line with TCFD recommendations and assess how the climate emergency will affect company operations and profits.



Establish an action plan including occupier engagement for carbon reductions and sustainability improvements across the portfolio.



Measure and report the financial, environmental and/or social value generated by our Responsible Investment activities.



Engage with key suppliers to set minimum sustainability standards for direct and indirect procurement.



Develop a formal volunteering programme.



Establish responsible investment performance objectives for staff.



Expand a sustainability training programme for staff.



Establish a target to reduce portfolio carbon emissions in 2020/21 based on 2019/20 baseline.

ACQUISITIONS

FUTURE FOCUSED means...

taking a long-term view when acquiring assets, identifying future risks and opportunities.

THE BRINELL BUILDING

Asset type: Office

Location: Brighton

Size: 62,000 sq ft Grade A contemporary office building set across seven floors

Sustainability features: EPC A rating, BREEAM 'Excellent'

Acquired by Orchard Street Investment Management in 2019, the Brinell Building occupies a prime location in central Brighton. Sustainability has been integrated in the building's design and construction, complementing its appeal to forward thinking businesses in this thriving city.

Energy efficiency has been prioritised with features such as low-energy lighting complementing roof-mounted photovoltaic panels designed to provide an estimated generating capacity of 9.44 kW. The panels are set amongst a large roof garden featuring butterfly and bee-friendly native wildflowers complete with bird and bat boxes.

During the handover, training was provided for the property management team to ensure the energy savings designed into the building became a reality. Lease arrangements also prevent tenants from carrying out alterations which could adversely impact the building's energy performance rating.

Brighton has invested heavily in cycling infrastructure and the Council aims to significantly increase the number of people cycling in the city. The building assists in achieving this aim with the provision of 77 secure cycle storage spaces complete with six showers and more than 50 lockers. Dedicated visitor cycle spaces meanwhile are provided at ground level. The bike parking and changing facilities were designed by cycling specialists 'Five at Heart' and have earned a Cycle Heart Rating of 95%.

As an active buyer we target core and value-add acquisition opportunities with the potential to generate a stable, long-term income with a low risk profile.

Our Future Focused Responsible Investment Strategy integrates sustainability into our due diligence and acquisition criteria. This ensures the assets we acquire align with current and future regulatory standards, are resilient

to the impacts of climate change and are positioned favourably with prospective occupiers. This preserves capital values by reducing obsolescence risks and improving rental growth as we anticipate growing occupier demand for better performing buildings.

Our acquisition checklist ensures that sustainability is embedded into our decision-making process. The checklist was developed to flag potential economic, environmental and social risks and opportunities affecting a potential acquisition, and includes criteria such as green building certifications, EPC

(Energy Performance Certificate) ratings, energy efficiency features, flooding and contamination risks.

The information gathered informs post-acquisition investment and management decisions by feeding into our asset business plans which track data collection, actions, costs, return on investment and responsibilities.

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

“OUR ACQUISITION CHECKLIST ENSURES THAT SUSTAINABILITY IS EMBEDDED INTO OUR DECISION-MAKING PROCESS.”

AXION

Asset type: Industrial

Location: London

Size: 68,000 sq ft

Sustainability features: EPC A rating, onsite renewable energy generation, energy efficient lighting and mechanical systems.

Our recently acquired Axion building in South East London – a Grade A warehouse providing just over 68,000 sq ft – incorporates a range of industry-leading sustainability features that will secure the long-term attractiveness of the asset to future occupiers.

The BREEAM Very Good designed building has roof-mounted solar PV panels which meet 40% of the building's energy requirements.

Energy efficiency is prioritised by low-energy sensor-controlled internal lighting linked to daylight controls, while natural light is maximised. Combined with external LED lighting, electric vehicle charging points and energy efficient mechanical equipment complete with zoned temperature control, these features have secured an EPC of A, differentiating this asset from competing stock.

Axion building, South East London



ASSET MANAGEMENT

FUTURE FOCUSED means...

actively managing environmental,
social and economic risks and
opportunities to preserve long-term value.

A wildflower meadow at Kettering Retail Park and a rooftop garden at 10 Templeback in Bristol provide butterfly and bee-friendly flowers, and a sedum roof has been planted at 8 Old Jewry in London.

