Gresham House
Specialist investment

Investing in themes that shape the world

Sustainable Investment Report
June 2025

CEO statement

Tony Dalwood
Chief Executive

Welcome to the 2024 Sustainable Investment Report. A year in which Gresham House has continued to deliver long-term value for our clients.

In our first full year under private ownership, we have deepened our alignment with long-term capital partners and sharpened our strategic focus on scaling solutions globally around nature, climate, and infrastructure. While fundraising conditions internationally remained challenging, our thematic approach, centred on natural capital, the energy transition, social impact, and growth capital continued to resonate with clients focused on generating long-term financial returns and positive impact. We continue to believe and show that there is no need to compromise on target financial returns in our areas of sustainable investing.

Deepening our natural capital platform

2024 marked a pivotal year for our natural capital business. We solidified our position as a top 10 global natural capital manager, expanding our international footprint with afforestation and carbon projects across the UK, Europe and Australia. These initiatives are delivering measurable climate and biodiversity outcomes as well as enhancing the financial performance of our land-based strategies.

In the UK, we launched new biodiversity co-investment structures, helping clients gain access to ecosystem services such as biodiversity net gain units. These innovative structures demonstrate how private capital can unlock nature-positive solutions aligned with emerging policy and regulatory frameworks. Across our habitat bank portfolio and forestry investments, we are proud to be enabling tangible progress toward nature restoration and carbon sequestration. Building on this momentum, we are now bringing together our track record in forestry and ecosystem services with sustainable agriculture to offer clients these investments either on a standalone basis or as part of a blended natural capital offering. This integrated approach enables clients to access diverse land-based opportunities that deliver both long-term financial returns coupled with environmental impact.

Expanding our capability in sustainable agriculture

Recognising the growing client demand for food systems that are resilient, productive and sustainable, we have taken meaningful steps to expand our natural capital platform into agriculture. Under the leadership of Eoin McDonald, our Director of Global Natural Capital, we are developing a strategy that integrates environmental stewardship with long-term commercial value. This marks an important evolution from our established strength in forestry to a broader focus on land-use innovation. It enhances our standing as a top 10 global natural capital asset manager across forestry, agriculture, and nature-based solutions, three essential verticals in the transition to a more sustainable economy.

Positioning for leadership in sustainable investing

We remain committed to integrating sustainability across every part of our business, from investment decision-making to operational practices and client reporting. In 2024, we continued to advance this agenda through the launch of our first UK SDR-labelled impact fund and the further rollout of SFDR Article 8 and 9 solutions.

We are also publishing our first Taskforce for Nature-related Financial Disclosures (TNFD) and have begun developing firm-wide net zero and nature strategies to guide our future trajectory.

Regulatory shifts, technology and changing investor expectations continue to reshape our industry and we believe Gresham House is well-positioned to capitalise on this changing landscape.

Looking ahead

As we progress our 'GH30' five-year business strategy to scale Assets Under Management (AUM) to £20bn by 2030, we remain focused on delivering superior risk adjusted investment outcomes for our clients, while playing a leading role in the global transition to a more sustainable and resilient economy. We will continue to partner with institutions globally who are seeking financial returns whilst delivering scalable investment solutions that address climate risk, nature loss and social need.

I am proud of what the team has achieved this year and believe together with our clients and partners we are demonstrating that private capital can be a powerful force for positive change alongside generating capital and income targets for investors.

The last year in numbers

We integrate sustainability into our investments, operations and corporate culture as part of our Corporate Sustainability Strategy. The tables below set out what we have achieved in 2023 and 2024.

Gresham House as a Sustainable Investor

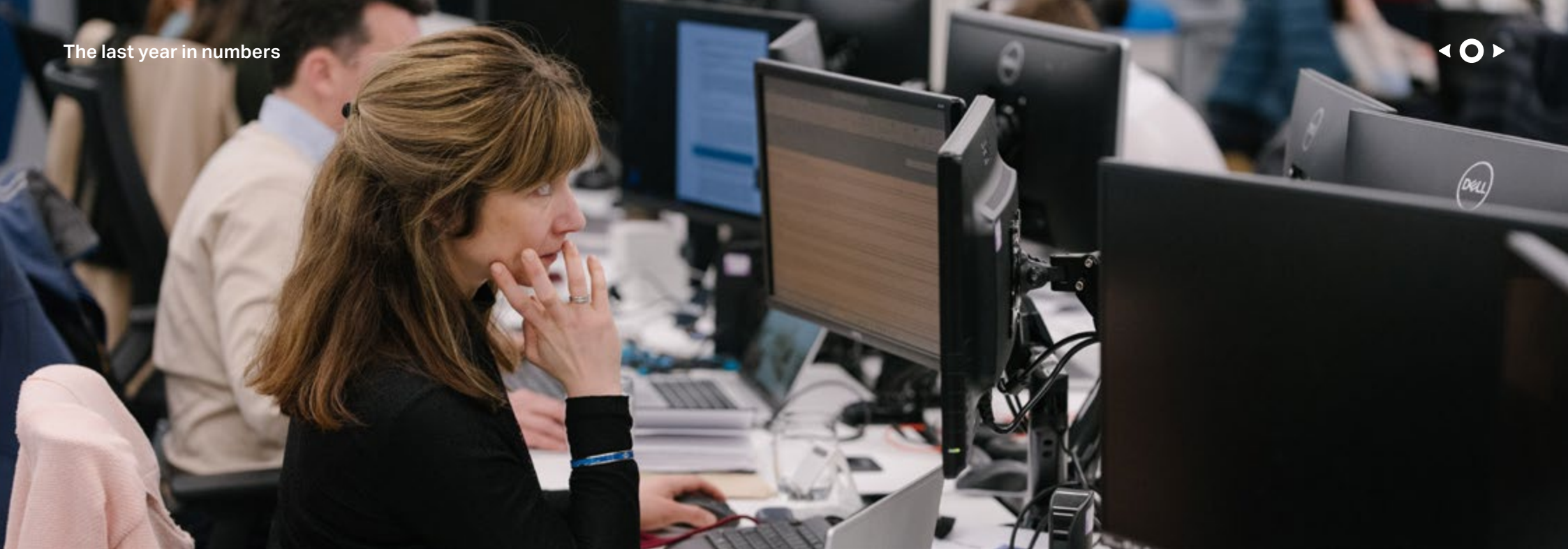
Commitment to Sustainability	2023	2024
Assets under management (£bn)	8.5	8.7
UK SDR Impact (# funds)	0	1
SFDR Article 8 and 9 (# funds)	4	6
PRI Assessment	4 or 5 stars	4 or 5 stars

Climate Change[1]	2023	2024
Investment emissions (Scope 1 & 2) (tCO_2e)	110,108	113,552
Investment emissions (Scope 3) (tCO_2e)	674,819	961,590
Investment carbon intensity (Scope 1, 2 & 3 tCO_2e/£mn invested)	108	143

Strategic Equity	2023	2024
Public Equity		
Management teams met by our UK team (%)	100	100
ESG engagements	108	95
Private Equity		
Unquoted portfolio companies engaged with (%)	100	100
Portfolio company Boards attended as a member or observer (%)	78	81

Real Assets	2023	2024
Forestry		
New trees planted (mn)	1.7	1.9
Carbon sequestered by forests (mn tCO_2e)	1.9	2.2
Sustainable Infrastructure		
Total acres supporting nature recovery completed	1,389	1,962
Premises ready to be connected to gigabit speed broadband	168,475	300,065
Energy Transition		
Renewable energy generation (GWh)[2]	540	584
Operational battery energy storage capacity (MW)	690	845
Real Estate		
New UK homes completed	126	170
UK housing portfolio EPC rating B or above (%)	41	52

1. 2023 values restated from previous report due to changes in methodology and use of estimates to fill data gaps as part of move to Watershed carbon footprinting platform.
2. 2023 values restated from previous report due to changes in methodology



Gresham House as a Sustainable Business & Employer

Our People	2023	2024
Women in senior management (%)	35	36
Ethnic minority employees (%)	19	17
Employee advocacy score (%)	74	69

Climate Change[3]	2023	2024
Operational emissions (Scope 1, 2 & 3) (tCO_2e)	586	596
Operational carbon intensity (Scope 1, 2 & 3 tCO_2e/FTE)	2.6	2.7
Annual energy use (MWh)	1,070	1,000

3. 2023 values restated from previous report due to changes in methodology and use of estimates to fill data gaps as part of move to Watershed carbon footprinting platform.

Gresham House as a Sustainable Corporate Citizen

Charitable Giving	2023	2024
Corporate charitable giving (£'000)	59	59
Employees using Give as You Earn (%)	11	11

> Our long-term commitment remains focused on helping clients achieve their investment objectives while expanding our business in a sustainable manner.

Embedding impact with integrity

Advancing transparency in a new sustainability reporting era

2024 marked a significant evolution in how we communicate our sustainability ambition at Gresham House. This year, we have brought together all of our major sustainability-related disclosures into this single, comprehensive Sustainable Investment Report, aligned with the International Sustainability Standards Board (ISSB) framework.

This report replaces separate publications we have issued in previous years, including our Taskforce on Climate-Related Financial Disclosures (TCFD), and UK Stewardship Code reports.

By adopting ISSB as our guiding framework, we are responding to growing calls for consistent, decision-useful sustainability information. Our report now fully integrates the TCFD recommendations, and for the first time, includes disclosures aligned with the Taskforce on Nature-related Financial Disclosures (TNFD).

We have also incorporated our UK Stewardship Code report, setting out how we meet the 12 principles of effective stewardship, our progress in 2024, and how we continue to embed stewardship into our investment processes.

As highlighted in our 2025 Annual Review, "We continue to evolve our investment strategies in response to client needs and a rapidly shifting sustainability landscape - from launching new natural capital solutions to deepening our focus on climate resilience and social impact across our portfolios." This report reflects that progression.

Delivering real-world outcomes

Our goal remains to deliver meaningful impact alongside long-term financial value.

Key highlights from 2024 include:

- Our real asset portfolios sequestered over 2.2 million tCO_2e and generated 584 GWh of renewable energy
- 1,962 acres of biodiversity habitat banks were created through our Sustainable Infrastructure portfolio company, Environment Bank, supporting the UK's Biodiversity Net Gain policy implementation
- Through our digital infrastructure investments, we connected 23,912 underserved homes, helping bridge the UK's digital divide

These outcomes reflect the close collaboration between the Sustainable Investment team and our colleagues across asset classes, underpinned by our long-term approach, strong governance, and commitment to continual improvement.

Strengthening transparency and accountability

This integrated report aims to give our clients, stakeholders, and regulators a clearer view of how sustainability is embedded into our strategies and decisions and how our work is driving meaningful change.

It meets the Financial Conduct Authority's climate-related disclosure requirements (Policy Statement PS21/24), reinforcing our commitment to transparency and accountability across the business.

Hyewon Kong
Director, Sustainable Investment

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Key sustainable investing milestones

FY 2022 and prior	FY 2023	FY 2024	FY 2025 and beyond
Corporate Sustainability Strategy published	First standalone TCFD report published	Launched our first Impact fund under UK Sustainable Disclosure Regulation (SDR)	Formalise and communicate our net zero & nature strategy
Became signatories to the 2020 Stewardship Code	Mapped modern slavery risks across the supply chains of our Real Assets divisions	Assessed portfolio performance against the Good Economy's Place Based Impact Investing criteria	Publish our first report in line with the International Sustainability Standards Board standards
First reporting of operational and investment carbon emissions	Published our proprietary Impact Framework for our Sustainable Infrastructure strategies	Conducted climate scenario analysis and nature risk analysis across our asset classes	Assess and disclose our nature related impacts and dependencies in line with the TNFD guidelines
Launched our first Diversity, Equity & Inclusion (DEI) strategy			Expand our range of natural capital solutions available to our clients

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About Gresham House

Corporate Sustainability Strategy

The sustainable investment landscape is evolving at pace, driven by regulatory developments, investor expectations, and the urgency of addressing climate and biodiversity challenges.

Our Corporate Sustainability Strategy ensures we remain at the forefront of these changes, integrating sustainability into our investments, operations and corporate culture.

Built around three core pillars – our role as a sustainable investor, responsible business and employer, and engaged corporate citizen – this strategy underpins our commitment to delivering strong long-term financial and sustainability outcomes. By integrating sustainability principles into decision-making, we seek to drive value creation for our investors while contributing positively to the broader economy and environment.

Gresham House as a Sustainable Investor

- Launching our first Article 9-compliant fund under EU Sustainable Finance Disclosure Regulation (SFDR)
- Launched our first Impact fund under UK Sustainable Disclosure Regulation (SDR)
- Hired a Director of Global Natural Capital to drive further development of our natural capital solutions strategy globally
- Became the first asset manager to work with The Good Economy to produce a report on our portfolio performance from a place-based impact perspective

Gresham House as a Sustainable Business & Employer

- Delivered internal lunch and learns on sustainability topics such as physical climate risk and greenwashing to develop the knowledge of our employees
- Onboarded a new data platform to manage and monitor the carbon footprint of our operations and investments to increase transparency and employee engagement
- Delivered Diversity, Equity & Inclusion (DEI) training on topics such as unconscious bias and menopause in the workplace to all employees through external providers
- Worked with Searchlight Capital Partners to develop an ESG value creation strategy

Gresham House as a Sustainable Corporate Citizen

- Our employees completed a number of fundraising events, including the London Marathon, a Barry's bootcamp challenge, and also made use of volunteer days in support of our long-term charity partners
- 11% of our employees opted to donate to their chosen charities using our Give as You Earn Scheme, whereby Gresham House matches employee donations up to £50 per month, contributing £20,800 through this scheme in 2024

Contributions to the industry

Gresham House plays an industry leadership role in supporting and promoting sustainable investment.

This includes participation in industry bodies and contributing to thought leadership opportunities to shape the sustainable investment market.

3

Sustainability related awards won

LAPF Awards:
Impact Manager of the Year

LGC Investment Awards 2024:
Sustainability Manager of the Year

LGC Investment Awards 2024:
Impact Manager of the Year

33 contributions to sustainability-focused educational events as panel experts or event speakers

110 sustainability-focused articles or comments from Gresham House experts in the press

The Good Economy Placed-Based Impact Investing

- The Good Economy (TGE) developed the Place-Based Impact Investing (PBII) Reporting Framework in collaboration with a group of Local Government Pension Scheme (LGPS) funds and institutional asset managers, offering a transparent, consistent, and comparable approach for asset managers to report on portfolio performance including insights into to the types of outcomes and impact generated
- We collaborated with TGE to assess six of our strategies against the PBII Reporting Framework, including an assessment of the degree to which the funds adopt a PBII approach and align with the industry standard impact classification

Principles for Responsible Investment (PRI) case study

- We submitted a case study to the PRI entitled "Habitat banks as a new nature-related infrastructure investment opportunity"
- This outlined the investment opportunity, key outcomes, how we measure and report on impact, and a specific case study describing the work done and impact generated at one of the Environment Bank's sites
- The case study was shortlisted for PRI Awards 2024: Recognition for Action – Nature

Energy Storage Network

- Our Energy Transition division identified a lack of a standardised avoided emission methodology across energy storage market participants. The team proposed an industry wide collaboration to the Energy Storage Network (ESN) to develop a methodology that can be used by all industry participants
- We have since led the project in conjunction with the ESN and Field Energy. As of April 2025, the methodology is in the process of being finalised, with the next step being third party accreditation

UK Emission Trading Scheme consultation

- Gresham House's Forestry and Sustainable Investment divisions jointly produced a response to the government's consultation on the integration of GHG removals in the UK Emissions Trading Scheme
- The response highlighted that productive forestry is a well understood and permanent method for reducing carbon emissions in the atmosphere, and if it were to benefit from the demand and price signals of the ETS framework it would drive decisions in the sector to maximise this carbon impact

Putting our clients at the centre of what we do

Our clients include individual investors, financial advisers, institutional investors, charities, and endowments.

We partner with our clients to ensure that our current and future investment solutions meet their financial and sustainability requirements, often tailoring bespoke solutions to meet their needs.

We use our unique position of investing in alternative assets to develop investment solutions that meet our institutional clients' specific sustainability and financial objectives, including initiatives listed below:

- Supporting their net-zero and climate targets
- Investing in place-based solutions within their local regions
- Developing natural capital investment solutions
- Providing social impact investments

In 2024, we hosted 42 clients at various site visits to demonstrate their impact of their investment.

Client engagement and feedback

Effective communication with clients and other stakeholders is a crucial component of fulfilling our stewardship responsibilities and delivering on our sustainable investment capabilities. As part of our continuous feedback loop, we provide regular updates on stewardship activities at both firm and strategy levels and seek to align asset management practices with clients' stewardship and investment policies.

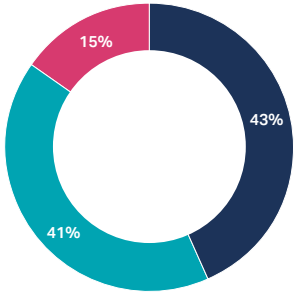
We incorporate client-specific reporting requirements during onboarding and when requested provide tailored reporting such as ESG metrics, engagement updates and stewardship case studies throughout the investment lifecycle. Following feedback on our BSI Housing reports, we enhanced quarterly disclosures to include the data most valued by clients.

Client engagement occurs through regular reporting, investment update calls and, when invited, annual stewardship meetings. Highlights in 2024 included discussions on Ofsted reports from NFamily (the nursery platform business within our BSIF fund range), feedback on community engagement initiatives in our Forestry strategy, and participation in stewardship working groups to support a clients' 10-year strategic planning.

We evaluate the effectiveness of our approach through varying feedback mechanisms including direct engagement, group engagement and surveys where applicable, to help improve our year-on-year reporting standards and transparency. Where alignment with a client's stewardship policy is not possible due to regulatory or operational reasons, we communicate this clearly and seek to find alternative solutions where appropriate.

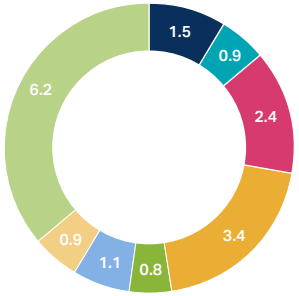
This open and responsive approach ensures we remain accountable to our clients and continue to advance our stewardship practices in line with their expectations and our commitments under the UK Stewardship Code. Our clients are increasingly focused on improving their own ESG integration and stewardship practices, and we welcome this progressive and collaborative approach.

AUM by client channel



Wholesale retail	£3.7bn
Institutional	£3.6bn
Private clients / family offices	£1.4bn
Total	£8.7bn

AUM by strategy



Public Equity	*£1.6bn*
Private Equity	*£0.9bn*
Strategic Equity	£2.5bn
Forestry	*£3.4bn*
Housing	*£0.8bn*
Energy Transition	*£1.1bn*
Sustainable Infrastructure	*£0.9bn*
Real Assets	£6.2bn
Total	£8.7bn

Case study: Client visit to the Environment Bank

Gresham House Biodiversity Co-Invest LP (GHBC) represents a unique opportunity to invest in the Environment Bank ("EB"); the only scale provider of Biodiversity Net Gain (BNG) units in the UK.

EB is creating habitat banks across England to generate scientifically determined biodiversity gains which are sold to developers via BNG units to fulfil their planning requirements and corporates striving to be nature positive. EB follows the Lawton Principles by creating bigger, better and more joined-up habitats which are typically 20-100x bigger than other forms of BNG provision, with the potential to increase certain species types by over 20x.[4]

The Environment Agency Pension Fund (EA) has committed to the strategy and as part of their due diligence process, conducted a site visit to one of the habitat banks at Cornwell Manor, Chipping Norton.

During the visit, attendees had the opportunity to tour the habitat bank and meet the landowner, who shared insights on his experience working with EB, as well as the financial structure and broader environmental benefits of the project.

4. Environment Bank, 2024

All landowner-farmers working with EB can earn an additional income stream for dedicating a small portion of their farm to BNG, typically around 25Ha which is less than 30% the average English farm size at 88Ha.[5] The EB farmers will know exactly what their annual payment will be for the next three decades providing them with a clear and visible income stream for current and future generations, which helps make their wider farming business more sustainable and resilient.[6]

"As a pension fund, we have created a specific impact allocation and GHBC fits this both from a financial return and positive impact perspective. The site visit was a great way for the EAPF team to better understand the investment opportunity, how it supports the protection and enhancement of UK biodiversity and natural habitats as well as the extent of impact it has on community through the creation of local specialist employment."
- Environment Agency Pension Fund

5. gov.uk/government/statistics/agricultural-facts-england-regional-profiles/agricultural-facts-summary
6. gov.uk/government/statistics/agricultural-facts-england-regional-profiles/agricultural-facts-summary

Case study: Educating clients on forestry, carbon credits, and sustainable timber

In 2024, Gresham House hosted an event at the Design Museum in London for institutional clients with an interest in investing in nature, both for financial returns and supporting net zero ambitions.

As investors are starting to build out natural capital allocations, forestry is often the first step in that journey. Understanding sustainable timber management gives comfort that an asset class with 40 + year track record can not only deliver a financial return but can also help meet sustainability objectives.

The event included a guided tour of the 'How to Build a Low-Carbon Home' exhibition. This gave clients the opportunity to see how and why timber is used for construction, bringing to life the importance of sustainable timber production. According to the United Nations Environment Programme, the buildings and construction sector is responsible for around 37% of global energy and process-related carbon dioxide emissions, with approximately 28% from building operations and 11% from the construction process and materials such as steel, concrete, and aluminium.[7]

7. United Nations Environment Programme. 2022 Global Status Report for Buildings and Construction.

Timber is increasingly being used as a more sustainable alternative in construction, offering a lower-carbon solution to traditional materials.

Carbon credits are a more nascent form of investment for pension funds and some investors have expressed a desire to learn more about carbon credits before using them for investment or off-setting purposes. We therefore included an introduction to carbon credits as part of the session to help provide some guidance and clarity.

As part of the educational presentation, we discussed the benefits of sustainable timber production. Clients were particularly interested in how an allocation to Forestry might be able to help with net zero targets.

The final session covered Natural Capital, how a natural capital site differs from a pure sustainable forestry site, with an introduction to the different types of return drivers.

Following the event, we hosted a Carbon Credits Explainer webinar which was followed by a short educational paper titled "The role of forestry in net-zero investments".

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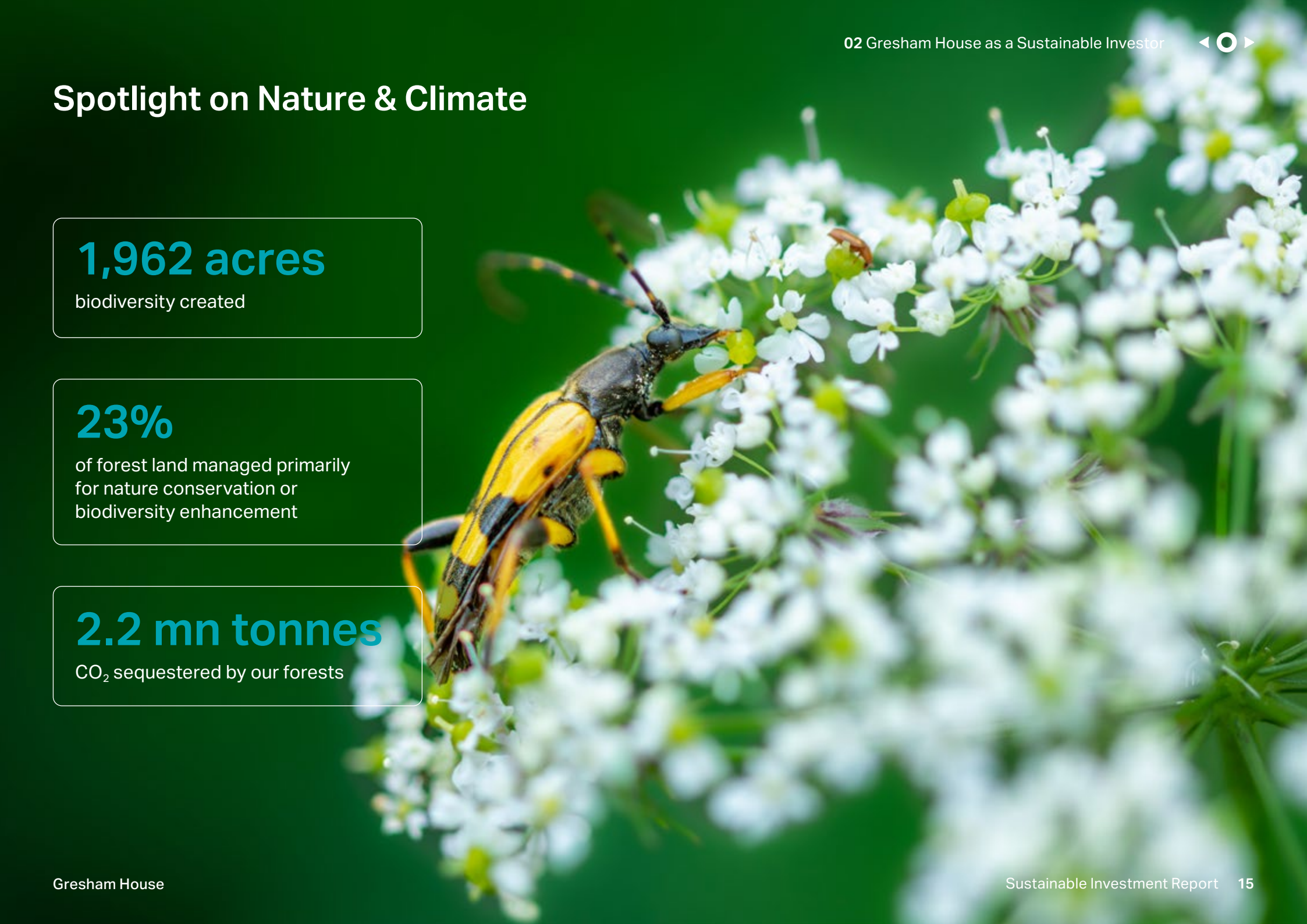
Gresham House as a Sustainable Investor

Spotlight on Nature & Climate



1,962 acres
biodiversity created

23%
of forest land managed primarily for nature conservation or biodiversity enhancement

2.2 mn tonnes
CO_2 sequestered by our forests

Case study: Natural capital research

The depletion and damage to global natural resources are quickly translating to financial risks.

Nature has subsidised economic growth to its serious detriment, creating another existential threat inextricably linked with climate change. As a result, investors are turning their attention to natural capital.

In 2024, to gain a better understanding how natural capital can fit within asset allocation processes, Gresham House, in partnership with the research division of Mallowstreet, commissioned a survey of 22 UK institutional asset owners representing £360bn in assets under management.

The research showed strong backing for the asset class, as investors become increasingly aware of natural capital's potential to deliver resilient, impactful returns.

- 73% of UK asset owners would invest in natural capital to support climate adaptation
- 50% are either already investing in natural capital or will do so within the next 18 months
- 92% of LGPS schemes would invest in natural capital to support climate adaptation
- Over three-quarters of institutional asset owners see Gresham House as a leader natural capital

To support these developments, asset managers and owners need to purposefully work together, remain in active dialogue with regulators, and collaborate with end investors to continue the knowledge exchange and establishment of best practices.

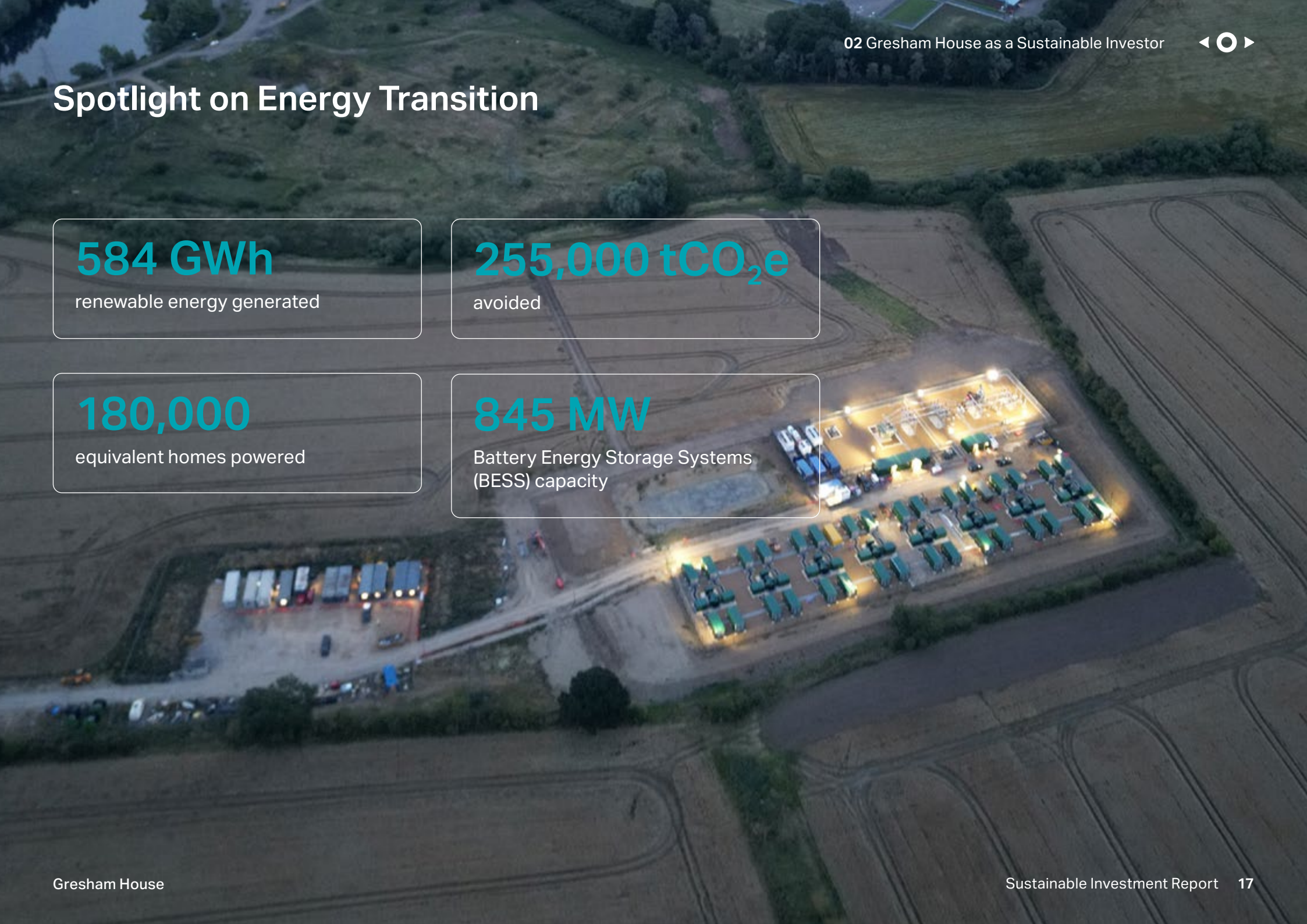
Spotlight on Energy Transition

584 GWh
renewable energy generated

255,000 tCO_2e
avoided

180,000
equivalent homes powered

845 MW
Battery Energy Storage Systems (BESS) capacity



Spotlight on Social Impact

214,641
premises ready to be connected to gigabit speed broadband

129
apprenticeships created within British Sustainable Infrastructure Strategy

52%
operational UK housing stock EPC B+

Case study: Regenerating Clapham Park

The Fund completed on the forward funding of 122 shared ownership apartments in Clapham, South London, in December.

The Fund's homes are part of the Clapham Park masterplan that is regenerating a dilapidated housing estate into 4,000 new and refurbished homes.

In addition to the new homes, the masterplan aims to deliver four hectares of higher quality open public space, a range of new community facilities and one of the country's largest green energy networks. 1,750 new and refurbished homes have already been delivered since the project began in 2005, with project expected to be completed in 2035.

The Fund's one- and two-bed apartments are split over two blocks of 10 storeys, to be delivered by the joint venture between Countryside and Metropolitan Thames Valley. ReSI Homes will be acquiring the virtual freehold of the entirety of both of the blocks, meaning it has control over the appointment of the property manager and the managing agent.

The scheme was supported by the Greater London Authority through grant funding of £98k per plot (£12mn in total), evidencing a high level of government support for delivering shared ownership in London.

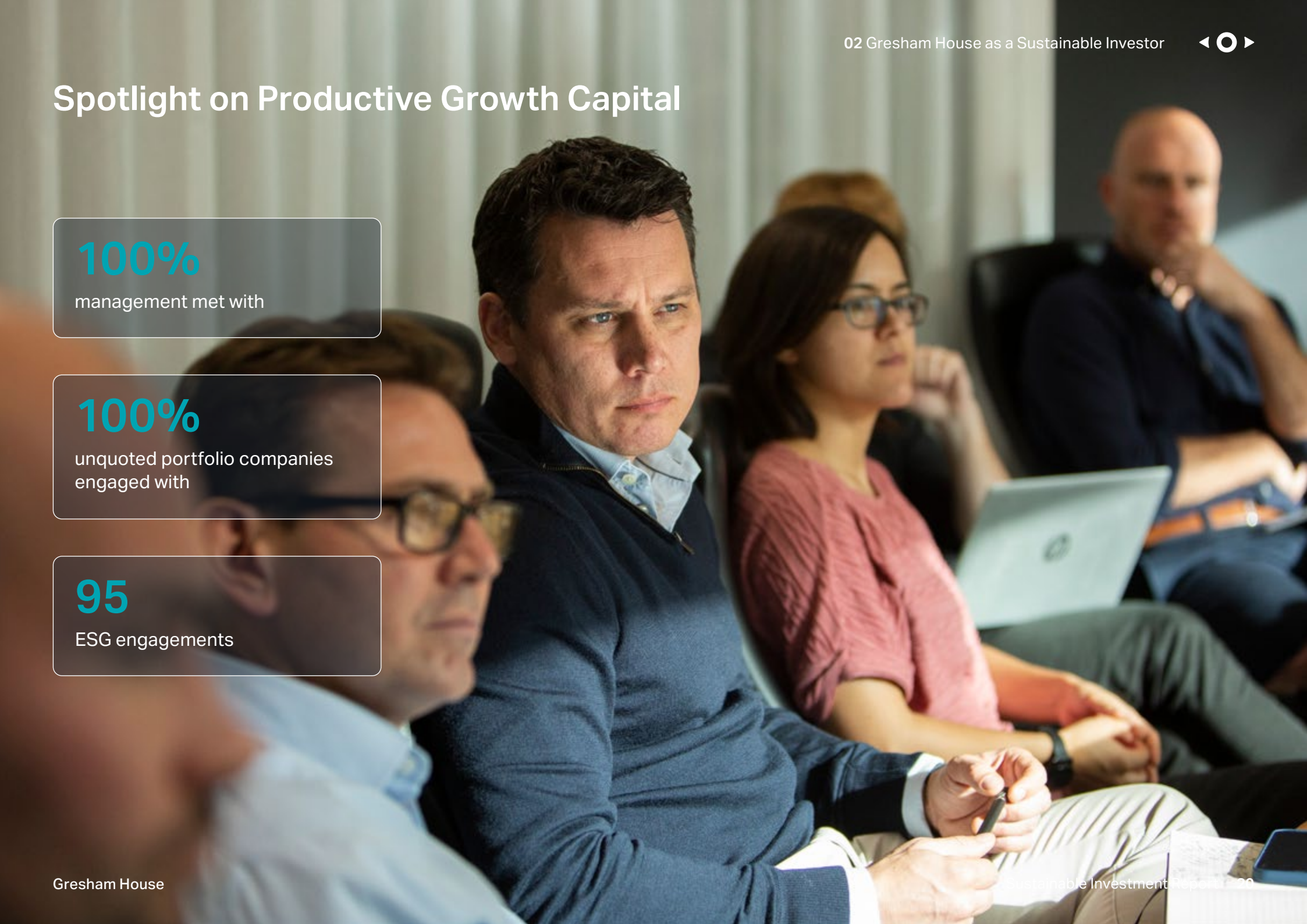
The scheme will deliver 122 additional affordable homes to a location where the house price to income ratio is 13.5x. All homes will have private balconies and will be delivered to EPC B, with the homes being powered by a district heating system which the developer is proposing is powered by Air Source Heat Pumps. The homes will be built over a two-year period, with completion of the blocks estimated for Q4 2026.

Spotlight on Productive Growth Capital

100%
management met with

100%
unquoted portfolio companies engaged with

95
ESG engagements



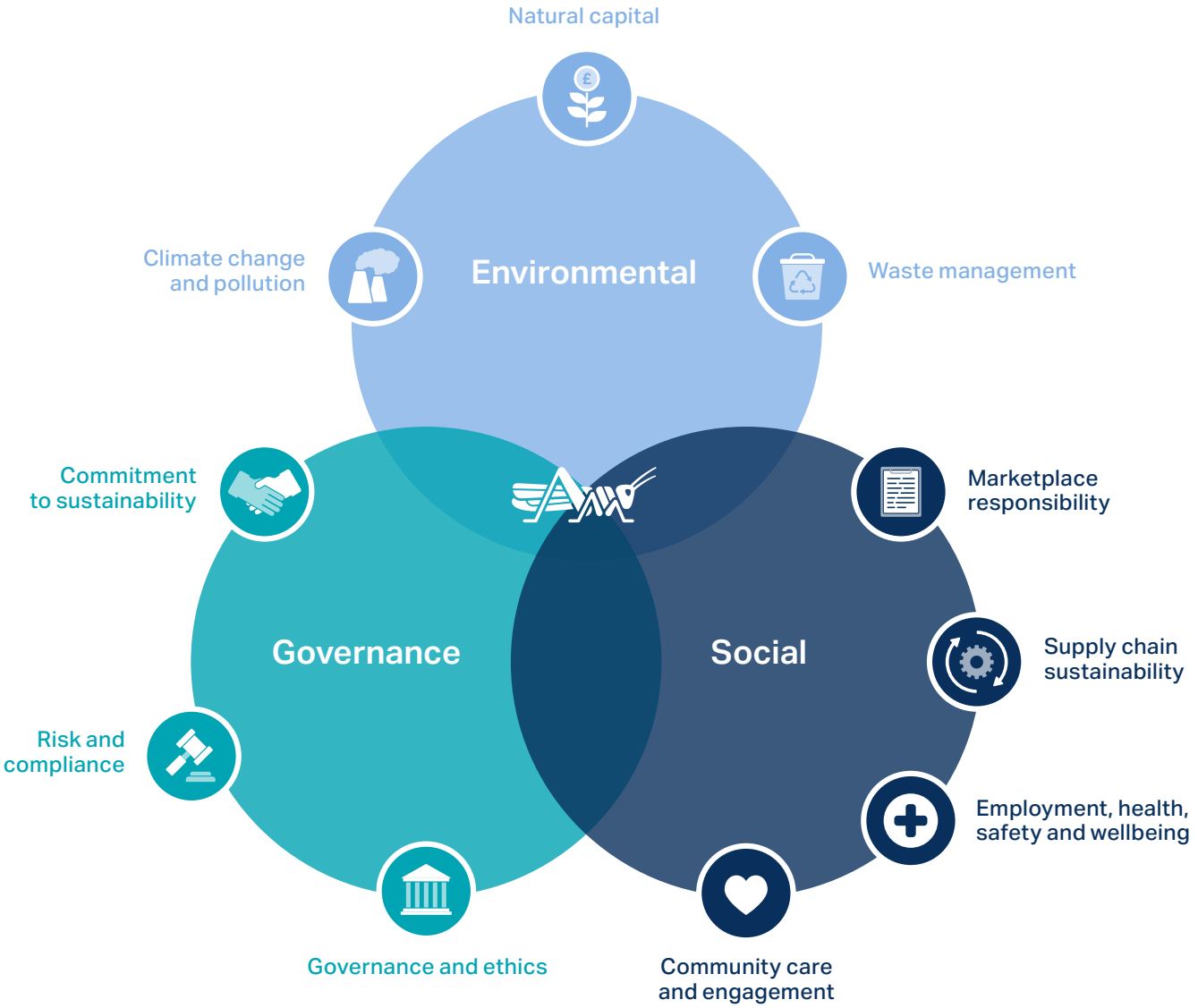
03 Sustainable Investment Approach

Our sustainable investment framework

Our sustainable investment framework is based on ten ESG themes as illustrated below. These themes are considered the most material sustainability factors for our asset divisions.

The framework is used by our investment teams to identify the broad range of ESG risks which may materially impact proposed transactions, as well as directing our focus towards more sustainable outcomes.

The ten ESG themes guide our analysis and support consistent integration across asset divisions by structuring how we identify, monitor and report on ESG risks and opportunities throughout the investment lifecycle. These themes also underpin our ESG Decision Tools, which are tailored by asset class for each strategy. The tools help investment teams assess material ESG risks during due diligence and enable effective monitoring and management over time.



Governance

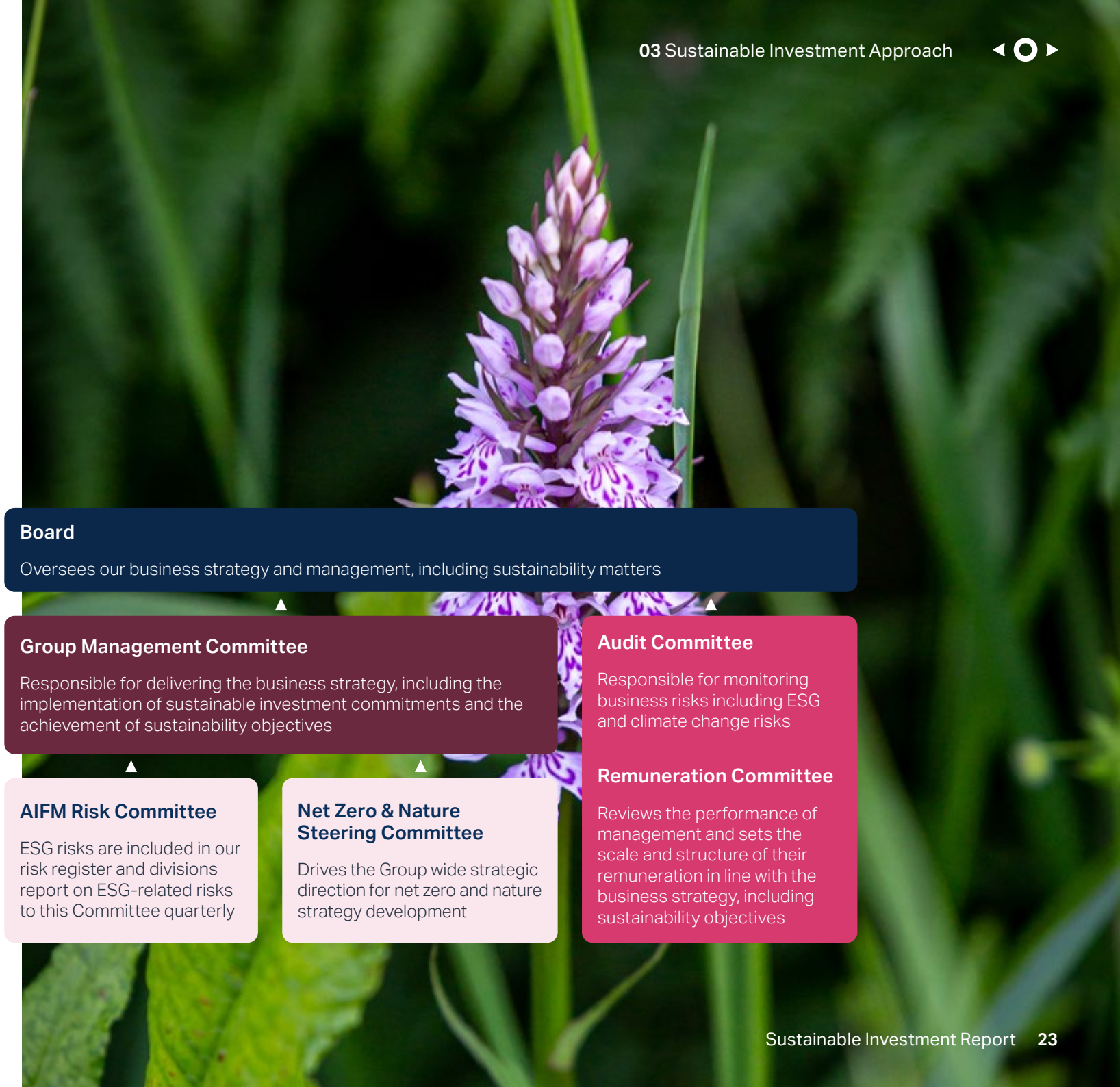
Governance framework for sustainability

At Gresham House, robust governance structures underpin our commitment to sustainability, ensuring that environmental, social, and governance (ESG) considerations are embedded across our investment processes, risk management frameworks, and corporate strategy.