Green roofs provide important wildlife refuges in urban areas – sedum for example is irresistible to bees with the added benefit of being drought resistant – and make a wider contribution to the challenges faced by increasing urbanisation. They can significantly reduce surface water run-off and reduce

flood-risks following intense rainfall which is projected to increase due to climate change. Green roofs have also been shown to reduce the need for air conditioning in summer and can provide a degree of insulation in winter, while improving air quality by filtering airborne particles and pollutants through the substrates and vegetation.

Integrating sustainability into all aspects of asset management is a cornerstone of our Future Focused Responsible Investment Strategy. We take a holistic view of our assets, encompassing both environmental and social impacts to ensure opportunities to improve their performance are identified and tracked.

Every asset has an individual business plan that includes sustainability objectives. Implementation of initiatives is formally reviewed every six months to assess progress. Individual asset performance is tracked and monitored by the asset management team with input from property managers using the Asset ESG Trackers. Through this we are collecting a robust dataset including electricity, gas, water and waste for our entire portfolio which we will use to set baselines, identify efficiencies and set targets in 2020.

We are determined to deliver sustained improvements across our portfolio and routinely target improvements to the EPC ratings of our assets through investments in building fabric and mechanical and electrical upgrades.

The Asset ESG Tracker also gathers information on broader environmental investments covering energy efficiency – such as the installation of LED lighting, plant and building management system (BMS) upgrades – waste management, improvements to green areas that benefit biodiversity and options to install renewable electricity generation such as solar panels and electric vehicle charging infrastructure. The data gathered is already being used and we have implemented a BMS optimisation programme across all multi-let office assets to improve operational efficiencies and reduce consumption.

We work with our occupiers to maximise our impact. Asset managers and property managers are encouraged to engage with and support the wider community, for example by identifying opportunities to boost procurement, employment and charitable giving within the locality.

As well as including our Future Focused Responsible Investment Strategy performance in client communications and investor presentations, we draw on successes in our portfolio to prove the value that sustainability can bring and our capacity to deliver tangible benefits to clients and occupiers.

Some of the many community initiatives we supported in 2019 included:



KidsOut appeal

An annual appeal across our Central London office assets to collect Christmas presents for disadvantaged children.



Providing commercial space for public use

Richmond Riverside sponsored the 2019 Richmond Riverside Music Festival and Colne View Retail Park in Colchester supported the 2018 St Helena Hospice midnight walk.



Defibrillator facilities programme

Programme underway to install defibrillators and emergency grab bags for emergency services in our office and retail assets.



Space provided for charity fundraising

The Wellgate Centre in Dundee provides an annual Christmas tree for Marie Curie to use as a 'memory tree'.



Our charity partners

Charity partners supported across our properties include: RNLI, Samaritans, Macmillan Cancer Support, The Salvation Army, Nottingham Baby Loss Charity, Air Ambulance and RSPB.



Wellbeing Focus Days

A mental health and wellbeing day for occupiers at Holyrood Park House promoted exercise, mental health and general wellness. The day complimented existing activities such as weekly yoga and running clubs.

THE CORNERHOUSE

Asset type: Alternative

Location: Nottingham

Size: 200,000 sq ft comprising a 14 screen IMAX cinema with adjoining casino, nightclub and 12 restaurant units

Sustainability features: Green Apple Award for Environmental Best Practice, ISO 14001 certification

Approximately 80% of the 93,760kg of waste generated a month is recycled through this process. Our goal is to increase the amount of waste recycled to 85% by 2020.

As most of the asset's waste is sorted and segregated manually on site, the support and participation of our occupiers is essential to achieving this goal. The property management team hold regular meetings with occupiers to ensure our recycling and waste management practices are being correctly followed.

Gas and electricity usage are monitored monthly and we have invested in several energy efficiency measures to support this ambition. LED lighting for example has been installed across the property. "On Demand" technology means that escalators are switched off when the building is quiet and proximity sensors on lighting in fire exits and corridors further reduce unnecessary electricity consumption.

By working closely with our property managers and occupiers we have delivered sustained reductions in waste generation and energy consumption at The Cornerhouse in Nottingham.

All food waste is treated at an anaerobic digestion plant where energy is recovered for use in the national grid along with producing a high-quality fertiliser. Plastics, cans, paper, cardboard and glass are all processed at a local recycling facility. The remaining residual material is used for district heating and power in homes.



Biomass plants convert organic materials such as food waste into energy

UNIT 8, MARKET TRADING ESTATE

Asset type: Industrial

Location: Southall

Size: 7,933 sq ft

Sustainability features: EPC B rating

At Unit 8, Market Trading Estate, Southall in west London, we used the lease expiry as an opportunity to significantly improve the building's Energy Performance Certificate (EPC) from F to B.