Sustainability oversight (including Climate & Nature) is led by the Board of Directors, who retain ultimate accountability for sustainability-related risks, opportunities, and long-term value creation. The Board integrates sustainability into its oversight of corporate strategy, investment planning, risk and performance management.

The Group Management Committee (GMC) ensures that sustainability is operationalised across the business, working closely with the Investment Committees, which have a direct responsibility at strategy and portfolio level, and review investment proposals to ensure sustainability is embedded into investment decision-making.

To support informed decision-making, the Board is regularly updated on sustainability matters and equipped with the knowledge needed through training and external expertise.



A newly established Net Zero & Nature Steering Committee, with senior sponsors from across the business, is responsible for shaping the Group's strategic direction on climate and nature. This is supported by a Net Zero & Nature Working Group comprising champions from across the investment divisions, helping to implement asset-class-specific plans and embed net zero and nature considerations in strategic planning.

Our dedicated Sustainable Investment (SI) team serves as a centre of excellence and strategic enabler. The team provides investment and operational teams with the tools, frameworks, and subject-matter expertise needed to integrate ESG considerations across all strategies. The SI team works in close collaboration with investment teams to embed sustainability into decision-making, stewardship and reporting. This ensures ESG is not just centrally managed but owned by each investment division.

Sustainability in investment

Sustainability is integrated across the investment lifecycle, from due diligence and asset selection to ongoing risk management and stewardship. Our approach ensures that investments are resilient, aligned with long-term sustainability goals, and contribute to real-world environmental and social outcomes.

We are committed to embedding sustainability across our investment approach, ensuring that our assets contribute to positive environmental and social outcomes. This includes advancing climate resilience, promoting biodiversity, and supporting nature-based solutions. Through proactive risk management and ESG integration, we aim to uphold high sustainability standards across our investment portfolio.

Climate and nature-related risks and opportunities are evaluated to safeguard long-term asset value. This approach aligns with TCFD and TNFD recommendations, reinforcing our ability to navigate evolving regulatory expectations while identifying growth opportunities in sustainable investment themes.

Our governance framework ensures that sustainability-related considerations are factored into:

- Investment due diligence and asset selection
- Portfolio risk assessments and resilience planning
- Performance monitoring and active ownership
- Stewardship and engagement with investee companies

Our risk management processes are reinforced by internal controls, structured reporting, and periodic reviews, with oversight from both the Board and executive management.

Sustainable investment policies

Gresham House's sustainable investment policies outline our principles, expectations, and approach to managing ESG risks and opportunities. These policies apply at both Group and asset-class levels and provide consistent foundation across all investment strategies.

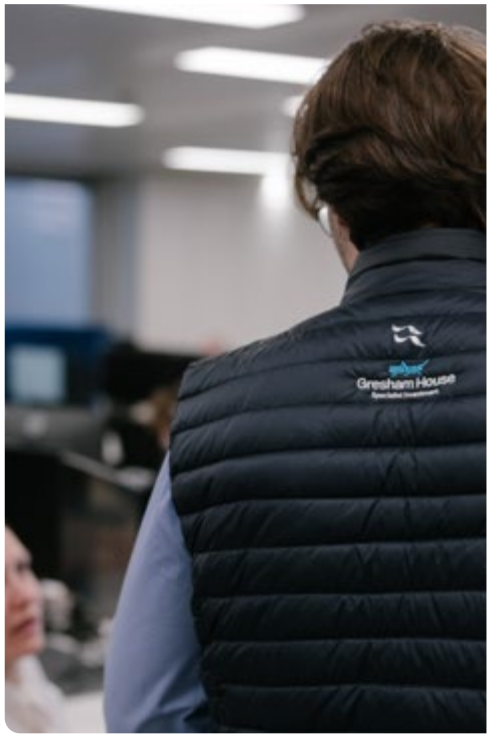
We adopt a structured process for policy development, review, and implementation to ensure alignment with evolving market standards, regulatory requirements, and stakeholder expectations. Regular reviews ensure our policies remain relevant and effective in guiding responsible investment practices.

Click here to view our sustainable investing policies

Risk management

Effective risk management is a core component of our business strategy and corporate culture.

At Gresham House, we maintain a comprehensive, structured risk management framework that ensures sustainability-related risks are integrated across all levels of decision-making and investment practices.



Governance of risk

The Group Board has ultimate responsibility for risk management, including setting the Group's risk appetite and strategic direction. Risk oversight is supported by Group Audit Committee, which reviews risk management processes, challenges risk owners, and ensure appropriate mitigation actions are completed.

Sustainability-related risks, including climate and nature dependencies and impacts, are fully embedded in this framework. The Group Risk Register catalogues key risks and serves as a critical tool to evaluate materiality, likelihood, impact, and controls. "ESG and climate change" is designated a Level 1 strategic risk, ensuring Board-level visibility and accountability.

The First Line of Defence (1LOD), our investment teams, hold day-to-day responsibility for identifying and managing risks, including sustainability risks, throughout the investment lifecycle.

The Second Line of Defence (2LOD), including the central Risk and Compliance teams, provide oversight and challenge. This includes participation in executive-level forums such as the AIFM Risk Committee, chaired by the Group CFO.

Quarterly risk reports from portfolio managers and risk owners are submitted to the Risk Management Function and reviewed by the AIFM Risk Committee.

ESG and climate-related risk oversight

The ESG and climate-related risk category encompasses both systemic transition risks, such as regulation, reputation, or market shifts, and physical risks arising from climate change, such as extreme weather events, biodiversity lost, or water stress. We formally assess ESG-related risks, including those linked to human rights, climate and nature, at four key stages:

1 **New Product Development** – ESG risks are considered during the product design process via the Group's due diligence checklist, which is reviewed and approved by the Group Management Committee.

2 **Investment Decision-Making** – ESG risks must be considered and documented in investment proposals, supported by tools such as the GH ESG Decision Tool and formally approved by the Investment Committee.

3 **Ongoing Portfolio Monitoring** – ESG risks are reviewed quarterly at portfolio meetings and by the AIFM Risk Committee. Where required, sustainability disclosures are integrated into quarterly portfolio and risk reports for SDR and SFDR-labelled funds.

4 **Annual Stress Testing** – Long-term scenario analyses are used to stress test climate and nature risks. Results inform portfolio reviews and are escalated to risk oversight bodies.

Mitigation and controls

Gresham House adopts tailored mitigation strategies based on the nature and materiality of the risks identified:

- Due diligence and monitoring: ESG risks, including those related to human rights and environmental impacts, are identified pre-investment and actively managed throughout the investment lifecycle.
- Modern slavery controls: Gresham House publishes an annual Modern Slavery Statement in accordance with the UK Modern Slavery Act 2015.
- Supply chain checks in Energy Transition: Technology providers complete annual questionnaires on labour rights and practices and responsible sourcing. New battery storage projects use lithium iron phosphate (LFP) to reduce reliance on cobalt from high-risk geographies.
- Active ESG risk dialogues: Portfolio managers engage with stakeholders to identify, monitor, and act on material ESG issues, including those affecting biodiversity, water resources, and climate change.

Governance of climate & nature-related risks

Our governance approach to climate and nature-related risks is structured around global frameworks including TCFD and TNFD which support our efforts to strengthen risk management and enhance transparency across our investment platform.

Our sustainability commitments include supporting a just transition to a more sustainable economy, aligning our investment strategies with our clients' net-zero goals, and actively engaging with stakeholders to drive meaningful change. These commitments guide our governance structures, ensuring that sustainability remains at the heart of our business strategy and investment decisions.

The Board receives regular updates on climate and nature-related risk assessments, ensuring that material risks are integrated into financial and operational planning. Management committees oversee the implementation of targeted climate and nature strategies, leveraging industry-leading tools and frameworks to assess potential impacts, and reinforcing our role in advancing climate resilience and nature-positive investments.

To maintain accountability, sustainability targets are embedded within key performance indicators (KPIs), with progress monitored and reported to the Board. These targets inform decision-making and ensure that our investment approach remains aligned with a just transition to a low-carbon, nature-positive economy.

Climate risk analysis

We recognise that the future climate conditions will have a significant impact on both the risk profile and performance of our investments, as well as present opportunities aligned with the transition to a low-carbon economy. This is particularly relevant for our Real Assets strategies, which typically operate on investment horizons of over 10 years.

In 2024, we advanced our approach to scenario analysis as a first step toward identifying and quantifying Gresham House's exposure to physical climate risks. The analysis focused on selected climate hazards most likely to materially affect our assets, based on type and geographic distribution.

These were water stress,[8] average daily temperature, precipitation patterns, and wind speed.[9]

This forward-looking analysis considered projected change through to 2050.

To assess future climate conditions, we applied Shared Socio-economic Pathways (SSPs) and Representative Concentration Pathways (RCPs), incorporating variables such as population growth, economic development, urbanisation and greenhouse gas concentration. The scenarios used were:

- SSP1-2.6: Low challenges to mitigation and adaptation (end-of-century temperature rise of <2°C). This will be referred to as **the "below 2°C" scenario**.
- SSP2-4.5: Middle of the road scenario (end-of-century temperature rise of 2.7°C). This will be referred to as **the "business-as-usual" scenario** for average daily temperature, precipitation, and wind speed.
- SSP3-7.0: High challenges to both mitigation and adaptation (end-of-century temperature rise of 3.6°C). This will be referred to as **the "business-as-usual" scenario** for water stress.
- SSP5-8.5: Worst-case, fossil fuelled-driven scenario (end-of-century temperature rise of 4.4°C). This will be referred to as **the "worst case" scenario**.

To mitigate model-specific uncertainty, an average of four independent climate models were used for each climate hazard.[10]

Key insights

A consistent finding across asset classes is that precipitation levels increase the most in the middle scenario, rather than the worst-case scenario. A common finding of climate research is that winters in the UK will become warmer and wetter, leading to an overall increase in average rainfall.[11]

8. Calculated using data from Aqueduct Water Risk Atlas. For the analysis, increased risk is moving into a higher category of water stress i.e. from low-medium (10-20%) to medium-high (20-40%).
9. Calculated using CMIP6 climate projections from Copernicus Climate Data Store. For the analysis, increased risk was: >5% increase in average daily precipitation; >0.5°C increase in daily average temperature; >5% increase in average wind speed.
10. Climate models used were: HadGEM3_GC31-LL; MIROC_ES2L; GFDL_ESM4; IPSL_CM6A_LR.
11. UK Climate Resilience Programme

However, summer months are also expected to experience more frequent periods of drought. This may explain why average rainfall peaks in the middle scenario, as droughts, while still present, are likely less frequent than in the worst-case scenario. Further analysis, including a deeper exploration of other climate hazards like droughts, will be necessary to confirm this.

Similarly, water stress did not always increase as expected. Water stress is measured as the ratio of total water demand to available renewable surface and groundwater supplies, with demand encompassing domestic, industrial, irrigation, and livestock uses. In addition to climate conditions SSPs incorporate factors like population growth and technological advancements when projecting future conditions.

The middle scenario used for water stress, SSP3, emphasizes regional rivalry and presents significant challenges to both climate mitigation and adaptation. In contrast, SSP5—despite being the highest-emitting scenario—is more effectively adapted to the impacts of climate change. This could suggest that, even if climate impacts on water availability are less severe in SSP3 compared to SSP5, the competition for water resources may be higher in the middle scenario, leading to a higher level of water stress.

Importantly, this analysis identifies where climate changes are expected, not necessarily whether these will result in material financial impacts. For example, while a high proportion of assets may experience temperature increases over 0.5°C, not all will reach thresholds that impair asset performance or viability.

Next steps

To build on this analysis, we will:

- Assess the materiality of the changing conditions by identifying thresholds at which impacts become financially significant
- Expand the range of hazards assessed to include extreme temperature, drought, wildfire, and pest and disease risks
- Extend geographic coverage to include all regions in which Gresham House operates
- Integrate findings into asset management plans and strategic risk assessments

Nature risk analysis

The UN Environment Programme estimates that half the world's GDP is dependent on nature. However, we are using our natural resources at a pace beyond that which the earth can replenish. Wildlife populations have declined by 73% since 1970,[12] more than 85% of wetlands have been lost and 32% of the world's forest area has been destroyed.[13]

Gresham House offers a platform of return-generating natural capital assets with established track records, such as sustainable forestry. We are also focused on developing new, interlinked solutions including carbon forestry, vertical farming, biodiversity net gain credits and habitat banks – as innovative ways to promote the transition towards a more sustainable economy through the protection and restoration of nature.

12. WWF Living Planet Report 2024
13. WEF New Nature Economy Report, 2020

At the same time, Gresham House holds a significant portion of AUM that, whilst not actively seeking nature positive outcomes, can be inherently dependent on the ecosystem services provided by nature, and if not managed responsibly, could have unintended negative impacts.

To better understand both the impacts and dependencies of our assets on nature, we have taken our first steps in applying TNFD's LEAP approach:

- To locate our interface with nature, geospatial analysis was conducted to determine the proportion of AUM of our UK-based real assets that sit within designated nature sites and where relevant, identifying assets that contain a water body that passes through a designated site. The designated sites used were biological Sites of Special Scientific Interest (SSSI), Special Protection Areas (SPA), Special Areas of Conservation (SAC), Ramsar wetlands.
- The ENCORE tool was used to identify the material impacts and dependencies of all of our investment strategies. For some strategies, the actions we take to mitigate and manage these were also integrated into the analysis.

The outputs of this analysis can be found in the nature-related disclosures of each asset class.

The next step of our nature assessment is developing a company-wide nature strategy. This will not only look at how we can mitigate our negative impacts on nature, but also how our investments can generate nature positive outcomes and how we can demonstrate that impact through metrics and target setting.

Real Assets

What makes our approach different

We partner with our clients to help them achieve their financial and sustainability ambitions.

Within our Real Assets divisions, clients come to us to help them invest in assets that help them achieve positive environmental and social outcomes.

Alongside achieving their financial objectives, we create investment solutions for our clients to:

1. Generate nature positive outcomes
2. Support their net-zero objectives
3. Create positive social impact within their local region

> We partner with our clients to help them achieve their financial and sustainability ambitions.

Gresham House

Case study: Place-based Impact Investing

Gresham House's purpose is to deliver effective and alternative investment solutions to help clients achieve their financial objectives while also contributing towards the transition to a more socially and environmentally sustainable economy.

The **Place Based Impact Investing (PBII) Reporting Framework** was developed by The Good Economy (TGE), in partnership with a group of Local Government Pension Scheme (LGPS), to provide a consistent, and comparable approach for asset managers to report on their portfolio performance from a UK sustainable development and place-based impact perspective.

It provides insights into the underlying assets, their locations, the outputs they generate, the potential outcomes, the types of impact created, and how their investment strategies align with PBII.

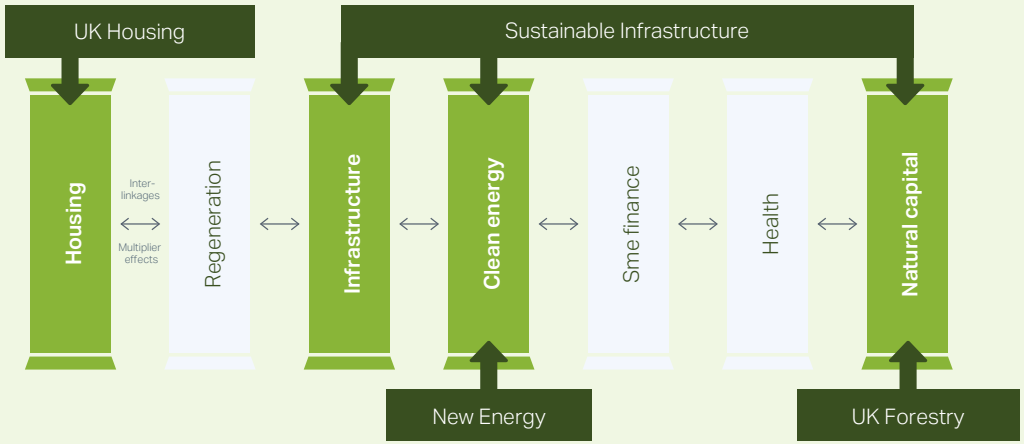
We commissioned an independent analysis of six of our real asset strategies against the PBII Reporting Framework.

TGE conducted a comprehensive analysis of each portfolio, considering the asset class, geography, PBII pillar, and the degree to which the funds adopt a PBII approach and align with the industry standard impact classification.

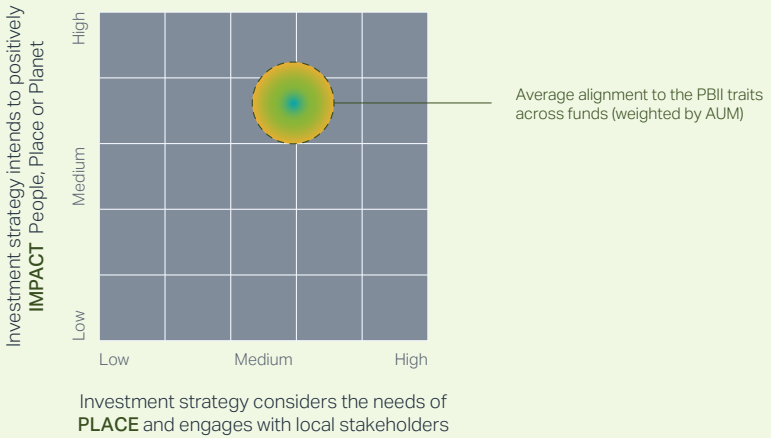
The strategies reviewed aligned with the Housing, Infrastructure, Clean Energy, and Natural Capital PBII pillars. On average, they were found to have a High to Medium positive impact, and a Medium consideration of place and stakeholder engagement.

This initiative marked the first time an asset manager undertook this type of portfolio wide assessment against PBII framework. Our goal in doing so was to support the wider adoption of place-based impact reporting across the industry, improve transparency, and better align stakeholder interests across the investment value chain, ultimately contributing to the scaling of institutional investment that delivers sustainable development outcomes for communities across the UK.

Alignment of Gresham House investment strategies with the PBII Pillars



How Gresham House's investments align with the traits of PBII



Real Assets

Forestry

Our 40+ year track record in forestry management makes us the largest sustainable productive forestry investment manager in the UK, as well as the tenth largest natural capital manager globally.[14]

We manage 191,900 hectares of primarily softwood forests in the UK, Ireland, Australia and New Zealand, but we are increasingly expanding our activities to other geographies.

Forestry is inherently a long-term asset class, and our approach to sustainable forest management aims to improve the value and lifespan of assets through mitigation of potential negative impacts and identifying opportunities to support and enhance the ecosystem. This approach drives our clients' financial objectives through the appreciation of land value and increased timber productivity, while also advancing their broader goals, such as supporting climate solutions as part of net zero strategies.

In 2024, our forestry division:

- Trialled a new form of biodiversity baselining using ecological surveys and the Wallacea Trust methodology to collect a number of metrics which can be remeasured at a later point to see the direct impacts of our management practices on biodiversity
- Worked with a tree nursery to increase the scope of our carbon footprint to include upstream emissions
- Engaged with a number of industry bodies, including governments and carbon crediting standards, advocating for the role of productive forestry in climate change mitigation

Real world outcomes	2023	2024
Area under management (ha)	187,900	191,900
Total trees planted	6,419,000	8,100,000
Of which were new trees	*1,714,000*	*1,900,000*
Of which were trees planted for restocking	*4,706,000*	*6,150,000*
Forests certified as a percentage of area	83%	87%
Certified timber sold (tonnes)	1,557,000	2,015,000
Area of forest land managed primarily for nature conservation or enhancement[15]	18%	23%
Estimated carbon sequestration of forests under management (tCO_2)[16]	1,874,000	2,200,000
Carbon stock in standing inventory (tCO_2)	41,135,000	53,800,000

14. IPE research Jan 2025

15. Metric updated in 2024. Value for 2023 shows area of land managed for biodiversity (ha).

16. Methodology aligned with the most current and widely accepted techniques and guidelines from the Intergovernmental Panel on Climate Change (IPCC). Figure is for the year to 31st December 2024.

Case study: Measuring our biodiversity baseline at Priesthaugh forest

Modern, sustainably managed forests are complex ecosystems comprising a mosaic of diverse habitats.

Effectively managing the impact of forestry operations on local biodiversity requires a robust understanding of these dynamic communities of animals and plants.

Over the last two years, Gresham House has explored the use of systematic sampling methodologies that can provide such robustness. In 2023 we piloted the use of environmental DNA ('e-DNA') sampling. While this method generated significant volumes of data, it proved challenging to aggregate for meaningful comparisons across habitats and sites.

Following extensive research and consultation, we selected the Wallacea Trust methodology as the most suitable approach for productive UK landscapes. This methodology is open-source, scientifically rigorous, and designed to be accessible for people from non-ecological backgrounds.

To implement this approach, Gresham House engaged rePLANET, a nature-based consultancy, to conduct a biodiversity baselining study at our Priesthaugh forest site. The aim of the study was to establish a foundational biodiversity dataset to inform the continued development of our biodiversity management strategy.

Adopting the Wallacea Trust methodology, rePLANET surveyed multiple locations across the site to produce a biodiversity baseline. The baseline is a measure of the biodiversity that exists in a given area before changing forest management practices. In order to do this, rePLANET collected data across five key metrics:

- The DEFRA metric, developed by the UK government assessing structural components of the habitats present.
- Abundance and species richness of plants.
- Abundance and species richness of breeding birds.
- Abundance and species richness of above-ground invertebrates (such as mayfly, woodlice, dragon fly).
- Abundance and species richness of detritivores (organisms that feed on detritus or organic waste).

Key findings

The biodiversity baseline for Priesthaugh revealed several notable insights:

- Non-productive habitats such as blanket bog and fenland are vital reservoirs of biodiversity. These areas contain habitat types of high distinctiveness and support species of regional conservation importance. Protecting and enhancing these habitats is essential for sustaining site-level biodiversity and ecological integrity.
- Productive forest areas contribute significantly to the biodiversity of the forest. Looking at invertebrate and bird populations, mature plantations support unique assemblages of woodland specialists that would otherwise be absent.
- Young plantation habitats have emerged as an overlooked yet important source of biodiversity. Despite being graded as 'poor' under the DEFRA metric, this habitat has supported levels of biodiversity comparable with, or higher than, non-forest habitats across all metrics.
- Floristic diversity within the site contributes significantly to 'alpha diversity' (diversity within a particular area or ecosystem) across taxonomic and functional groups. This underlines the ecological value of diverse vegetation structures, even within productive forestry landscapes.
- The Wallacea Index, a composite measure of biodiversity health, showed positive results across the site. Priesthaugh compared favourably with non-forest habitats, supporting our view that sustainable forestry can deliver measurable benefits for nature.

ESG integration

Our forestry investments are inherently long term and we proactively seek to enhance the value and lifespan of assets through sustainable forest management.

The Gresham House Forest Charter sets out our verifiable commitments and targets relating to sustainable forest management which align with, and aim to go beyond, international forestry standards. The charter includes key performance indicators, covering themes including climate change, biodiversity, and community engagement, which we measure and report on an annual basis.

ESG considerations, including climate and nature, are integrated throughout the investment lifecycle.

1 Sourcing

We identify high-quality commercial forests across diversified age groups, sourcing both on and off market. We assess a range of characteristics including geographical location, species composition, size, forest growth rates, and conservation or species protection designations. For afforestation projects, we conduct detailed surveys to ensure the land is appropriate for forestry.

2 Due diligence

The acquisition team conducts a rigorous, multi-disciplinary due diligence process. We use our ESG Decision Tool to evaluate each forest for material ESG risks and opportunities and to assess alignment with our sustainability objectives, including the potential for third-party certification under international and/or national standards.

We aim to carry out site visits to verify that the due diligence assessment aligns with the data collected onsite. Third party specialists are often employed to measure the volume of timber currently available on site or to prepare an indicative forest design. Additional surveys will be completed for new planting schemes to assess characteristics including bird populations, archaeology sites and peat levels.

3 Acquisition

All Investment Committee submissions include a summary of ESG findings. Once an investment is approved, an offer is submitted. If the offer is accepted, a comprehensive acquisition report, including an ESG section, is shared with clients. Concurrently, legal due diligence, including title verification, is carried out by appointed legal counsel.

4 Ongoing management

We work closely with forest managers to ensure forest management plans are implemented in line with our sustainability commitments. These plans include detailed approaches to managing material ESG aspects throughout the life of the investment.

All certified sites undergo independent audits by accredited bodies. In addition, we conduct internal audits to assess performance against the Forest Charter, certification standards, and our own management objectives.

Climate-related disclosures

Productive forests, when managed sustainably, can be considered climate solutions as they capture carbon in the soil and their biomass as they grow, and their timber provides low-carbon alternatives to traditional carbon intensive materials such as steel and concrete.

At the same time, forestry assets are likely to be impacted by climate change due to their long-term investment horizon and their dependency on a stable climate for growth. It is therefore essential for our forestry strategy that climate-related opportunities and risks are identified and integrated into the investment process.

We integrate climate considerations throughout the lifecycle of our forestry investments, guided by the climate-specific commitments outlined in the Gresham House Forest Charter. These include:

- Managing the long-term carbon stock of all forests and where possible increasing carbon sequestration of all forests over the period under management.
- Measuring the operational carbon footprint of all forests under management and reducing operational emissions over time where possible.
- Measuring and reporting on the carbon stored in standing stock and carbon dioxide sequestered, regularly reporting these metrics to stakeholders, in line with independent third-party standards.
- Not converting any high carbon stock areas (peatlands, wetlands and grasslands) of land purchased for afforestation, unless within local regulatory guidelines.

KPIs are used to track the progress that our assets are making against their ESG and climate-related ambitions, and to what extent climate-related risks are being managed effectively.

Examples of climate-related KPIs that are monitored include:

Metric	2023	2024
Estimated carbon sequestration of forests under management (tCO_2)[17]	1,874,000	2,200,000
Carbon stock in standing inventory (tCO_2)	41,135,000	53,800,000
Area of afforestation (ha)	10,600	11,000
Scope 1 & 2 emissions (tCO_2e)[18]	40,723	40,082
Scope 3 emissions (tCO_2e)[19]	295,664	291,012
Carbon intensity (tCO_2e/£m invested)[20]	98	98

17. Methodology aligned with the most current and widely accepted techniques and guidelines from the Intergovernmental Panel on Climate Change (IPCC). Figure is for the year to 31st December 2025.
18. Calculated using an intensity metric based on onsite activities during planting, establishment, thinning, and clear fell stages
19. Calculated using an intensity metric based on supply chain emissions from our nurseries and sawmills. Nursery emissions were added to the metric in 2024, so 2023 values have been restated to include this.
20. Restated from 2023.

Climate opportunities

Our Forestry assets offer solutions to key climate challenges:

- Timber can support the decarbonisation of residential and commercial construction by replacing carbon intensive building materials, such as concrete, steel and aluminium. During production, 1 tonne of concreate releases 159kg of CO_2, steel releases 1,240kg of CO_2, and aluminium releases 9,300kg of CO_2, whilst timber absorbs a net 1,700kg of CO_2[21]
- Over the next 30 years, Gresham House expects global timber consumption to rise by an average of 3.1% per annum, driven by increasing urbanisation and rising GDP per capita.[22] Sustainable forestry and afforestation may help to contribute to the avoidance of deforestation of natural forest by ensuring that an ever-larger portion of the world's future timber demand is met by harvesting trees grown in forests that are sustainably managed.

21. GH GTO 2020 & Building the Bioeconomy, European commission, Oct 2021
22. Gresham House Global Timber Outlook, 2020

Climate risks

Forestry portfolios are susceptible to both transitional and physical climate risks.

Examples of climate-related risks facing the division are outlined in the following table and include

- Physical risks: Climate-driven events like storms, droughts and the spread of pests and disease can damage tree health and reduce yields. We plan and manage all forests to enhance their resilience to climate change through diversification of geography, species, age and resilient forest planning.
- Transitional risks: Regulatory and reputational risk arising from the stigmatisation of the sector, including increasing stakeholder expectations around native species planting and biodiversity. We actively engage with regulators and communities to align our practices with emerging climate-resilient forestry standards. We operate in geographies with strong legal and institutional frameworks that support land-based investments and long-term climate policy stability.

Risks & opportunities: Forestry

Risk/ opportunity	Risk: policy & legal	Risk: physical	Opportunity: products and services	Opportunity: market	Opportunity: energy source
Description	Regulation leading to species restrictions and diverse planting requirements	Increased extreme weather events leading to fires, storms and floods	Demand for new sustainable timber products	Demand for new forestry services and natural capital markets, such as tourism	Increased demand for biomass leading to increased timber prices
Likelihood	Medium	Low	Medium	Medium	Medium
Potential impacts	Increased costs, reduction in revenues	Damage to existing assets, reduction in revenues	Increase in revenue and diversity of income	Increase in revenue, access to new markets and diversity of income	Increase in revenue and diversity of income
Time period	Medium-term	Long-term	Short- & Medium-term	Short- & Medium-term	Short- & Medium-term
Divisional commentary	We play a very active role in engaging with governments and the local community on such issues. We only operate in geographies with strong legal systems that support land-based investments with stable political systems to support our long-term investment horizon	Forests planned and managed to enhance their resilience to climate change, including through the diversification of geography, species, age and end-product use. We make use of modelling to select sites where current and future climates are supportive of the growing of softwood timber	We recognise the importance of homegrown timber to improve natural resource and reduce dependence on imports. Strategy aligns with national goals to increase tree cover and the promotion of timber as a low-embodied-carbon material for building construction	Division constantly exploring new revenue diversification opportunities. Natural capital services increasingly understood, valued and regarded as viable climate solutions	Increased demand for biomass could add diversity to timber products and supports a higher price for timber byproducts. Some forest sites well suited to renewable energy projects
Example KPIs/ trends to monitor	▪ Forest composition ▪ # community engagements ▪ # biodiversity assessments ▪ Public access to forests	▪ Long-term climate projections ▪ Rainfall/ temperature patterns ▪ Windblow and fire insurance events	▪ UK and global timber demand ▪ Revenues from forestry assets ▪ FSC certification of forests	▪ Revenue mix ▪ Diversity of forestry assets	▪ Biomass demand in the UK ▪ Sawmill output ▪ # assets with potential for renewable energy generation

Scenario analysis

Physical climate risk analysis is embedded within each stage of the forestry investment process and ongoing risk management. This ensures long-term resilience of our assets to future climate conditions.

Pre-investment due diligence process includes an assessment of climate-related risks such as extreme weather events and wildfire exposure. These insights inform forest design, including species selection and planting layout.

- The Forestry team make use of the Ecological Site Classification (ESC) Tool, developed by Forest Research, which incorporates Intergovernmental Panel on Climate Change (IPCC) projections for 2050 and 2080. This Tool generates species suitability maps that can be used to adjust management plans to better suit future climate conditions.

In 2024, we undertook a portfolio-wide physical climate risk analysis across our real asset strategies using multiple climate scenarios. The proportion of forestry area under management expected to experience a change in each climatic variable by 2050 is displayed in the table below:

Key findings

Temperature increases: The most material finding from this analysis is the proportion of our assets expected to face an increase in average daily temperature of more than 0.5°C by 2050 under most scenarios. This shift could affect growing conditions and species viability over time, potentially increasing risks where existing species are poorly suited to future climate conditions.

However, this also presents an opportunity: adapting forest management plans to introduce more climate-resilient species could enhance productivity, resilience, and carbon sequestration potential.

Precipitation patterns: The middle scenario is expected to have the greatest change in precipitation, rather than the worst-case. This may be due to warmer and wetter winters than a lower temperature rise scenario, but less intense periods of drought than higher temperature rise scenarios. Further analysis will be necessary to confirm this.

	Below 2°C	Business-as-usual	Worst Case
Water stress	1%	1%	1%
Precipitation	0%	37%	0%
Temperature	27%	98%	100%
Wind	0%	0%	0%

Next steps

To build on this scenario analysis, we will look to:

- Assess the materiality of changing climate conditions to identify if any assets are at risk assets.
- Expand the scope of hazards analysed to include temperature extremes, drought and wildfire exposure, and the spread of pests and disease.
- Investigate operational implications of climate shifts, for instance, the number of extreme temperature days where forestry work may be restricted.
- Review and update management plans for higher-risk assets to ensure species selection and silvicultural practices remain fit-for-purpose under future climate conditions.

Nature-related disclosures

Forestry is inherently dependent on nature, both through the provisioning of timber products and through the long-term value of land which is tied to the health of the ecosystems present. As such, understanding and managing our impacts and dependencies on nature is fundamental to our investment and management approach.

Gresham House is committed to certifying all forests held within discretionary managed funds under internationally recognised sustainability standards, including the Forest Stewardship Council® (FSC®), Programme for the Endorsement of Forest Certification (PEFC) or equivalent local standards. These standards provide globally recognised frameworks for how forests should be managed to preserve biological diversity and benefit the lives of local people and workers, while ensuring continued economic viability.

In alignment with these standards, our Forest Charter outlines specific, measurable nature-related commitments. Where feasible, we seek to go beyond baseline certification requirements to actively enhance biodiversity and promote nature-positive outcomes across our forestry portfolio.

Key nature-related commitments include:

- Maintaining, conserving and enhancing the biodiversity of all forests under management. In the UK and Ireland, this includes delivering the minimum of 15% of the area being managed primarily for conservation and enhancement of biodiversity. Opportunities for enhancing biodiversity will be considered in forest management plans for all forests.
- Planting and managing a diversity of species across our forests. Forests will at least meet relevant local standards for species diversity including minimum areas of land planted with native species and maximum areas of land planted with a single species type.
- No invasive species will be intentionally used or released into our forests, and non-native tree species will only be introduced when evidence and experience show that any invasive impacts can be controlled effectively.

KPIs are used to track the progress that our assets are making against their nature-related ambitions, and to what extent nature-related risks are being managed effectively.

Examples of nature-related KPIs that are monitored include:

Metric	2023	2024
Area managed for nature conservation and enhancement of biodiversity as the primary objective (%)	18	23
Area of total forest land allocated to a single species (%)	57	58
Area of forest land allocated to native species (%)	6	7

Proximity analysis

Forestry assets occupy large areas of the rural landscape, and as a result are often in close proximity to areas important for biodiversity.

To locate our interface with nature and identify assets with the potential to both negatively and positively impact high value ecosystems, proximity analysis has been conducted.

This determined which of our assets:

- contain a designated site
- have a designated site downstream of a waterbody that passes through the site and could therefore be impacted by a pollution event
- are within 10km of a designated site, and could have less direct impacts such as noise or air pollution

We conduct an annual woodland manager questionnaire, where our site managers report on various KPIs including the area of a site that falls within a designated conservation area. This has been used to verify the geospatial analysis conducted.

Of Gresham House's asset classes, forestry has the greatest interface with, and dependency on nature. Aligning our management practices with certification standards both highlights the potential impacts of forestry activities, and provides guidance on how to mitigate and manage these.

	Area Under Management
Designated site downstream of river passing through forest	35%
Designated site within forest boundary	34%
Designated site within 10km	100%

Dependencies, impacts & mitigants

A requirement of the UK Woodland Assurance Standard (UKWAS), to which we align our certified forestry assets, is to assess the positive and negative impacts of the proposed operations on environmental values during woodland management planning.

This includes ecological assessments, consultations with relevant stakeholders, and integration of findings into ongoing operations.

We used the ENCORE tool to identify the material nature-related impacts and dependencies of forestry activities. Alongside this, we highlighted the actions required under UKWAS that are integrated into our forests' management plans that mitigate and manage each of the risks identified.

	Description	Mitigating actions
Dependency: water supply	The provision of water by ecosystems ensures sufficient quantity and quality of water for tree growth. Many communities are dependent on water supplies from water sources within our forests and there is a risk of water depletion or pollution as a result of modern forestry activities.	Management plans should include areas and features of critical importance for watershed management as part of a conservation area network, for which the primary objective is the conservation of environmental and biodiversity values, ecosystem services, and community needs. Through engagement with local people, private water supplies should be identified and recorded, with management plans agreed in consultation with downstream users.
Dependency: climate regulation	Climate regulation and climate change mitigation provided by ecosystems maintains the climatic conditions necessary for the cultivation of woodlands and reduces the frequency and intensity of major climate events that could damage the cultivation site.	Productive forests contribute to climate change mitigation by sequestering and storing carbon from the atmosphere. Forestry management plans should take into account the positive and negative impacts of activities on the carbon sequestered in trees, soil and wood-based products. For example: ▪ There should be an appropriate choice of silvicultural management, ground preparation technique and species selection. ▪ Prolonged fallow periods before restocking should be avoided as this can exacerbate soil carbon losses ▪ Previously planted peatland, wetland or wet woodland should be assessed for potential restoration to their original habitat type to provide carbon and biodiversity benefits.
Dependency: soil health	Forestry activities rely on healthy soil and nutrient cycling for tree growth. The depth and quality of soil influence the rate at which trees grow and accumulate biomass, which in turn provides more healthy and resilient forests. Sediment retention provides a stable substrate, erosion control, and landslide mitigation for the forest area.	Soil surveys should be conducted to inform woodland location and design. Timber harvesting particularly seeks to avoid damage to soil during felling, extraction and burning. Practises such as whole tree harvesting are only used where there is demonstrable management benefit and negative impacts including soil erosion and nutrient loss are considered

	Description	Mitigating actions
Dependency: flood and storm mitigation	Forestry activities are dependent on flood and storm mitigation ecosystem services to protect trees and infrastructure and to maintain the conditions for tree growth.	Species selection is used to improve the long-term resilience of the forest, including the potential impacts of climate change. Flood risk assessments should be carried out as part of the planning process, and mitigation incorporated into design plans.
Impact: invasive species	Forestry activities often involve introduction of new tree or non-tree species to increase productivity, which can lead to the spreading of invasive species. Forestry activities can also contribute to spread of invasive forest species by improper timber waste disposal and accidental spread of seeds.	Native species are preferred to non-native. Where non-native species are used, it must be shown that they will clearly outperform native species in meeting objectives or in achieving long-term forest resilience. The relative benefits of introductions should be balanced against the risk of any unintended consequences Non-native species can only be introduced when it can be evidenced that invasive impacts can be controlled effectively. New introductions will be monitored, and effective mitigation measures shall be implemented.
Impact: land use change	Forestry activities require large areas of land and can contribute to the degradation of land in their proximity.	New woodlands should be located and designed in a way that will deliver economic and/or social benefits and/or ecosystem services, and in a way that maintains or enhance the visual, cultural and environmental values of the wider landscape.
Impact: pollution from chemicals and equipment	The use of herbicides, pesticides and heavy machinery can release toxic soil and water pollutants into surrounding soil and waterways. Harvesting can also contribute to increased runoff of mercury, metal and base cation from the soils which can significantly increase concentrations in waterways and lead to changes to acidity and temperature.	Management practices prevent pollution by: ▪ Identifying pollution risks to water, habitats and conservation features and the measures needed to avoid those risks ▪ Clearly marking buffer areas before work commences ▪ Monitoring of conditions, especially changes in weather and soil conditions Incident reporting should be included in any pollution prevention and control plan and appropriate spill kits and pollution prevention equipment are available.

Case study: Forest to bog restoration, south Scotland

UK peatlands are landscapes of international importance, containing around 20% of the world's blanket bog habitats and storing over 3bn tCO_2e.

They also play an important role in flood management and water security. Despite this, peatlands in the UK are becoming degraded as a result of historic land management practices, such as drainage for agricultural improvement and intense planting for timber production.

As our understanding of the impact of such practices on the carbon storage, hydrology and biodiversity of peatlands has increased over recent decades, so UK forest policy has shifted to protect peatlands and their associated habitats such as blanket bogs and fens. In the forestry sector, the removal of plantations and the restoration of peatland habitats is gaining traction where the net climate or biodiversity benefits outweigh the benefits associated with timber production.

Auchenlongford was purchased by Gresham House in October 2024. Extending to 662 hectares, the property is a mixed-age productive forest, planted between 1971 and 1994 with productive conifers, including Sitka spruce, as well as native broadleaved species.

Part of the forest was planted in the early 1970s on moorland that has subsequently been designated as a part of a Site of Special Scientific Interest (SSSI) and a Special Area of Conservation (SAC) known as Airds Moss.

Airds Moss is a 1,600 hectare blanket bog facing many challenges – erosion, overgrazing and disruption of hydrology, leading to declines in populations of important plant species such as heather, cotton-grasses, deergrasses and Sphagnum mosses, which in turn impact dependent invertebrates and birds. About 15% of Airds Moss lies within Auchenlongford.

As part of the acquisition process, a plan was developed to restore the blanket bog habitat onsite. Working with Scottish Forestry and NatureScot, we will aim to remove around 50% of the productive conifers from the site over the forest plan period.

This process will realign the footprint of the forest away from deep peat soils and allow native vegetation to reform in these ecologically important habitats. This will be a long-term process, taking 15 to 20 years to complete and demonstrates the long-term planning required to successfully deliver nature restoration in productive landscapes.

Engagement

Gresham House continues to take an active leadership role in engaging with policymakers, industry groups, and stakeholders across the forestry sector. In 2024, our engagement efforts were focused on the carbon markets, and their potential to unlock funding for afforestation. Key activities included:

- Responding to a joint UK government consultation (including the governments of Scotland, Wales, and Northern Ireland) on the integration of GHG removals in the UK Emission Trading Scheme (ETS), advocating for the inclusion of nature-based removals to ensure the ETS drives investment into high-integrity carbon sequestration solutions.
- Contributing to the Woodland Carbon Code consultation on additionality requirements, where we highlighted barriers that currently limit new woodland development for the purposes of generating woodland carbon units.
- Engaging with Ecobase, a carbon project developer, who launched the first European afforestation project under the Verra carbon credit standard using a methodology that incentivises the creation of new woodlands in the UK.