By investing in double-glazed windows and doors, installing new LED lighting and over-cladding the roof, the building achieved a score of 41 which puts it firmly in the B rating. This is significantly higher

than the benchmark score of 74 (C rating) for buildings of this type, and above the minimum standards required by the UK government's Minimum Energy Efficiency Standard (MEES) regulations.



Unit 8, Market Trading Estate, Southall

HONOURING THE TRAWLERMEN OF HULL



Trawlermen Memorial, Hull

Fishing was historically one of the key industries in Hull. The city is steeped in fishing history, but the loss of more than 6,000 Hull trawlermen between 1865 and 1980 remains a great tragedy. Orchard Street Investment Management has committed to support and remember this legacy in recognition of the fortitude and resilience of the City's community.

St Andrew's Quay, overlooking the banks of the River Humber, was home to Hull's main fishing dock from 1883 to 1972. By the 1960s, approximately 150 deep-sea trawlers operated from Hull, landing up to a quarter of a million tons of fish a year, 25% of Britain's total catch. Following the

decline of the North Sea fishing industry in the 1970s, the docks were infilled, and a retail park created in the 1990s that was subsequently acquired for a client of Orchard Street in 2014.

The retail park housed a small memorial to commemorate and remember the enormous risks and courage of those who were lost at sea and to provide a focus point for the annual remembrance service that draws crowds from across the city and region.

For many years the charity that maintains the memorial and runs the remembrance event, STAND, has been campaigning for a more substantial memorial facing the Humber. Despite significant challenges, the charity took a major step towards this goal when the people of Hull voted for a striking 9ft tall steel sculpture depicting 13 trawler men standing in an overlapping line designed by local artist Peter Naylor.

Orchard Street Investment Management has supported STAND and Hull City Council in their mission to create a memorial. In 2017 we signed a five-year lease at a peppercorn annual rent to house the new memorial and remembrance gardens at their preferred site along the river front. The lease will provide an interim home for the memorial while a longer-term decision over its permanent location can be made following works by the Environmental Agency to the sea wall that protects the retail park.

The agreement has allowed STAND to carry out limited landscaping for a memorial garden area and temporarily install the pivotal piece. We have committed to host an annual memorial service on a wider area of the site, and once works are complete it is hoped that this memorial will become a place of remembrance which relatives and the public can visit and pay their respects to the thousands of men who were lost.

DEVELOPMENTS AND REFURBISHMENTS

FUTURE FOCUSED means...

developing and refurbishing resilient assets that integrate environmental and social goals to deliver long-term value for our clients.

STEYNING WAY

Asset type: Industrial

Location: Hounslow

Size: 58,000 sq ft

Sustainability features: Targeting EPC Rating of A+ and BREEAM Excellent certification, roof top photovoltaic panels, refrigerant flow heat pumps

Steyning Way, Hounslow, West London has been identified as a redevelopment site since acquisition. The former property comprised a low quality 1930s brick built estate which had low EPC ratings and had reached the end of its economic and operational life. The new scheme creates an asset with sustainability at its heart. The scheme layout has been designed to ensure that occupiers benefit from views across adjacent green belt fields, promoting wellness through connection with nature, as well as high levels of natural light.

We have targeted an EPC rating of A+ and a minimum BREEAM Excellent certification. The site sits two kilometres from the end of Heathrow's south runway. To address the impact of air

traffic noise on occupants, the units have been specified with triple glazing combined with carbon-neutral comfort cooling systems, which will allow occupiers to operate all year without needing to open windows. This measure will also limit air pollution from air traffic entering the occupiers' office spaces. The units have been designed with a high performing building fabric, which will further reduce energy requirements.

Roof top photovoltaic panels meanwhile will provide an estimated 17,572kWh per year with a predicted carbon emission reduction of 9.38 tonnes per year. We have specified battery storage for the largest unit to store electricity generated.

Photovoltaic panels will also be installed on the cycle racks which will include charging stations for the growing use of electric bikes. These will complement electric charging stations in the car park and we have future proofed the asset by preparing the site for HGV charging points as the technology matures.

Our attention to detail extends to the wider site which is located next to the River Crane. Fruit trees and moss roofs will encourage biodiversity and boost occupier wellbeing. A small amenity café space in a recycled shipping container will provide both the occupants and the wider business community with a social hub, and will supply fresher better-quality food and drink than is otherwise available locally. The café has been designed to encourage access by foot only, further promoting occupants' wellness.