As the largest private commercial forestry manager in the UK, Gresham House takes a leadership role, with members of the team holding a number of influential roles within forestry organisations:

- Confor, the industry association for sustainable forestry in the UK: Our Managing Director, Forestry, Olly Hughes, sits on the Advisory Board to support the strategic direction of Confor's work programme and provide advice on arising matters.
- International Sustainable Forestry Coalition (ISFC): Gresham house is a board member of this global alliance of 15 forestry managers with a presence across 35 countries. The coalition promotes the role of sustainable forest management in advancing climate, nature, biodiversity, and social objectives. We contribute through participation at key global events such as COP and Climate Week.
- The Forest Industry Safety Accord (FISA): We are represented on the landowners' board, working to raise the standard of health, safety, and welfare in forestry management.

For the management of our forestry assets, engagements are primarily with landowners, forest managers, host communities, and the wider market:

- The Certification Schemes we use, provided by our forestry managers to maintain compliance of our forestry assets to UKWAS are externally monitored by the Forest Stewardship Council® (FSC).
- The majority of our forestry managers work for organisations which hold the international standard ISO 14001 for environmental management, to maintain this certification they are subject to external audit by UKAS accredited assessors and must demonstrate continual improvement of their management of environmental risks.
- All our asset managers are members of either the Institute of Chartered Foresters (ICF) or the Royal Institute of Chartered Surveyors (RICS).
- We have service level agreements and standard conditions with our forestry managers which set out expected standards of forest management ensuring all services and work activities are provided in line with the UK Forestry Standard, where this is relevant to the country, and industry good practice.

Any major operations are carried out in consultation with forest neighbours and community councils. We undertake good practice public consultation where new woodlands or forests involve a change of land use and keep local communities informed of felling plans and other significant operational activities. We always seek to ensure any legitimate concerns are addressed.

Case study: Community led forestry design

Gresham House acquired a 3,450 acre site in North Ayrshire with the intention establishing a sustainably managed productive forest with several other complementary land uses, including peatland restoration and hydro-electric power generation.

The site, located on the edge of a medium sized town, received significant interest from the local community during the planning and consultation stages of the project. The initial tree planting application and environmental assessment took seven years to approve. During this time the design went through various iterations and the consultation process involved many meetings with local groups to discuss all aspects of the scheme.

The local community were specifically interested in ensuring access to the site was improved for recreational purposes, and that the character and landscape of the site was enhanced.

In response to feedback during the consultation process our forestry team:

- designed a considerable network of new footpaths which would link to existing paths to provide several different routes of varying lengths to be enjoyed by the community.
- designed the forest so that it did not adversely affect the landscape character of the site, through the careful siting of a variety of trees species including both productive conifer, and non-productive broadleaf species.

Outcome: The implementation of the scheme has largely followed this design, with broadleaf species planted on the most visible parts within the landscape and in riparian areas, and the conifer areas planted in the more accessible and productive areas of the site.

The initial footpaths have been built, and additional routes have been developed to connect specific parts of the site with other routes that exist outside of the property. The replacement of a key footbridge over a river has also occurred as part of the works in recent years.

An 'access group' has been set up which includes members of the local community and our forestry management team. The group continues to meet regularly to discuss further developments that could be made to the site to improve recreation and the site as a whole. As a result of this group, all-access gates and picnic benches have been installed, and further footpaths have been discussed that would connect to other neighbouring ground.

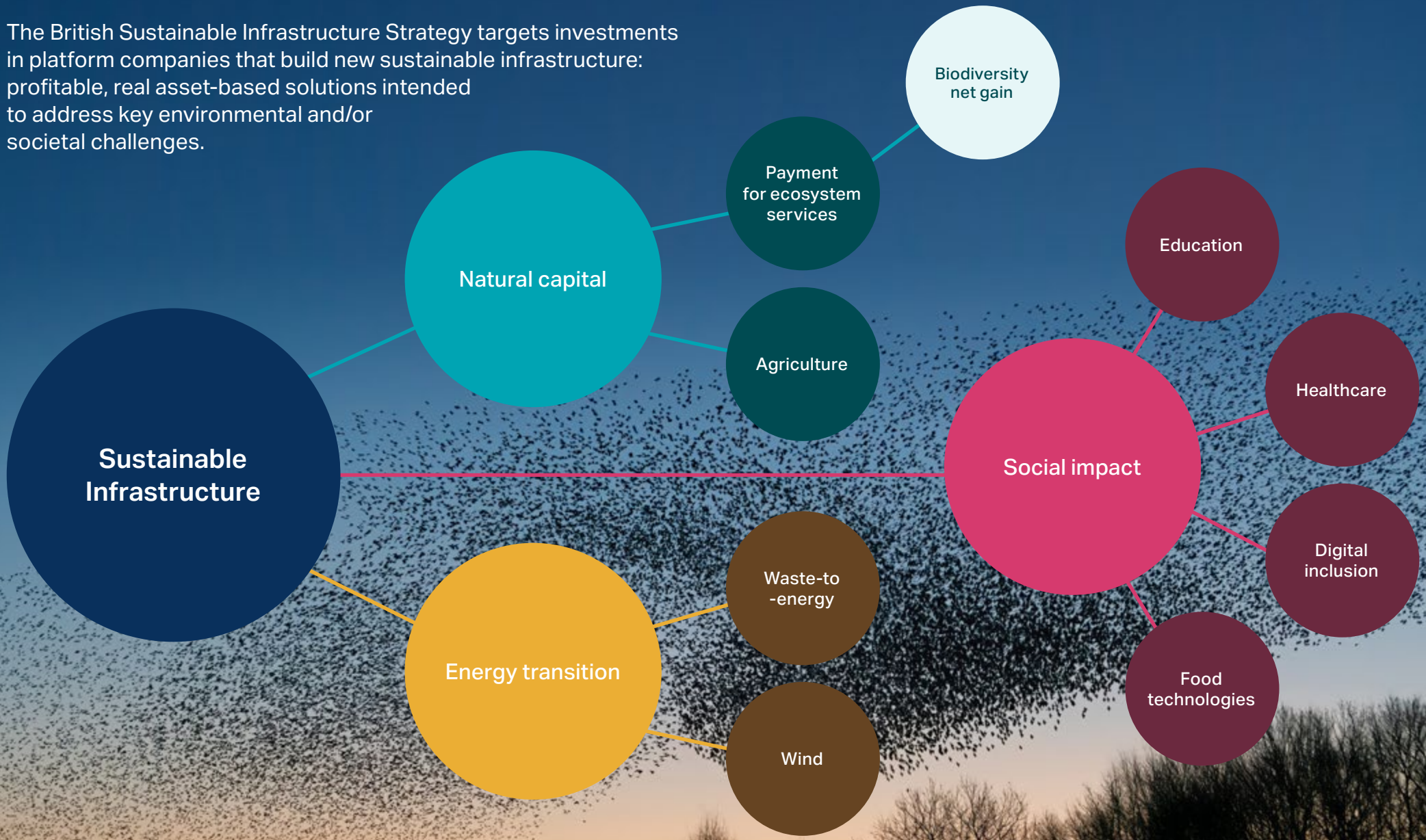
The management of existing footpaths is also discussed to ensure that they are kept free of weeds and safely maintained.

The forest is still being developed with trees currently in their establishment phase, but the commitment to work with the local community continues, to ensure the site can be fully enjoyed for recreational purposes as well as continue to deliver the client's objectives.

Real Assets

Sustainable Infrastructure

The British Sustainable Infrastructure Strategy targets investments in platform companies that build new sustainable infrastructure: profitable, real asset-based solutions intended to address key environmental and/or societal challenges.



Investment themes

Our Sustainable Infrastructure strategy is focused on delivering financial returns for clients by investing in companies and assets that contribute to the UK's net-zero transition, enhance digital connectivity, and support the circular economy.
The Investment team take a modern approach to infrastructure investing, with a particular focus on sustainable infrastructure across six sub-sectors that benefit from structural macro tailwinds that offer the best prospects for long-term sustainable growth. The strategy invests in companies and assets that contribute to challenges such as the UK's net-zero transition, enhancing digital connectivity, improving access to social infrastructure and supporting the restoration of nature. By addressing critical environmental and social challenges, we aim to future-proof our portfolio and drive meaningful change and economic growth across key sectors.

The strategy targets investment opportunities in businesses in need of sub £50mn initial investments, a relatively underfunded part of the market for infrastructure businesses and focuses on those with the potential to build enduring platforms and leverage economies of scale. The Investment team typically take a majority equity stake and allocate the majority of capital as secured loans, backed by real assets, ensuring strong financial support and alignment with business and wider economic growth.

In 2024, our Sustainable Infrastructure team achieved:

- LAPF Awards – Infrastructure Manager of the Year - Winner for 2nd year in a row
- LGC awards
  - ESG Investing Awards - Best ESG Investment Fund: Infrastructure (Private Markets) for BSIF
  - ESG Investment Leaders Awards - Best ESG Investment Fund: Infrastructure
- Ruth Murray was featured in the Hedge Fund Journal's Private markets: 50 Women Leaders 2024

Real world outcomes	2023	2024
Refined used cooking oil sold (million litres)	6.7	21.0
Solid recovered fuel (SRF) diverted from landfill and turned into pellets (tonnes)	12,425	33,080
Total acres supporting nature recovery completed in year	1,389	1,962
Premises ready to be connected to gigabit speed broadband	168,475	300,065
Total nursery places managed	2,832	3,521

Over the last 12 months we have continued to work hard on quantifying the impact of our Sustainable Infrastructure investments on people and the planet. The below outlines the intended impact of a £100 million investment into our British Sustainable Infrastructure Strategy:

Environmental

1,492,420
CO_2 emissions avoided (tCO_2)

52 days worth of London's CO_2 emissions from traffic

1,689,842
Water savings (m^3)

18% of UK daily household water consumption

173,456
Land savings (m^2)

665 tennis courts

716,725
Waste diverted from landfill (tonnes)

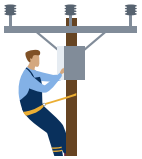
1,495,539
Low-carbon energy generated (MW)

Enough energy to sustain Heathrow for **3.2 years**

1,431
Biodiversity created (Acres)

811 football pitches

Social



7,603
Homes connected to internet (#)

880
People cared for (#)

268
Nursery places managed (#)

Governance

264
Jobs created in local communities (#)

89%
Staff on living wage or higher (%)

39%
Workforce balance (m:w ratio)

All figures presented are estimates provided for illustrative purposes only, assume a 10-year investment period, and are subject to change. CO_2 emissions avoided relate to development-stage projects and are based on Carbon Responsible analysis and company data; investment into these projects is ongoing and figures may vary. Water savings and land savings are based on analysis by Carbon Responsible. Waste diverted from landfill is based on estimates from WKE, GHBP, and LCO. Low-carbon energy generated is based on WKE projected tonnes of pellets produced per annum. Biodiversity created is based on forward looking projections from Gresham House and Environment Bank and is not guaranteed. Homes connected to the internet are based on company estimates from Wildanet, GoFibre, and Elevate. People cared for figures are based on Aurem Care data, using average nursing stay durations as per Bupa estimates. Nursery places managed reflect company estimates provided by N Family Club. Jobs created in local communities are based on company estimates across the portfolio and exclude construction jobs. Staff on living wage or higher and workforce balance figures (male:female ratio) represent portfolio-wide averages. All impact outcomes are based on an assumed £100 million commitment to the British Sustainable Infrastructure Fund II (BSIF II). There is no guarantee that BSIF II will fund the full intended investment pipeline, although Gresham House funds have the exclusive right to do so.

Case study: Advancing high-temperature waste treatment with Fornax

Fornax Environmental Solutions develops high-temperature incineration facilities for the safe disposal of hazardous and clinical waste.

The UK currently faces significant gap in compliant treatment capacity, especially in the North East. This results in high emissions from transporting waste across long distances.

In 2024, we supported the development of a flagship facility in Durham, designed to meet the Best Available Techniques (BAT) for incineration and to provide a long-term solution to an underserved region.

The facility aims to:

- Reduce transport emissions through local treatment
- Generate up to 5MW of heat reuse per hour of thermal energy (per hour) through heat reuse
- Achieve BREEAM[23] Excellent certification and R1 energy recovery status, which would designate the facility as an energy recovery operation rather than a disposal site

23. BREEAM (Building Research Establishment Environmental Assessment Method) a widely used UK standard for assessing the sustainability and environmental performance of buildings

Progress in 2024–2025

In August 2024, construction of the Durham plant commenced, marking a major step in the project's delivery. From the outset, it was managed with ESG alignment in mind, including the appointment of a civils contractor with a strong track record in responsible construction practices. The site underwent its first Considerate Constructors Scheme assessment and was awarded an Excellent rating, scoring 43 out of 45. The report praised the site's professional standards, care for the local environment, and collaboration with local colleges and universities to support academic and vocational training.

A further milestone was reached in February 2025, when the project received 'Duly Made' status for its Environmental Permit from the Environment Agency, the first stage in the permit process that confirms that the application meets regulatory requirements and keeps the project on schedule to begin operations in line with the construction programme.

We continue to monitor construction progress and will begin tracking operational impact metrics once the facility becomes operational. KPIs will include volume of waste processed, emissions avoided, heat recovered, and transport miles avoided. This project highlights the type of opportunity the Sustainable Infrastructure team targets to meet regulatory need while delivering measurable environmental outcomes.

ESG integration

ESG considerations, including climate and nature, are integrated throughout the investment lifecycle as outlined below:

1 Preliminary due diligence

Assess an investment's potential sustainability outcomes and alignment to at least one of the UN Sustainable Development Goals (SDGs). If an investment does not create clear sustainability outcomes or adequately manage ESG risks then we will not proceed at this stage.

2 Initial assessment

Desktop analysis completed to identify positive/negative externalities. A cross-division discussion held to conduct an initial review of the opportunity, which is then followed by a short discussion with the Investment Committee to outline the high-level terms and considerations for the new investment opportunity.

3 Due diligence

Gresham House's proprietary ESG Decision Tool is used to identify material ESG risks that need to be mitigated and monitored, as well as to identify ESG opportunities that have the potential to drive and value creation opportunities.

Where necessary, specialised consultants are engaged to support the diligence process. The investment team then works closely with the investee management team to put an action plan in place to either mitigate or capitalise on these ESG factors. The Sustainable Investment Team may also be asked to assess and comment on the sustainability credentials of an investment.

4 Investment appraisal

For each new investment opportunity, Investment Committee submissions include a full sustainability assessment of applicable positive and negative externalities, including material ESG risks and opportunities identified in due diligence which are then factored into the decision-making process. Appropriate risk mitigation approaches will also be referenced and assurance that the business is open to making improvements is sought. Proprietary impact framework, closely tied to the principles of the Impact Frontiers, is applied to each investment.

Our investment documentation includes a written commitment from the investee management team detailing the sustainability initiatives they plan to drive. All portfolio companies will be encouraged to implement a business-wide Sustainability Policy and Diversity & Inclusion Policy.

5 Holding period

We take a very active role in the portfolio company's strategic direction through regular engagement with the Board, including Gresham House representation where possible, to provide robust oversight and governance. These meetings will focus on strategic, financial and operational matters, including ESG factors. Regular monitoring of ESG KPIs is undertaken by the investment team, the Board and the Investment Committee.

Sustainability commitment

A core element of our investment process is a sustainability commitment made by its investee companies. Portfolio companies are encouraged to sign up to a set of commitments and policies as per the division's investment terms. These include a Diversity, Equity & Inclusion (DEI) Policy and a Sustainability Policy.

As part of the Sustainability Policy, portfolio companies must acknowledge that concern for the environment and broader sustainability agenda is integral to their activities and must declare that they are fully committed to taking all reasonable steps to ensuring that their business benefits the environment and wider society, including through mitigating carbon emissions.

Case study: Integrating sustainability into strategy - Elevate's journey under BSIF III

Context

As part of the fund's sustainability commitments, British Sustainable Infrastructure Fund III (BSIF III) has voluntarily opted to be classified as an Article 8 fund under the European Union's EU's Sustainable Finance Disclosure Regulation (SFDR). This classification reflecting the fund's approach to promoting environmental and social characteristics within its portfolio while ensuring strong governance practices.

To align with these commitments, each BSIF III investment must demonstrate adherence to the fund's ESG principles. Portfolio companies are encouraged to embed sustainability into their business models by committing to the BSIF Sustainability Commitment Document (a document listing out initiatives the business has committed to and will be monitored against). A key example of this process is Elevate, a full-fibre network provider focused on digital inclusion, which joined the BSIF III portfolio in September 2024.

Relevance

The digital infrastructure sector plays a vital role in enabling social and economic progress, and investments in this space must integrate responsible business practices. Elevate fits with BSIF III's sustainability strategy, aligning with to UN Sustainable Development Goal (SDG) 9.1 by improving connectivity and digital accessibility across the UK.

As part of its BSIF III investment, Elevate was required to adopt sustainability commitments aimed at strengthening its environmental and social impact. These include monitoring Scope 1, 2, and 3 emissions, setting a science-based net-zero target, and maintaining adherence to its modern slavery policy, among other initiatives. This process ensures that each portfolio company actively contributes to the fund's overall sustainability objectives, reinforcing the commitment to responsible investment.

Activity

A core component of the BSIF III ESG process is the structured engagement with portfolio companies at key stages of investment. Following BSIF III's initial investment, Elevate's senior management team participated in an ESG induction session, led by both the Gresham House investment team and the Sustainable Investment team. This session provided clarity on the ESG expectations for portfolio companies, including compliance with Impact Key Performance Indicators (KPIs) and Minimum Safeguard requirements.

As part of this process, Elevate's Board nominated an executive board member to serve as the company's 'ESG Champion'. This individual is responsible for overseeing ESG integration, ensuring compliance with the Sustainability Commitment Document, and acting as the main point of contact for sustainability reporting. The ESG Champion is also required to reconfirm the company's sustainability commitments through an annual attestation process.

Outcome

Through this structured engagement Elevate committed to several key sustainability initiatives, including:

- Tracking and monitoring Scope 1, 2, and 3 emissions to understand and manage its environmental footprint.
- Setting a science-based net zero target by December 2025 to align with long-term decarbonisation goals.
- Developing a community engagement and outreach plan to ensure that the company's growth benefits local communities.
- Establishing a Diversity, Equity, and Inclusion (DEI) policy to foster an inclusive workplace and supply chain.

Furthermore, by integrating sustainability into its business model, Elevate has taken tangible steps to improve its approach to ESG risk management including improving ESG engagement at the leadership level and regular monitoring of KPIs to help the company track progress and identify areas for improvement.

We will continue working closely with Elevate to support its progress, ensuring that its ESG commitments are met and that sustainability remains an integral part of its business strategy.

Climate-related disclosures

Our thematic approach to Sustainable Infrastructure investing specifically target opportunities that contribute to decarbonisation, as well as other key sectors that contribute to climate change mitigation such as nature regeneration, resource efficiency and waste solutions.

We monitor a range of climate-related KPIs to track the progress that our assets are making against their climate-related ambitions, and to what extent climate-related risks are being managed effectively.

Examples of climate-related KPIs that are monitored include[24]:

Metric	2023	2024
Low Carbon Power Generation (MWh)	56,968	64,732
Scope 1 & 2 emissions (tCO_2e)	6,997	7,838
Scope 3 emissions (tCO_2e)	63,206	258,260
Carbon intensity (tCO_2e/£m invested)	141	373

In 2024, our Scope 1 and 2 emissions increased, primarily due to increased electricity consumption at Fischer Farms as it scaled up its operations. The increase in Scope 3 emissions was primarily due to improved data coverage and the full operational status of WKE, Lifecycle Oils and GHBioPower, which contributed to higher emissions from sold products.

24. All emission figures have been restated from 2023 as a result of moving to the Watershed platform.

The increase in Scope 3 emissions was primarily due to improved data coverage and the full operational status of WKE, Lifecycle Oils and GHBioPower, which contributed to higher emissions from sold products.

Climate opportunities

We actively invest in infrastructure solutions that support the transition to a net-zero economy, including renewable energy, waste-to-energy, and sustainable agriculture.

Examples include:

- **Wathegar 2**: a wind farm with an installed capacity of 18.45MW, which in 2024 produced enough renewable energy to power 19,600 homes for a year.[25]
- **Waste Knot**: a waste processing facility that converts non-recyclable commercial and industrial waste into high calorific Solid Improved Recovered Fuel (SIRF) pellets.
- **Lifecycle Oil**: a business that collects and processes used cooking oil into biofuel for use in cars, trucks and aeroplanes. The processing facility itself is powered by generators fuelled with recycled used cooking oil.
- **Fischer Farms**: owns and operates controlled environment agriculture infrastructure known as vertical farms, that grows leafy greens and herbs using hydroponics and LED lighting technology.

25. Assuming an average annual electricity usage per household of 3.2MWh, as quoted by DESNZ January 2024. "Homes powered" calculated using Renewable UK methodology: MWh divided by average annual domestic electricity consumption.

Climate risk management

Our strategy is exposed to several climate-related risks, identified and managed across the short, medium, and long term.

- Regulatory and Policy Risk: Changes in government incentives or environmental regulations could impact demand. We mitigate this by tracking policy developments closely and actively engaging with industry bodies to shape the policy landscape.
- Input Price Volatility: Exposure to energy, waste and waste oil markets poses revenue risks, especially as climate change may amplify cost variability. The team integrates long-term forecasts into investment decisions and prioritises assets with fixed input and output pricing mechanisms where feasible.

Risks & opportunities: Sustainable Infrastructure

Risk/ opportunity	Risk: policy & legal	Risk: technology	Risk: market	Opportunity: energy source	Opportunity: products and services
Description	Changes to policy and regulation leading to reduction in demand for goods	Risk of new technology failure or obsolescence in the future that cannot be mitigated	Volatility in the cost of raw materials	Use of lower-emission sources of energy	Demand for low-carbon products
Likelihood	Medium	Low	Medium	High	High
Potential impacts	Increased operating costs (e.g., higher compliance costs), reduction in income	Increased costs from retro-fitting newer technology or lower valuation on sale	Increased production costs due to changing input prices	Reduced operational costs through lower energy prices, reduced exposure to fossil fuels and carbon prices	Increased revenue through demand for lower emissions products and services
Time period	Medium- & Long-term	Short- & Medium-term	Medium- & Long-term	Short- & Medium-term	Short- & Medium-term
Divisional commentary	Political and legal risks are monitored at the asset level. Risk considered low given investments are designed to address climate-related risks	Considered where relevant in technical diligence and with ongoing support from environmental consultants	High exposure to input costs. Long term forecasts factored in to analysis, and monitored regularly by the investment committee. Where possible, both input costs and output revenue are contractually fixed	Investments are designed to use as much renewable energy as possible. KPIs monitoring energy use are reported to investment committee on a monthly basis	Carefully considered in initial investment case and typically a rationale for making the investment. The drive for low carbon products and services is a key driver for the division
Example KPIs/ trends to monitor	▪ # community engagements ▪ # consultation responses	▪ % renewable energy consumed ▪ % non-renewable energy consumed ▪ Demand for product (e.g. tonnes produced / no. customers) ▪ Carbon footprint of operations	▪ Cost of raw materials ▪ Raw material costs as a % of operating costs ▪ % renewable energy consumed ▪ % non-renewable energy consumed	▪ % renewable energy consumed ▪ % non-renewable energy consumed	▪ Operational carbon emissions (tCO_2e) ▪ Operational carbon intensity (tCO_2e/£m invested)

Scenario analysis

In 2024, physical risk analysis was conducted across our real asset strategies using a range of future climate scenarios. The percentage of our Sustainable Infrastructure assets, in terms of AUM, that is expected to experience a change in each climatic variable by 2050 is displayed in the table below.

Key findings

Water stress: A significant proportion of assets are projected to face increased water stress. This could impact some of our assets if water shortages become more likely and restrictions on water consumption are implemented for lower priority activities.

However, water stress did not increase with temperature rise, as might be expected. The scenarios used consider socioeconomic factors as well as climate, meaning that even if climate impacts on water availability are less severe in the lower temperature rise scenario, the competition for water resources may be higher, leading to higher levels of water stress.

For the assets likely to experience high levels of water stress, steps should be taken to increase resource efficiency to ensure processes use the minimum amount of water needed, and water consumption should be measured and monitored.

Temperature increases: Nearly all assets are expected to experience increased average daily temperatures. This could be particularly impactful to residential care and nursery businesses should the frequency of extreme temperatures increase, as buildings in the UK are generally designed to keep heat in. Assets likely to experience high temperatures may require retrofitting with cooling systems such as air conditioning.

Precipitation patterns: The middle scenario is expected to have the greatest change in precipitation, rather than the worst-case. This may be due to warmer and wetter winters than a lower temperature rise scenario, but less intense periods of drought than higher temperature rise scenarios. Further analysis will be necessary to confirm this.

Next steps

To build on this scenario analysis, we will look to:

- Assess the materiality of changing climate conditions for each portfolio company and their assets
- Expand analysis to include additional hazards such as temperature extremes, drought and wildfire risk
- Evaluate and strengthen climate adaptation and mitigation plans across portfolio companies

	Below 2°C	Business-as-usual	Worst Case
Water stress	39%	22%	30%
Precipitation	0%	18%	0%
Temperature	68%	99%	100%
Wind	0%	0%	0%

Nature-related disclosures

A key investment theme of our Sustainable Infrastructure strategy is nature regeneration. Investing in nature-based solutions, such as habitat banks and regenerative agriculture, represents a crucial shift towards a more sustainable and nature-positive economy.

These initiatives address biodiversity loss, ecosystem degradation, and climate change, offering significant environmental benefits and viable financial opportunities.

A key example is our founding investment in Environment Bank, which develops landscape scale habitat banks from unproductive land. Habitat banks are large-scale sites, typically 25-100 hectares or more, that transform non-food grade land into biodiversity-rich areas, such as woodland mosaics or wetlands.

The biodiversity created on these lands generates Biodiversity Net Gain (BNG) units, which can be sold to house builders, commercial developers, or infrastructure projects.

In addition to targeted investments in nature regeneration, all portfolio companies are screened as part of the SFDR process to ensure they do not conduct activities negatively affecting biodiversity-sensitive areas.

Our ESG DD tool instructs the investment team to consider any negative nature outcomes of a potential investment including the depletion of non-renewable resources and potential impacts to biodiversity, as well as identifying opportunities for environmental value creation.

We use KPIs to track the progress of our assets against nature-related ambitions, and assess how well nature-related risks are being mitigated.

Examples of nature-related KPIs that are monitored include:

Metric	2023	2024
New habitat banks created in the year	10	6
Total acres of biodiversity created	1,389	1,962

Proximity analysis

To locate our interface with nature and identify assets with the potential to both negatively and positively impact high value ecosystems, proximity analysis was conducted.

This determined which of our assets:

- contain a designated site
- have a designated site downstream of a waterbody that passes through the site and could therefore be impacted by a pollution event
- are within 10km of a designated site, and could have less direct impacts such as noise or air pollution

Our habitat bank assets are strategically located near key ecological areas to improve landscape-scale connectivity and maximise conservation value. For other infrastructure assets, this analysis helps prioritise where steps should be taken to reduce negative impacts or explore opportunities for ecological enhancement.

	Assets under management
Designated site downstream of asset	14%
Asset within designated site	44%
Designated site within 10km of asset	100%

Case study: Creating a conservation management plan for a Heacham Habitat Bank in a Special Protection Area

Context

The Heacham Habitat Bank, located in the Local Planning Authority (LPA) of Kings Lynn and West Norfolk, was onboarded by the Environment Bank (EB) in 2022. The 19.5Ha site is made up of several medium distinctiveness habitat types including mixed scrub, ponds, species-rich native hedgerow, and broadleaved woodland, generating up to 115 biodiversity net gain units (BNG Units).

Activity

The onboarding process for each new habitat bank includes the development of a Habitat Management Plan (HMP) and a supporting Habitat Management Agreement (HMA), entered into with the landowner, to ensure the habitat bank is properly maintained over the 30-year life.

The proximity of the Habitat Bank to The Wash and North Norfolk Coast Ramsar site – a protected wetland and one of the most significant wetlands in Europe, both ecologically and economically – introduced a level of complexity in onboarding this particular Habitat Bank to ensure all measures were taken to protect and enhance the wetland habitat.

The surrounding areas of the Heacham Habitat Bank are also protected under UK and EU Laws and are designated as a Special Protection Area (SPA), a Site of Special Scientific Interest (SSSI) and a Special Area of Conservation (SAC).

The development of the Habitat Management Plan, which included a detailed Conservation Management Plan, required a collaborative effort from the various stakeholders to ensure none of the intended management techniques and/or methods negatively impacted the highly significant and protected local area.

A monitoring and reporting programme was agreed to ensure ongoing engagement continued after the initial creation works of the Heacham Habitat Bank which included:

- an obligation on the landowner to complete a 'Report of Actions Taken' form on an annual basis, to demonstrate all actions had been correctly implemented in line with the HMP
- a requirement that EB undertake an annual review of the HMP and to monitor progress of the habitat creation
- submission of annual reports and proposed amendments to the HMP to the LPA for approval

Outcome

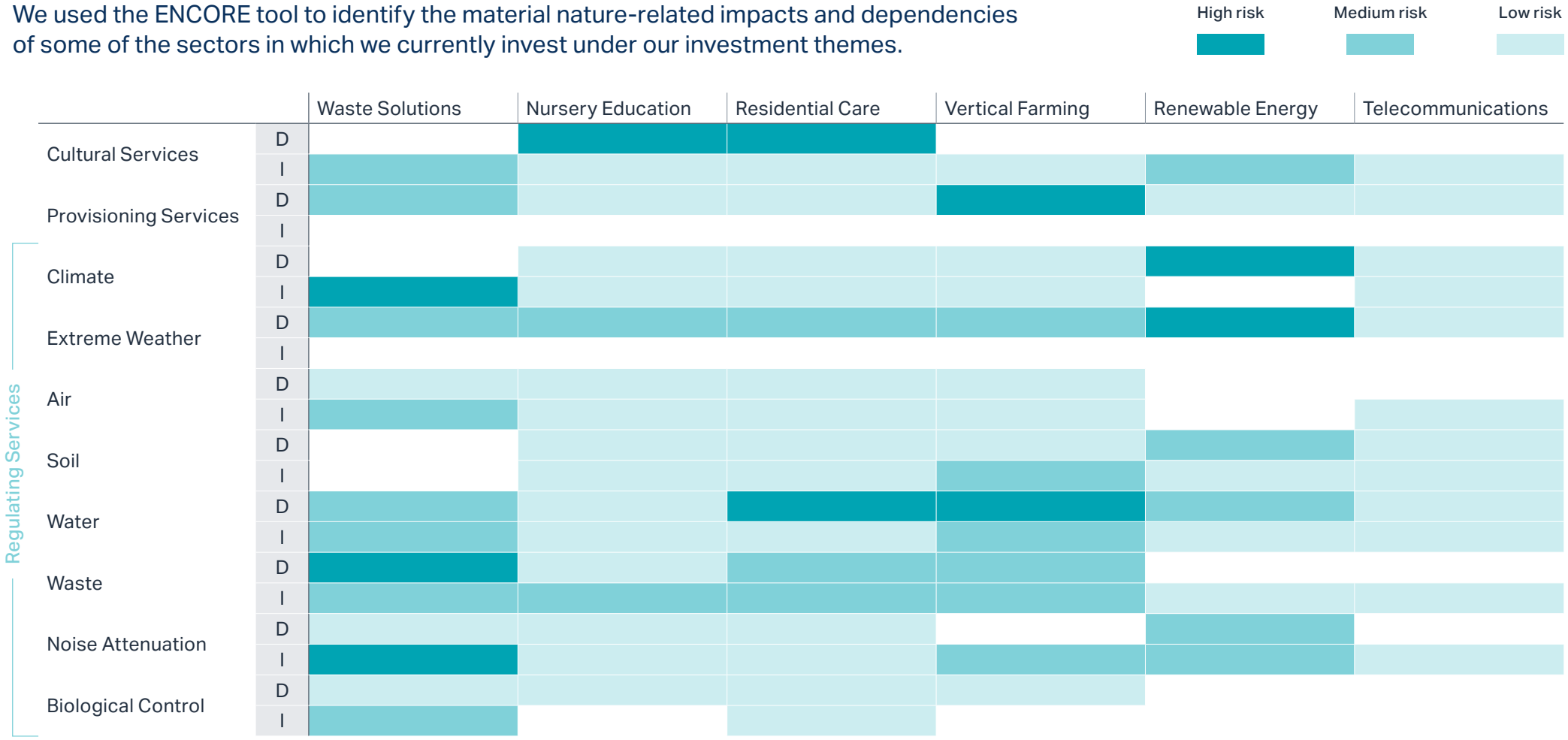
The engagement and actions taken to develop the Conservation Management Plan for the Heacham Habitat Bank led to several positive outcomes:

- Improved engagement with stakeholders
- Clear governance structure for ongoing monitoring and reporting
- Specific actions taken to protect and enhance the habitat and native species

The importance of stakeholder collaboration in developing these long-term management plans (typically lasting 30+ years) and appreciating that ongoing engagement and reporting is key in demonstrating that the ecological integrity of the site is being maintained and/or improved.

Dependencies (D) & impacts (I)

We used the ENCORE tool to identify the material nature-related impacts and dependencies of some of the sectors in which we currently invest under our investment themes.



Portfolio companies addressing the Health & Education theme (nurseries, and residential care) a highly dependent on nature for the cultural services it provides. Engagement with these companies should address how they can benefit the nature on which they depend such as increasing on site biodiversity, and use this as an opportunity to enhance service user experiences.

Portfolio companies within the waste solutions theme have the most potential to impact nature through GHG emissions, potential pollution events to water and soil, and through noise pollution. Engagement with these companies should be used to ensure that impacts can be mitigated.

Engagement

Effective stewardship is central to our Sustainable Infrastructure strategy. We adopt a structured and proactive approach to engagement, beginning at the pre-investment stage and continuing throughout the holding period, to support the sustainability performance and strategic direction of portfolio companies.

Approach to engagement

Our stewardship efforts are underpinned by ESG due diligence conducted prior to an investment. Findings from this process inform a future engagement plans for each company. This plan typically includes steps to strengthen governance, implement ESG policies, improve reporting practices, and address any identified sustainability risks or opportunities.

Key elements of our engagement model

Sustainability commitments: As part of our investment terms, all portfolio companies are required to adopt a bespoke Sustainability Commitment Document (a document listing out initiatives the business has committed to and will be monitored against), encompassing an agreed set of environmental and social targets, alongside the implementation of a business-wide Sustainability Policy and Diversity & Inclusion Policy.

Board representation and oversight: We typically take a board seat and may also appoint a board observer. A base level of engagement with the business will always be maintained via regular board meetings (usually monthly) and a close working relationship with the management team.

Ongoing engagement: The intensity of our engagement is tailored to the maturity and needs of each business. In the early stages of ownership or during periods of strategic transition, we increase our involvement, often meeting with management weekly to fortnightly to provide strategic and operational support, including on sustainability initiatives.

Real Assets

Energy Transition

The Gresham House Energy Transition strategy invests in three growth technologies essential to decarbonising the energy system: Wind, Solar and Energy Storage Systems (ESS).

Through our existing assets, current pipeline and intention to invest further in new renewables and energy storage assets, our strategy materially contributes to the UK's net-zero Strategy and the wider transition away from fossil fuels.

In 2024, we launched a new wind strategy, aiming to add 45MW renewable capacity to the UK National Grid through the construction and ongoing management of an onshore wind farm. At the same time, a number of solar assets became operational in 2024, adding 140GWh of renewable energy generation capacity.

Meanwhile, Gresham House Energy Storage Fund plc (GRID) reached the milestone of 1GWh operational capacity (in terms of energy) and reached 1.2GWh by the end of the year, an increase of 53% from 2023.

This was a result of new sites reaching energisation at York, Penwortham, and Elland, as well as augmentation of existing assets to extend their durations.

Real world outcomes	2023	2024
Renewable energy generation (GWh)[26]	540	584
Equivalent homes powered[27]	166,941	180,253
Carbon emissions avoided (tCO_2e)[28]	229,257	255,138
New renewable generation capacity (GWh)	0	44
Operational BESS capacity (MW)	690	845
Carbon emissions avoided (tCO2e)[29]	677,775	649,701
New operational BESS capacity (MW)	140	155
BESS capacity under construction (MW)	377	277
Community benefit fund contribution (£)	531,668	589,530
Renewable assets with habitat management plans (%)	91	91

26. 2023 values restated from previous report due to changes in methodology
27. Assuming an average annual electricity usage per household of 3.2MWh, as quoted by DESNZ January 2024. "Homes powered" calculated using Renewable UK methodology: MWh divided by average annual domestic electricity consumption.
28. Assuming an "all non-renewable fuels" emissions statistic of 437tCO_2/GWh of electricity supplied, DESNZ statistics July 2024, Digest of UK Energy Statistics, Table 5.14 ("Estimated carbon dioxide emissions from electricity supplied"). "Carbon avoided" calculated using Renewable UK methodology: Carbon reduction is calculated by multiplying the total amount of electricity generated
29. Carbon Trust methodology. Investment team have been working with industry peers to agree upon a common methodology. Please see GRID Annual Report for details on the methodology used.

ESG integration

ESG considerations, including climate and nature, are integrated throughout the investment lifecycle as outlined below:

1 Preliminary due diligence

During the origination phase, material ESG risks are identified for further investigation during the due diligence stage. Investments are screened for alignment with the Energy Transition strategy's sustainability objectives including contribution to decarbonisation and alignment with UK policy and net zero goals. If certain risks are unlikely to be manageable or mitigated, then we may choose not to proceed at this stage.

2 Due diligence

At the due diligence stage, sustainability risks and opportunities are assessed using our ESG Decision Tool tailored to energy infrastructure. Factors assessed include exposure to physical climate risks and supply chain risk. Where appropriate, independent technical and environmental assessments are commissioned to inform decision-making.

3 Investment appraisal

Investment recommendations to Investment Committees include an assessment of material ESG risks and opportunities identified in due diligence which are then factored into the decision-making process. Appropriate risk mitigation approaches will also be referenced and assurance that the business is open to making improvements is sought.

4 Asset operation

We aim to construct and operate our projects with minimal disruption to local communities and the environment. Construction and operational contractors are subject to ongoing review and the requirement to manage material ESG risks is included in contract terms. Compliance with planning conditions is stringently adhered to and monitored. We continue to assess how we can enhance positive environmental and social impacts of our projects.

Case study: Community engagement and natural habitat conservation at Harborough solar project

Context

Harborough 28MW is a solar energy project located near Rugby in the UK that exemplifies the intersection of renewable energy development and community engagement.

Funds managed by Gresham House have made significant contributions to local communities through engagement and contributions, demonstrating how sustainability initiatives can generate direct social benefits.

This short case study explores the financial contributions, community impact, and long-term benefits associated with the project.

Community engagement and contributions

One of the key aspects of Harborough's community involvement is its financial support for local development. The asset owner, Gresham House Solar Distribution LLP, has taken an active role in community engagement to help fulfil the local communities' initiatives:

- £20,000 Contribution to the Parish Council: This funding unlocked further grant support to construct a new playground in the local community, a space where families regularly gather and socialize.
- Annual Community Support: A further £5,730 per year for the next 10 years will be provided to the local parish council to support ongoing community initiatives and development projects.

Natural habitat conservation strategies

Harborough also integrates environmental conservation into its solar energy project through a comprehensive Landscape and Ecological Management Plan (LEMP), which ensures the protection and enhancement of local biodiversity. Key strategies include:

- **Hedgerow and tree management:** Planting and maintaining over 2,120m of new hedgerows, improving habitat connectivity for birds, small mammals, and pollinators.
- **Grassland enhancement and biodiversity fields:** Establishing species-rich grasslands within and around the solar farm to support local wildlife, including habitat for skylarks and invertebrates.
- **Wildlife habitat features:** Installation of bat and bird boxes, dormouse boxes, and reptile hibernacula to enhance ecological diversity.
- **Creation of a pond complex:** Designed to support amphibians, insects, and wetland flora, contributing to local biodiversity and ecosystem resilience.
- **Ecological monitoring and adaptive management:** Regular surveys and assessments to track the success of conservation measures and implement necessary adjustments to maintain biodiversity net gain.

Outcome

The combined financial and environmental efforts have led to significant benefits for both the community and the local ecosystem:

- The **new playground** provides a safe and engaging space for families to connect.
- The **ongoing funding** ensures long-term community support and local improvements
- The **solar project itself** contributes to the UK's renewable energy targets while preserving natural habitats.
- The **biodiversity initiatives** have enhanced local flora and fauna, improving habitat conditions for protected species such as bats, dormice, and pollinators

The Harborough solar project demonstrates how renewable energy investments can drive meaningful community engagement and environmental sustainability

Climate-related disclosures

Our Energy Transition strategy is explicitly designed to support the UK's decarbonisation and net-zero ambitions by investing in renewables and enabling technologies such as energy storage systems (ESS).

Wind and solar are climate solutions, as they add to the ever increasing proportion of the energy mix coming from renewables, and reduce reliance on other energy sources such as coal and natural gas.

ESS are transition enablers of the transition as they play a crucial role in enabling the growth in renewable energy sources. The intermittent nature of renewable sources necessitates the deployment of ESS to ensure a reliable and continuous energy supply.

ESS facilitate the transition towards a more resilient and lower carbon energy generation system by preventing the loss of renewable energy in periods of high generation and reducing reliance on fossil fuels in periods of low renewable generation, as well as enhancing the stability of the grid.

KPIs are used to track the progress that our assets are making to decarbonisation, and to assess the extent to which climate-related risks are being managed effectively.

Examples of climate-related KPIs that are monitored include[30]:

Metric	2023	2024
Renewable energy generation (GWh)[31]	540	584
Operational BESS capacity (MW)	690	845
Scope 1 & 2 emissions (tCO_2e)	12,890	4,264
Scope 3 emissions (tCO_2e)	1,973	1,890
Carbon intensity (tCO_2e/£m invested)	13	5.6

30. All emission figures have been restated from 2023 as a result of moving to the Watershed platform.
31. 2023 values restated from previous report due to changes in methodology

The primary source of emissions from our Energy Transition strategy is the electricity stored and discharged by our BESS assets. These emissions decreased significantly in 2024 which was driven by two key factors: a fall in the average carbon intensity of the UK national grid from (from 162kgCO2/MWh in 2023 to 124kgCO2/MWh in 2024), and a strategic shift towards trading, with increased optimisation of charging during periods of lower grid carbon intensity.

Climate opportunities

We are directly targeting the following:

- **Solar**: investments into ground-mounted and rooftop solar projects, supporting the UK's growing solar capacity. Solar accounted for around 5% of electricity in 2024.[32]

32. NESO, 2025

- **Wind**: investments in onshore wind assets. Wind was the UK's largest source of electricity in 2024 for the first time ever, accounting for 30% of the energy mix.[33]
- **Battery storage**: investments in battery energy storage systems designed to benefit from the opportunities presented by the transition to renewable energy technologies. Renewable energy technologies are inherently unpredictable and intermittent, creating a need for storage to balance supply and demand and to stabilise the network.
- **Collocated renewable energy assets with battery energy storage**: we are increasingly identifying opportunities for solar and wind assets to be collocated with battery energy storage systems. Collocation offers a way to support a cost-effective energy transition and to improve the risk-adjusted returns potential for our investors.