Where we undertake development and refurbishment projects our goal is to unlock value by revitalising assets. Wherever possible on such projects we incorporate sustainability features into the design.

Sustainability considerations must be included within the asset's design, contractor selection, materials used and stakeholder engagement activities. These include requirements for low carbon design, water and energy optimisation measures, use of low

VOC emitting materials, recycling of construction waste and electric car charging points and cycling facilities to encourage more sustainable transport.

Significantly, all new developments and refurbishments target a minimum EPC rating of B and BREEAM Very Good certification. The standards cover the external envelope, structure, core services and interior design of a building with a focus on sustainability, materials and operational performance. We will be reviewing our minimum sustainability standards and their implementation in 2020 as part of a larger project to assess and manage climate-related risk.

The trend for occupiers to favour high levels of comfort is supported by external research which has found a direct correlation between healthy, comfortable and safe working environments and increased occupier satisfaction, lower staff turnover and increased productivity. As these benefits become more widely understood, we anticipate increased demand for buildings which promote high levels of occupier comfort and wellbeing. Anticipating these changes, we have embarked on our first certification by The International WELL Buildings Institute as part of our refurbishment of the Bauhaus office building in Manchester.

BAUHAUS

Asset type: Office

Location: Manchester

Size: 50,000 sq ft Grade A office building featuring flexible co-working areas

Sustainability features: EPC B rating, BREEAM 'Very Good' and IWBI WELL 'Gold' certification targeted

Our redevelopment of the Bauhaus office building in Manchester has created a dynamic office environment designed to meet the demands of the modern workplace. The building has an EPC rating of B and is on track to achieve a Gold Standard certification to the internationally recognised WELL Building standard – the first refurbished office building to do so in the UK – and the first WELL Core and Shell project registered to target WELL certification in Manchester.

Set across eight floors, Bauhaus is an impressive Grade A office building that has been transformed to provide a creative and functional space for modern working. The building features informal meeting areas and multi-purpose rooms set within a co-working business lounge designed to encourage interaction and provide flexible space for occupiers.

Keen to differentiate this asset and use this as an opportunity to reflect our responsible investment approach,

the refurbishment was designed to be WELL enabled providing the opportunity for certification by the International WELL Buildings Institute on completion.

The refurbished building places an emphasis on workability and amenity. Superior levels of fresh, clean air and plentiful light are provided in line with the rigorous standards of WELL to support productivity and wellbeing. This is supported by research which has found that workers in an office building with improved indoor environmental quality averaged 101 percent higher cognitive performance scores compared to those in conventional buildings.* In fact, the building's ventilation will deliver 30% more fresh air than CIBSE minimum guidelines.

Active commuting and on-site fitness are designed in at the property. A dedicated secure cycle store and high-quality changing rooms with a drying room and lockers cater to the growing number of people who cycle to work, and have earned the property a Platinum Cycle Score accreditation – the first outside the South East to achieve this.

This strong focus on occupier wellbeing is continued with a communal roof terrace and on-site concierge team providing running clubs, exercise classes and health-related promotions and events. A public art installation transforms the circulation space of the main stairwell providing a new dimension to the building while promoting local talent.



*<https://naturalleader.com/the-cogfxstudy/study-1/cognitive-function-tests-scores-doubled/>

PEOPLE

FUTURE FOCUSED means...

living our values and nurturing relationships with our people and partners to deliver superior client service.

We provide training for our asset management and investment management teams on the practical application of our Future Focused Responsible Investment Strategy to their core roles and responsibilities.

Workshops for our asset managers, for example, have focused on implementing sustainability objectives into the individual business plans of 100% of our properties, the role of M&E in sustainability, the potential suitability of PV cell installation, the implementation of green lease clauses and the potential valuation impact of such clauses at rent review.

We use these workshops to embrace evolving trends within the sector, for example, how to support electric vehicle use, exploring how green lease clauses can be applied, and how to encourage cooperation with occupiers around shared sustainability objectives.

“OUR SUCCESS RELIES ON THE SKILLS, ENTHUSIASM AND PASSION OF OUR PEOPLE, AND THE STRENGTH OF OUR RELATIONSHIPS WITH OUR STAKEHOLDERS.”



Our success relies on the skills, enthusiasm and passion of our people, and the strength of our relationships with our stakeholders. Our Core Values are the foundations of our engagement with our employees, occupiers, suppliers and communities.