33. NESO, 2025

Case study: Innovative approach to increasing energy storage capacity

Connecting new projects to the UK National Grid is becoming increasingly difficult due to the growing number of projects bidding to be connected; according to Ofgem the connection queue was 700GW in March 2024 and was estimated to be over 800GW by the end of 2024.

For Gresham House Energy Storage Fund plc ("GRID"), much like the rest of the BESS sector, final connections have caused havoc to commissioning timeframes with new construction projects facing large delays across the board.

As a result, the investment team revisited its growth plans to avoid these connection delays and deliver operational capacity growth at attractive returns levels. The cornerstone of these new plans was to grow operational capacity through duration extensions of existing sites thereby avoiding new connections and resulting delays that tend to follow.

In 2024, upgrades were completed at eight of our operational projects, increasing most project durations to two-hours. The upgrades to West Didsbury and Enderby took operational capacity to over 1 gigawatt-hour making GRID the first battery storage business in the UK to have achieved this threshold.

In total, this has added over 300MWh to the portfolio in a cost and time effective manner with the projects completed to date taking around three months on average to complete, considerably less than new build projects.

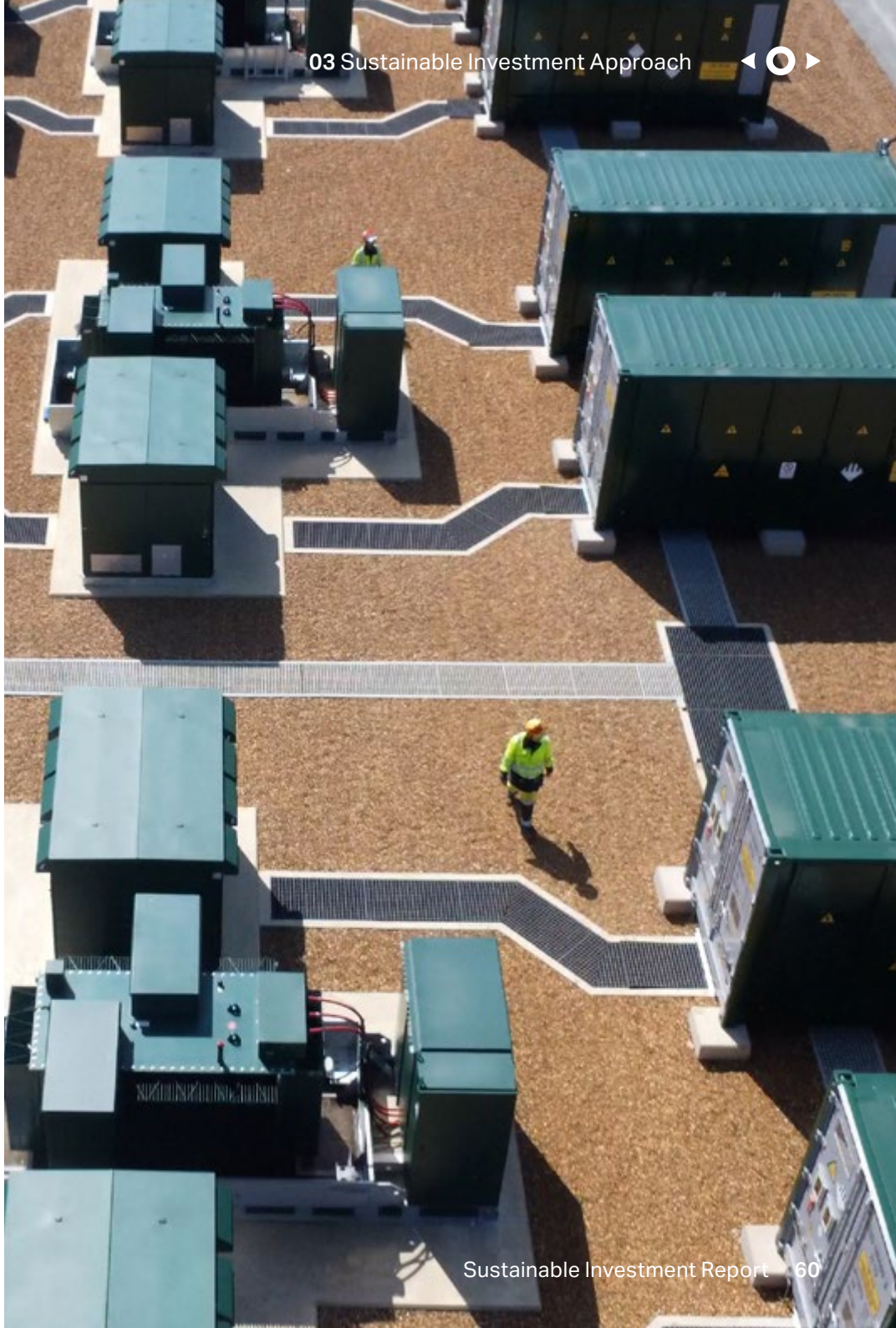
Climate risks

We actively assess and manage short, medium and long-term climate-related risks.

- Policy & Regulatory Uncertainty: Shifts in government energy policy could impact renewable incentives or planning approvals.
- Raw Material Supply & Cost Volatility: ESS components such as lithium and solar panel materials are sensitive to global supply chain shocks and energy price volatility. The cost of raw materials is closely monitored by the investment team and costs are agreed and fixed at the construction stage.
- Physical Climate Risks: Increasing frequency of extreme temperatures or flooding may affect asset performance and lifespan. Potential physical risks are considered during the initial acquisition process. Flood risk assessments are undertaken during planning to determine a probabilistic analysis of flooding.

We mitigate these climate-related risks in a number of ways.

- We use the services of third-party experts to estimate the impact of specific risk factors on energy prices over the short, medium and long term to create low, high and central case scenarios which are used within financial modelling, although the precise effect on power prices of any of the identified factors, and their timing, is uncertain.
- Best-in-class suppliers are identified to work with and we encourage more responsible supplier practices to reduce supply chain sustainability risks.
- Flood defences have been implemented with several projects having key equipment elevated above the ground to reduce risk of damage in the event of a flood.
- Our battery assets also have temperature managements (such as air conditioning or liquid cooling) which are considered at the planning stage and are often required to be considered as part of planning approval.



Risks & opportunities: Energy Transition

Risk/ opportunity	Risk: market	Risk: physical	Risk: policy & legal	Opportunity: products and services	Opportunity: market
Description	Volatility in the cost of raw materials	Impact of higher temperatures and acute physical risks on asset performance	Changes to policy and regulation	Development and/or expansion of low emission goods and services	Access to new and emerging markets
Likelihood	Medium	Medium	Medium	Medium	Medium
Potential impacts	Increased costs	Decreased performance of assets due to higher temperatures, damage to assets from acute events	Increased operating costs (e.g., higher compliance costs), reduction in income	Increased revenues	Increased revenues
Time period	Short- & Medium-term	Medium-term	Medium- & Long-term	Medium- & Long-term	Medium- & Long-term
Divisional commentary	Recent geopolitical events such could continue to lead to supply shortages, leading to price volatility. The cost of raw materials is closely monitored by the investment team and costs are agreed and fixed at the construction stage where possible	Potential physical risk factors identified as part of the initial acquisition process, design reviews, site inspections or during routine maintenance, and are mitigated via design changes. The geographical spread of the investment portfolio mitigates against local physical risk factors	Risk that UK government strategy moves away from net zero ambitions. Potential reform of policy and legislation is consistently monitored. The division plays an active role in responding to regulatory consultations and is part of industry lobby groups	The division is focused on delivering the lowest emissions products and seeks to drive best design practices to extract the best efficiencies	The division is constantly evaluating new areas of the market including (e.g. abated gas, hydrogen, EV charging) and is aware of incentive schemes for some of these areas
Example KPIs/ trends to monitor	▪ Cost of raw materials ▪ Raw material costs as a % of operating costs	▪ % assets in areas prone to extreme weather events ▪ Average cost of asset insurance	▪ # community engagements ▪ # consultation responses	▪ Operational carbon emissions (tCO_2e) ▪ Operational carbon intensity (tCO_2e/£m invested)	▪ Revenue mix ▪ Diversity of Energy Transition assets

Gresham House

Scenario analysis

In 2024, we conducted a physical climate risk scenario analysis across Energy Transition assets. Using climate models aligned with various warming scenarios, we assessed impacts across four hazards:

Key Findings

- Temperature increases: A significant proportion of assets are expected to face an increase in average daily temperature of more than 0.5°C by 2050. If the higher temperatures are related to more hours of sunlight, our solar assets may increase in productivity. However, if temperatures increase above 25°C, this could reduce the productivity of the solar assets. If there is an increase in temperature extremes or in the frequency of heatwaves, this could reduce the lifespan of battery assets as well as increasing the risk of thermal runway which can lead to fires.
- Water stress: This did not increase with temperature rise, as might be expected. The scenarios used consider socioeconomic factors as well as climate, meaning that even if climate impacts on water availability are less severe in the lower temperature rise scenario, the competition for water resources may be higher, leading to higher levels of water stress.
- Precipitation patterns: The middle scenario is expected to have the greatest change in precipitation, rather than the worst-case. This may be due to warmer and wetter winters than a lower temperature rise scenario, but less intense periods of drought than higher temperature rise scenarios. Further analysis will be necessary to confirm this.

Next steps

To build on this scenario analysis, we will look to:

- Assess the materiality of changing climate conditions to identify at risk assets
- Expand analysis to include extreme temperature days, heatwaves, and wildfire exposure
- Ensure adaptation measures such as cooling systems and fire management plans are sufficient for at risk assets

	Below 2 degrees	Business-as-usual	Worst Case
Water stress	24%	18%	20%
Precipitation	0%	27%	0%
Temperature	60%	96%	100%
Wind	0%	0%	0%

Nature-related disclosures

In general, the operation of renewable and energy storage assets has a limited dependency on nature, and material impacts can be minimised by integrating appropriate mitigants into the design of each site.

The impacts of our assets are considered from the beginning of their development. Environmental impact assessments required by law for new infrastructure projects, with any material impacts identified requiring mitigation for the project to go ahead. Mitigants are integrated into the design of our sites and include habitat management plans to protect priority species and minimise the visual impact on the landscape, and acoustic design specifications to limit noise pollution.

Following the Environment Act 2021, new infrastructure projects in England are also required to deliver a minimum of 10% Biodiversity Net Gain (BNG). For our Energy Transition assets, we aim to deliver this onsite. For example, at Harborough we are planting 2.1km of new native hedgerows, establishing a biodiversity field with a wildflower meadow mix and a pond, and installing a number of bat, bird and dormouse boxes to meet the 10% biodiversity uplift requirement.

Proximity analysis

To locate our interface with nature and identify assets with the potential to impact high value ecosystems, proximity analysis was conducted. This determined which of our assets:

- contain a designated site
- have a designated site downstream of a waterbody that passes through the site and could therefore be impacted by a pollution event such as a fire water spillage
- are within 10km of a designated site, and could have less direct impacts such as noise or air pollution

	Assets Under Management
Designated site downstream of asset	3%
Designated site within site boundary	0%
Designated site within 10km	100%

Dependencies, impacts & mitigants

We have used the ENCORE tool to identify material nature-related impacts and dependencies relevant to the construction and operation of renewable and energy storage assets. The table adjacent is a summary of these risks and the mitigation measures in place.

	Description	Mitigating action
Dependency: climate regulation	Climate regulation is required to maintain a relatively steady climate and to mitigate and reduce the frequency and intensity of major climate events that could damage buildings and infrastructure, and affect operations.	Renewables and ESS enable the transition to net zero and avoid emissions generated through the use of fossil fuels, contributing to climate change mitigation.
Impact: noise & visual disturbances	Onshore wind farms, solar parks and energy storage assets modify the natural landscape and take up land that may contain natural ecosystems. They can also cause disturbances like noise pollution and are often considered to visually intrusive to the natural landscape.	All sites have habitat management plans integrated into the design of the site, and new sites are required to meet the BNG requirement. During the planning process, ambient noise levels are measured and if they are found to be above a set threshold, noise controls such as acoustic fencing will be installed.
Dependency: soil and sediment retention services	Energy production and storage is dependent on soil and sediment retention to provide a stable substrate, erosion control, and landslide mitigation for infrastructure.	Our assets are often constructed on unproductive agricultural land. By planting diverse grass and wildflower species during the planning of the site and leaving the land fallow over the lifespan of our assets, overtime the structure and quality of the soil can improve.
Impact: emissions of toxic pollutants to water and soil	In the event of a fire caused by thermal runway of a battery asset, water used to extinguish the fire will carry pollutants that could enter the soil or waterbodies.	All battery assets have a firewater management plan which has to demonstrate how firewater runoff volume will be controlled and managed at the site. This will include site design features such as surface water drainage routes, subsurface perforated pipework, and a lined attenuation basin.

Case study: Habitat integration at Higher Bye solar scheme

Gresham House's Energy Transition assets have habitat management plans developed throughout the planning process to minimise any negative impacts that come with the construction and operation of energy infrastructure.

The Higher Bye solar scheme located in West Somerset, is set on 13ha of agricultural land. In the planning of the scheme, a 10-year landscape management plan was implemented to visually and ecologically integrate the development into the surrounding landscape, enhance the biodiversity of the site, and ensure the site is well screened without compromising electricity generation.

The site consisted of hedgerows, with the occasional mature hedgerow including oak and ash trees, and semi mature woodland.

Some examples of management practices included in the plan to enhance these habitats included:

- Increasing the abundance and availability of berries in hedges, as they are an important winter food supply for a wide range of farmland birds and small mammal species
- Introducing small areas of scrub to field margins and corners as additional habitat areas for hedgehogs, small mammals and dormouse
- Specific wildflower and grass mixes should be introduced to margin areas to provide habitat for hare

As well as the recommendations for the design of the site, the plan also included a 10-year maintenance schedule for each habitat type to ensure new planting established successfully and continues to develop over time.

Engagement

Our engagement approach across the Energy Transition strategy is multi-dimensional, reflecting the diverse stakeholders involved in the successful development and operation of renewable and energy storage infrastructure.

We engage proactively with:

- Developers, landowners, contractors to ensure timely delivery and responsible construction
- Equipment suppliers to improve supply chain sustainability and quality standards
- Local authorities and communities to ensure projects align with regional needs and minimise disruption
- Investors and policymakers to support the broader decarbonisation agenda

Asset-specific engagement

For our ESS assets, we focus engagement to maximise the efficient operation of ESS that help balance the UK electricity grid, allowing it to make optimal use of intermittent renewable energy generation in the UK electricity generation system.

For our renewables assets, engagement is focused to maximise the delivery of renewable electricity for local and national distribution in a safe and efficient manner with minimal disruption to local communities and habitats.

Policy and industry engagement

Our Energy Transition team engage with key government and industry bodies to encourage policies and regulation that support accelerated decarbonisation of energy systems and the technologies that underly this transition. This includes:

- Department for Energy Security and Net-zero (DESNZ)
- Office and Gas Electricity Markets (OFGEM)
- National Grid Future System Operator (FSO)
- Energy Storage Networks, an industry trade association focused on Energy Storage
- RenewableUK, an industry trade association whose role is to maximise the renewables opportunity and create the conditions that will see the renewable sector continue to thrive in the UK
- Solar Energy UK, a solar trade association whose mission is to empower the UK solar industry

Case study: Developing an industry standard for carbon accounting collaborative engagement

In 2024, Gresham House identified the need to improve the way carbon emissions avoided by BESS are calculated. While a current methodology was originally developed with the Carbon Trust in 2022, evolving grid dynamics and investor expectations called for further refinement.

To address this, Gresham House initiated a collaborative working group with the Energy Storage Network, Field Energy and other industry participants. The aim is to establish a unified methodology to calculate avoided carbon emissions from BESS operations, including emissions avoided from energy arbitrage and frequency response services.

As of early 2025, the working group is finalising the methodology and preparing for independent third party accreditation, which will enhance the transparency, consistency, and credibility of emissions reporting across the sector.

Real Assets

Real Estate

Gresham House's Real Estate division offers long-term equity investments across the UK housing sector and Irish commercial property market.

Our approach combines financial discipline commitment to delivering lasting social and environmental value.

We aim to generate secure, inflation-linked returns while addressing critical issues such as the UK's housing shortage and the sustainable development of commercial property assets. Our strategies align with national priorities around energy efficiency, affordability, and community wellbeing.

UK Housing

Our UK housing strategy is centred on delivering high-quality, affordable, and energy-efficient homes. Through listed and unlisted investment vehicles, we invest in residential solutions that cater to a broad spectrum of housing needs while generating stable and secure returns.

Our investments focus on three core areas:

- Shared Ownership (SO) – Providing an affordable route to homeownership for lower and middle-income households.
- Independent Retirement Rental – Enabling older adults to maintain their independence while releasing larger homes back into the market.
- Build to Rent (BtR) – Developing high-quality, fairly priced rental homes to help address supply constraints.

In 2024, Gresham House partnered with Thriving Investments, a subsidiary of Places for People, to establish a leading affordable housing fund management platform. This collaboration strengthens our capacity to scale Shared Ownership housing solutions, while maintaining rigorous sustainability standards.

Irish Commercial Property

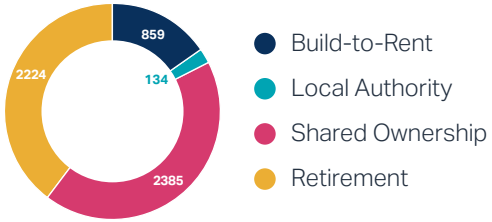
In Ireland, we invest in high-quality commercial properties across office, retail, and industrial sectors, with a focus on suburban Dublin and major regional urban centres. Through the Gresham House Commercial Property Fund, we target assets with strong rental growth and capital appreciation potential, typically valued between €5 million and €15 million.

Our investment approach integrates active asset management, sustainability improvements, and long-term value creation, ensuring that our assets remain competitive and well-positioned for future growth. By leveraging deep market insights and strategic partnerships, we enhance the resilience of our commercial assets while driving long-term investor returns.

Real world outcomes	2023	2024
Operational UK housing stock EPC B+ (%)	40	47
Operational Irish commercial property stock BER B+ (%)	30	41
UK homes completed (all fund and ownership types)[34]	355	552
UK homes committed to funding (all fund and ownership types)	97	122
Proportion of new affordable Shared Ownership homes (%)[35]	35	64
New build Shared Ownership homes that are EPC A[36]	75	37

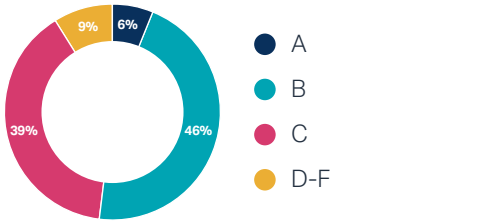
34. 2023 value restated due to change in definition of KPI.
35. 2023 value restated due to change in definition of KPI.
36. Decrease in proportion of EPC A SO homes driven by Clapham Park development which will be EPC B, as solar could not be installed. Other sustainability measures have been implemented including a district heating system powered by Air Source Heat Pumps

2024 Gresham House operational UK housing stock (# units)



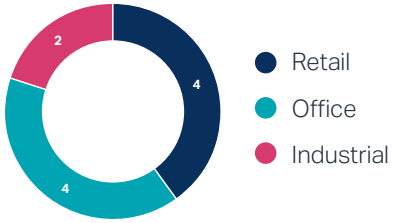
2023: 2,207 Retirement; 1,600 Shared Ownership; 289 Local Authority; 859 Build-to-Rent

Distribution of UK housing EPCs



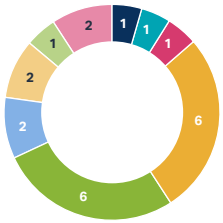
2023: 40% B; 48% C; 11% D-F

2024 Gresham House Ireland commercial property portfolio (# properties)



2023: 4 Retail, 4 Office, 2 Industrial

2024 Distribution of Irish commercial property portfolio BERs (# units)



2023: 1 A3; 1 B1; 5 B3; 8 C1; 2 C2; 2 C3; 3 D1; 3 D2

EPCs and BERs rate a property based upon its energy consumption and efficiency. EPC ratings are a measure of a property's energy efficiency, assigning a letter grade between A and G. BERs are a legal requirement in Ireland and provide information on a property's energy efficiency. BERs rate properties on a scale of A1-G.

ESG integration

ESG considerations, including climate and nature, are integrated throughout the investment lifecycle as outlined below:

1 Sector analysis and strategy setting

At the strategy development stage, we assess affordability, energy efficiency, and occupier well-being to identify investment opportunities that deliver both financial returns and meaningful social impact. In the UK housing market, our focus is on providing sustainable, accessible housing, while in Irish commercial property, we prioritise sustainable building practices and occupier engagement.

2 Due diligence and ESG risk assessment

During pre-investment due diligence, we assess material ESG risks and opportunities to ensure that sustainability factors are incorporated into decision-making. This includes evaluating energy efficiency, governance structures, and key social considerations. Where necessary, we seek input from external specialists to enhance our understanding of specific sustainability risks.

3 Execution

At the execution stage, we work closely with developers, builders, and operational partners to ensure that ESG considerations are reflected in investment decisions. The Investment Committee reviews material ESG findings to integrate sustainability into asset selection and risk management.