Competition for the talent we need to thrive is fierce, so we prioritise providing a rich and rewarding workplace culture that enables our people to flourish. At our headquarters in London's Regent Street District, our employees have free access to a variety of wellbeing activities, such as Yoga, Zumba and Pilates. We encourage our people to stay active and organise events such as 'The Orchard Street Trotters', a weekly walking club that provides an opportunity for employees to get fit and socialise with their colleagues. We are also promoting wellbeing through our 2019 office fit-out by selecting

furniture with low VOC emissions and promoting increased mobility with standing desks and collaboration areas.

Our Charitable Committee will oversee all future charitable giving and volunteering activities undertaken by our employees. Last year our charitable giving included a donation of £2,500 to the Wave Project London with a further £2,500 raised via our supply chain. The Wave Project London focuses on working with young people from Southwark, improving their confidence and supporting their personal growth through therapeutic surf courses. Our 2020 target to develop a formal volunteering programme will further our ties with local communities.

The management of our headquarters has provided further opportunities for us to lead by example and test principles that can be rolled out across our portfolio. Since 2018, we have reviewed the sustainability of our office, kitchen and bathroom supplies and replaced products with sustainable alternatives with a lower environmental footprint.

In 2019, we embarked on a refurbishment of our office integrating circular economy principles. Solutions included re-using existing furniture, installation of new LED lighting and using materials with low VOC emissions. We also implemented a recycling plan for all waste generated during the project.

Both projects provide a valuable opportunity to demonstrate how new thinking can be applied in our asset and property management strategies and support our target to set minimum standards for our direct and indirect supply chain. Environmentally friendly cleaning supplies, for example, are already sourced across several of our portfolios and this is something we are looking to increase further.



ADVISOR STATEMENT

This is Orchard Street Investment Management's first Responsible Investment Report and serves to provide stakeholders with a transparent view of the company's management of sustainability risks and opportunities. This Advisor's statement relates to Orchard Street Investment Management's responsible investment activities from April 2018 to 30th September 2019, namely the launch of its Future Focused Responsible Investment Strategy, governance, Core Values and progress against its internal targets. Orchard Street's first set of public responsible investment targets are included in this report and progress against these will be reported on in next year's Responsible Investment Report. The publication of responsible investment targets is a clear demonstration of Orchard Street's commitment to transparency and accountability. We commend Orchard Street for setting stretching and relevant targets such as reporting in line with TCFD recommendations and establishing and implementing a process to assess, manage and review climate-related risks.

JLL has advised Orchard Street Investment Management on sustainability matters since 2016. As part of this report, JLL has supported the company in the following four areas:

- ◆ Reviewing progress against Orchard Street's internal targets for 2018
- ◆ Aligning sustainability reporting with INREV Sustainability Reporting Guidelines
- ◆ Advising on setting targets for 2019-2021
- ◆ Advising on the design and content of the report

This Advisor's statement provides an external commentary on Orchard Street Investment Management's evolving approach to responsible investment, but does not constitute evaluation, assurance or verification.

Orchard Street Investment Management has achieved some strong successes in 2018/19, in particular:

- ◆ Launching its Future Focused Responsible Investment Strategy and a series of staff training workshops
- ◆ Broadening Orchard Street's acquisition checklist to ensure all ESG risks and opportunities are considered during due diligence for all investment opportunities and fed through into post-acquisition business planning

- ◆ Reviewing legislation and emerging industry trends to set priorities for sustainability activities
- ◆ Setting BREEAM Very Good and EPC B as a minimum standard for new development and refurbishment
- ◆ Engaging intensively with property managers to review the environmental data collection process and environmental and social opportunities within properties and using this to inform sustainability objectives in asset business plans
- ◆ Ensuring that every asset has an individual business plan that includes sustainability objectives. Progress is formally reviewed every six months and the individual performance of assets is monitored through the Asset ESG Trackers
- ◆ Engaging with key clients regularly to discuss and recommend sustainability reporting and management priorities

Orchard Street Investment Management's 2019/20 and 2020/21 targets outline a critical programme of work that will require additional resource dedicated to responsible investment management and reporting in 2019/20. The work of the staff of Orchard Street Investment Management and the Responsible Investment Committee over the last year will be the foundation of future success, as the business evolves its activities in line with the Future Focused Responsible Investment Strategy and Core Values.

Lora Brill

Associate

Upstream Sustainability Services





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