4 Long-term management

Post-investment, we actively monitor ESG performance across our portfolio. This includes:

- Tracking Key Performance Indicators (KPIs) related to energy use, occupier satisfaction, and environmental impact.
- Engaging with managing agents and occupiers to promote sustainability best practices.
- Assessing ongoing ESG risks and opportunities to drive continuous improvement in asset management strategies.

Gresham House

Case study: Regenerating the Stockport Interchange bus station

Context

Gresham House partnered with several public sector bodies as part of a transformative public-private partnership to regenerate the Stockport Interchange bus station and deliver a landmark £40 million, 196-unit Build-to-Rent (BtR) residential development. This ambitious project also includes five commercial units, further strengthening the area's economic and social infrastructure.

The investment was made through Gresham House BSI Housing LP, aligning with our strategy of supporting high-quality, sustainable housing developments that enhance communities while generating long-term value for investors.

Activity

Gresham House played an active role in the delivery of the BtR component, committing £12 million towards its construction via our Build-to-Rent platform, Rise Homes.

This investment was made in collaboration with key public sector partners, including Transport for Greater Manchester, Stockport Metropolitan Borough Council, the Greater Manchester Combined Authority, Homes England, and CityHeart.

Through close collaboration with these stakeholders, the development successfully reached completion in May 2024.

Outcome

The BtR development has already welcomed over 300 new residents within its first year of operation, supporting urban regeneration and community revitalisation in Stockport. The project extends beyond housing, incorporating significant enhancements to local transport infrastructure, improved connectivity between bus and train stations, and dedicated facilities for cyclists and pedestrians.

A key feature of the regeneration is Viaduct Park, a newly created two-acre rooftop park above the interchange, offering vital green space for the local community. The park has already become a cultural hub, hosting 75 events in its first year, including the 2024 Cultural Weekender.

Stockport Interchange has been widely recognised as a model for urban regeneration, winning or being shortlisted for several prestigious awards, including:

- Royal Town Planning Institute Awards – Winner of the Silver Jubilee Cup for Best Planning Scheme of the Year
- International Partnership Awards – Winner of Best Financial Structure
- National Transport Awards – Winner of Design, Engineering, and Construction Project of the Year
- Manchester Chamber of Commerce Awards 2024 – Shortlisted for Building of the Year

The Stockport Interchange development exemplifies Gresham House's commitment to active ownership, sustainable housing, and community-driven investment.

Through strategic collaboration and responsible stewardship, we have contributed to the regeneration of a key urban hub, enhancing connectivity, accessibility, and quality of life for residents while delivering strong investment outcomes.

This project serves as a blueprint for future public-private partnerships that balance financial returns with positive social and environmental impact.

Climate-related disclosures

Our investments aim to deliver stable, secure inflation-linked returns whilst providing wider social and environmental benefits to all stakeholders including our residents, the local community and wider economy.

KPIs are used to track the progress that our assets are making against their ESG and climate-related ambitions, and to what extent climate-related risks are being managed effectively.

Examples of climate-related KPIs that are monitored include:

Metric	2023	2024
Operational UK housing stock EPC B+ (%)	41	52
Operational Irish commercial property stock BER B+ (%)	30	41
Total Emissions (tCO_2e)[37]	5,598	5,538
Carbon intensity (tCO_2e/£m invested)	12	14

37. Reported as total emissions as majority of emissions come from tenants (Scope 3 category 11) and methodology used in Watershed platform does not separate out tenant emissions. 2023 figures have been recalculated in new platform.

Climate risks and opportunities

Many of the climate risks and opportunities that faced by our Real Estate investments are inextricably linked. For example, policy risks mandating the increase in the energy efficiency of the UK's housing stock necessitate the division's Energy Performance Certification (EPC) upgrade scheme. At the same time, the UK has seen an increase in demand for more energy efficient homes, which represents a significant commercial opportunity for the division to upgrade the energy efficiency of its homes.[38]

Gresham House's Real Estate division is taking action to mitigate several climate-related risks and capitalise on climate-related opportunities in several ways. Examples include:

38. Buying into the Green Homes Revolution Report (santander.co.uk)

- For Shared Ownership properties, ensuring all new builds have a minimum EPC rating of B and targeting A where possible. This compares to the expected requirement that all UK domestic properties in the private rented sector reach EPC C by 2030.
- Upgrading directly-rented EPC D rated UK Housing properties to at least EPC C by 2025, five years ahead of the government target.
- Within UK Housing, not building in areas of medium/high flood risk without sufficient mitigations being in place, in line with the commitments made in the Shared Ownership Environmental Charter.
- Within the Irish Commercial Property Fund, including green lease provisions in all new leases which include an obligation for tenants to provide core sustainability information with the manager to help improve the quality and quantity of sustainability and climate-related data available to the manager.

Gresham House

Risks & opportunities: Real Estate

Risk/ opportunity	Risk: policy & legal	Risk: market	Risk: physical	Opportunity: resource efficiency	Opportunity: energy source
Description	Changes to regulation requiring more energy efficient properties	Reduced demand for properties in favour of more energy efficient properties	Damage to properties through extreme weather events	Move to more energy efficient property	Use of lower-emission sources of energy
Likelihood	Medium	Medium	Low	High	Medium
Potential impacts	Increased expenditure on energy efficiency improvements	Reduced demand for properties leading to re-pricing of assets	Increased costs, write-offs and early retirement of existing assets	Increased demand leading to increased revenues and enhanced property values	Lower energy prices for tenants, reduced exposure to fossil fuels and carbon prices
Time period	Medium- & Long-term	Medium-term	Long-term	Medium-term	Medium-term
Divisional commentary	UK Housing portfolio future proofed by having energy efficiency rating above average. Green lease provisions included in all new commercial property leases to improve energy and carbon data collection	Increasing energy costs place financial constraints on residents. In UK Housing, this risk is mitigated through committing to delivering all new homes as a minimum of EPC B, with 80% of new homes funded in 2022 meeting EPC A	A key criteria in due diligence of new investments is the determination of whether they are located in areas prone to flood risk. Shared Ownership charter commits us to not building in areas of medium/high flood risk. The cost of property insurance is closely monitored as such costs will rise as a result of extreme weather events	UK Housing working with an external consultant to determine to what level carbon emissions can be reduced through retrofitting. Shared Ownership Charter targets increasing the number of homes delivered that meet the future homes standard year on year	UK Housing increasing the number of homes with renewable energy generation on site and other energy efficiency measures (e.g. heat pumps). Commercial Property working to retrofit existing buildings to ensure they continue to meet regulatory and market expectations
Example KPIs/ trends to monitor	▪ Operational carbon emissions (tCO_2e) ▪ Operational carbon intensity (tCO_2e/m2 floorspace) ▪ Breakdown of EPCs by property type	▪ Breakdown of EPCs by property type ▪ # properties with renewable electricity generation on site	▪ % properties in areas prone to flooding and other extreme weather events ▪ Average cost of property insurance	▪ Breakdown of EPCs by property type ▪ # properties with renewable electricity generation on site	▪ # properties with renewable electricity generation on site ▪ Energy mix of tenanted properties

Scenario analysis

In 2024, physical climate risk analysis was conducted across our real asset strategies using a range of future climate scenarios. The percentage of our UK properties, in terms of AUM, expected to experience increasing exposure to each hazard by 2050 is displayed in the table below.

Key findings

Temperature increases: Nearly all assets are expected to face an increase in average daily temperature of more than 0.5°C by 2050. This is a common risk across the Real Estate sector, with a significant portion of the UK domestic housing stock already at risk of overheating. This can negatively impact residents by causing sleep disruption and illness, with heatwaves in the UK often leading to increased death rates as a result.[39] Although insulation is traditionally thought of as a mechanism to keep heat in, it can also be beneficial in preventing over heating if ventilation is sufficient.[40] Our design standards focus on high EPC ratings, meaning the properties are well insulated.

As well as this, new developments should ensure that ventilation can be maximised, for example by integrating greenery and cool roofs and set lower limits for noise and pollution, so that conditions are suitable for windows to be opened.

Water stress: Urban properties face rising water demand due to increased population density and higher temperatures leading to increased periods of drought. In combination, this means there will be less water available per person.

However water stress did not increase with temperature rise, as might be expected. The scenarios used consider socioeconomic factors as well as climate, meaning that even if climate impacts on water availability are less severe in the lower temperature rise scenario, the competition for water resources may be higher, leading to higher levels of water stress.

Water Neutrality Statements are a new planning requirement being introduced by a number of councils in southern England.[41]

	Below 2°C	Business-as-usual	Worst Case
Water stress	65%	30%	57%
Precipitation	0%	0.1%	0%
Temperature	99%	100%	100%
Wind	0%	0%	0%

39. Climate Change Committee, 2022
40. Climate Change Committee, 2022
41. West Sussex County Council

Developers must set out the existing and proposed water consumption figures, alongside plans for how water neutrality will be achieved which should detail the water efficient technologies to be applied within the development. Although this is not a universal requirement, our Real Estate team should be looking to integrate water efficiency measures, such as low-flow shower heads and dual-flush toilets, into the plans for new developments.

Precipitation patterns: The middle scenario is expected to have the greatest change in precipitation, rather than the worst-case. This may be due to warmer and wetter winters than a lower temperature rise scenario, but less intense periods of drought than higher temperature rise scenarios. Further analysis will be necessary to confirm this.

Next steps

To build on this scenario analysis, we will look to:

- Analyse a larger number of hazards including temperature extremes, drought and wildfire exposure
- Assess the materiality of changing climate conditions to identify at risk assets
- Investigate how cooling can be integrated into building designs

Nature-related disclosures

Nature plays a critical role in enhancing asset value, resident wellbeing, and climate resilience. Access to green space has been shown to improve mental and physical health outcomes, while the integration of trees and vegetation into developments can mitigate the impacts of climate change such as reducing the urban heat island effect.[42]

42. The potential of urban trees to reduce heat-related mortality in London

The construction of new developments has the potential to negatively impact local ecosystems. The impacts of our assets are considered from the beginning of their development. To minimise the impact of new developments, we aim to have at least 60% of our new homes built on brownfield sites. Environmental impact assessments are required by law for new developments, with any material impacts identified requiring mitigation for the project to go ahead.

Proximity analysis

To better understand the interface between our real estate portfolio and natural environments, a proximity analysis was conducted. This helps identify both risks to sensitive ecosystems and opportunities to improve resident access to nature.

Properties located closure to natural sites can contribute to better resident wellbeing and biodiversity connectivity. In parallel, developments located near sensitive habitats are subject to additional controls and mitigation requirements.

	Assets Under Management
Within 1km of designated site	24%
Within 5km of designated site	82%
Within 10km of designated site	100%

Dependencies, impacts & mitigants

	Description	Mitigants
Dependency: visual amenity services	Real estate activities depend on visual amenity services to attract residents. Proximity to natural sites, parks, and other sources of natural areas positively impacts the attractiveness, and therefore the price, of most real estate assets.	Many of our developments provide residents with access to on-site enhanced natural amenity spaces, such as roof terraces with green spaces. Access to local natural sites and areas are factored into decision making in site selection to provide prospective residents with an enhanced living experience.
Impacts: disturbances (e.g. noise, light)	Construction of buildings can cause disturbances like noise, light, and odour pollution due to the operation of machinery that can negatively affect species populations.	All possible disturbances to stakeholders are identified, monitored and assessed throughout the feasibility, planning & construction and operational phases of a development to make sure that all regulations are adhered to.
Impact: emissions of GHG	Construction, and ongoing use of buildings can release carbon dioxide and other indirect greenhouse gases from the use of machinery, vehicular traffic, natural has heating etc.	For conversion schemes, our contractors have recycling targets for existing site materials during the demolition phases. Use of the existing structure allows for 40% - 70% on average saving of embodied carbon. New developments benefit from greener and more sustainable energy sources such as Solar PV, biomass heating systems and more recently connecting to the local district heat networks, allowing for a minimum score of EPC B to be achieved. We actively encourage residents to monitor and adjust their consumption behaviour to avoid unnecessary wastage.
Impact: emissions of toxic pollutants to water and soil	Real estate activities can cause pollution through direct emissions of waste, and discharges from facilities. These, along with inadequate waste management practices, can significantly contribute to the release of toxic soil and water pollutants. Spills of diesel, paints, solvents, and toxic chemicals during construction can also contribute to irreversible salinisation and acidification of certain soils.	All contractors provide Risk Assessment and Method Statements (RAMS) to ensure safety, environmental protection and regulatory compliance relating to emissions of waste and discharges from facilities. Post construction, on site operational teams carry out checks and assessments to ensure ongoing safety and compliance.

Engagement

Proactive engagement is a core component of Gresham House's Real Estate strategy, supporting strong relationships with occupiers, tenants, and stakeholders to drive sustainability outcomes and foster long-term community well-being across our property portfolio.

Irish Commercial Property

Within our Irish commercial property portfolio, we maintain active and transparent relationships with occupiers, meeting regularly to support collaboration on sustainability initiatives. All new leases now incorporate green lease provisions, enabling the collection of key environmental data and supporting joint efforts to enhance energy efficiency, reduce environmental impact, and improve the overall workplace experience.

In 2024, we launched a new engagement initiative with the introduction of a Sustainability Occupier Day, held in September. The event included a visit to Dublin's Waste to Energy facility and brought together occupiers from four GHI assets, along with GHI employees. The session highlighted the importance of sustainable waste management and showcased how non-recyclable waste can be converted into renewable energy.

Initial feedback from the event was highly positive. Notably, all participating occupiers committed to reviewing their waste management practices and ensuring their contractors support zero waste to landfill and make active use of the Waste to Energy facility.

UK Housing

Our UK housing strategy focuses on delivering high-quality, affordable homes that offer long-term security for residents. Engagement activities span multiple stakeholder groups, from local authorities and housing associations to the residents themselves.

Throughout 2024, our UK Housing team engaged closely with Homes England, providing market feedback to help shape the forthcoming grant programme. The investment team holds monthly calls with its Homes England relationship manager, attends Partner Engagement Events and Investment Symposiums, and maintains regular dialogue with senior members of the Homes England team to ensure policy developments reflect market realities.

Resident engagement also plays a key role in asset management. We periodically distribute resident surveys to gather insights into service quality, resident satisfaction, and opportunities for improvement. Within our Shared Ownership portfolio, we maintain regular contact with shared owners to understand their experience across key moments such as marketing, move-in, property improvements, and staircasing. This feedback is used to inform service enhancements and address emerging concerns.

To further strengthen resident engagement, our Thriving Investments platform is partnering with Touchstone, an experienced property manager, to implement a digital portal and mobile app. This will allow residents to access property information, raise concerns, and log maintenance requests in a streamlined and transparent way.

The BSI Housing team worked with Leeds Council to define a Local Lettings Policy for the discounted market rent (DMR) apartments at the latest development in the Fund, Spinners Yard. The Policy will govern the terms of leasing the units, helping to enhance the provision of affordable housing in the area.

Finally, the UK Housing team continues to collaborate with The Good Economy through its participation in the Equity Impact Project (EIP), developing a shared impact reporting framework for the affordable housing sector.

Case study: Engagement on waste reduction - Dublin waste-to-energy facility

Context

While energy consumption often dominates sustainability agendas, waste remains a critical – yet frequently overlooked contributor to the environmental footprint of commercial buildings. From product packaging and food waste to redundant office equipment and refurbishment debris, the waste generated across offices, shops and industrial units presents a significant challenge. Operational waste accounts for approximately 5% of a commercial building's total carbon footprint.

As part of our broader net zero ambitions, we identified the need to increase occupier engagement on waste reduction to ensure that progress on zero waste and zero waste-to-landfill goals advances in parallel to GRESB, for which we disclose the total tonnes of waste generated within the Gresham House Commercial Property Fund (formerly the Appian Burlington Property Fund).

By encouraging greater awareness and behavioural change among occupiers, the initiative aimed to reduce waste volumes and improve waste stream management across our Irish commercial portfolio, while contributing to a stronger GRESB score in 2024.

The Gresham House Commercial Property Fund invests in a diversified portfolio of office, retail and industrial properties located in suburban Dublin and Ireland's major regional urban centres. Promoting sustainability through active asset and occupier engagement is a core element of the fund's long-term strategy.

Activity

To raise awareness of the importance of responsible waste management, Gresham House hosted an immersive, educational event at Dublin's Waste-to-Energy facility. All occupiers across the portfolio were invited to join the Real Estate team for a guided tour of the state-of-the-art plant, a key piece of Dublin's circular economy infrastructure.

The facility, designed by Danish architects Friis & Moltke, processes up to 690,000 tonnes of residual waste annual, material that cannot be reasonably recycled, and converts it into renewable energy. It generates up to 60 megawatts of electricity, powering the equivalent of 80,000 homes, and provides district heating to approximately 50,000 households.

The tour included:

- A tour of the facility and its waste-to-energy conversion process
- An overview of Dublin's wider waste management strategy and its alignment with EU waste recovery and landfill diversion targets
- A roundtable discussion on opportunities to improve waste practices at Gresham House sites

Outcome

The initiative successfully raised awareness of the role both investors and occupiers can play in the wider waste ecosystem. All attendees committed to reviewing their waste contracts and liaising with their providers to ensure waste is diverted to the incinerator facility, rather than landfill, where possible. The visit also reinforced the importance of local solutions in contributing to national waste targets. The Dublin facility supports self-sufficiency by eliminating the need to export non-recyclable waste abroad and by minimising landfill use.

The visit proved that effective stakeholder engagement can drive tangible behavioural change. By brining occupiers and investors into the heart of the waste management process, we created space for education, accountability and collaboration, providing the foundations for improved performance across the portfolio.

In 2024, we will collect updated waste data from occupiers and compare it to 2023 figures to measure progress and identify where further support may be required. The findings will be used to refine our waste management strategy and inform future engagement initiatives.

Strategic Equity

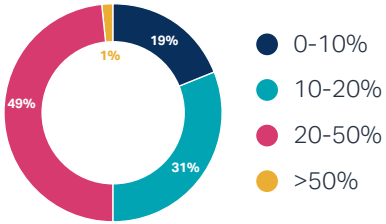
Private Equity

Gresham House's Private Equity strategy specialises in investing in high-growth, early-stage, and lower mid-market private companies, providing capital and strategic support to help them scale. Our focus is on businesses operating in sectors that benefit from long-term structural growth trends, including consumer markets, healthcare & education, and business-to-business (B2B) services. By partnering with ambitious management teams, we enable companies with innovative products and differentiated offerings to accelerate their growth and expand their market presence.

We invest primarily via venture capital (VCT) funds which are evergreen funds investing in earlier stage, fast-growing businesses. Our strategy offers investors access to entrepreneurial high growth, earlier stage, and lower mid-market private companies. We specialise in scaling software and digitally driven businesses in the healthcare, consumer, and services sectors.

We target businesses with revenues typically ranging from £1 million to £20 million, requiring investment between £2 million and £20 million. Our approach involves taking minority equity stakes, allowing founders to retain operational control while benefiting from our strategic expertise, extensive networks, and hands-on support. By providing more than just capital, we help these businesses scale efficiently, optimise governance structures, and navigate the complexities of rapid growth.

2024 portfolio companies by Gresham House equity stake



	2023	2024
Unquoted portfolio companies engaged with in 2023	100%	100%
Boards we attended as a director or observer for our portfolio companies	78%	81%

Public Equity

Gresham House's Public Equity strategy employs a private equity methodology when investing in public markets, focusing on UK and European smaller companies.

This strategy involves thorough due diligence and active engagement with investee companies, aiming to unlock value and achieve superior long-term returns for investors.

Our investment philosophy centres on active stock selection, targeting small and micro-cap companies with significant growth potential.

By adopting a long-term perspective, we seek to identify undervalued opportunities that can benefit from strategic guidance and operational improvements. This approach is underpinned by a deep understanding of each company's fundamentals, market positioning, and growth prospects.

Our UK strategy follows a high-conviction approach, investing in a select number of companies where we see compelling long-term value. Our Irish Public Equity strategy is similarly focused on fundamental quality and valuation, ensuring that each investment aligns with our disciplined investment criteria.

	UK		Ireland	
	2023	2024	2023	2024
% management met with	100	100	45	54
Votes for management (%)	89	95	91	94
Votes against management (%)	5	4	9	6

ESG integration

Across both private and public markets, Gresham House applies a rigorous ESG integration process rooted in long-term value creation. Our engagement-first approach allows us to influence company management on material ESG risks and opportunities, while aligning with our sustainable investment framework.

Governance ('G') is a critical component of our investment process. We meticulously assess factors such as board composition, governance structures, executive remuneration, shareholder rights, and company culture to ensure alignment with best practices. Strong governance frameworks contribute to better decision-making, risk management, and sustainable business growth.

Environmental ('E') and Social ('S') factors are evaluated as potential risk elements during due diligence. We aim to identify and mitigate environmental and social risks that could adversely affect investment performance. If certain risks are deemed unmanageable through engagement or governance enhancements, we may decide not to proceed with the investment.

ESG integration process

1 Initial appraisal

Identify material ESG matters requiring further investigation during due diligence. If certain risks are unlikely to be sufficiently managed or mitigated, we may choose not to proceed at this stage.

2 Due diligence

Utilising our ESG Decision Tool and engaging with management, we assess material ESG risks and opportunities that could drive value. Specialised consultants may be employed to provide additional insights.

3 Investment appraisal

A summary of the ESG analysis is included in every Investment Committee submission. We outline appropriate risk mitigation strategies and ensure that the business is receptive to implementing necessary improvements.

4 Ownership and engagement

Public Equity: We engage regularly with boards and management teams, focusing on strategic, financial, and operational matters, including ESG factors, and consistently exercise our voting rights.

Private Equity: A 100-day post-investment plan is developed to address immediate risks identified during due diligence. We conduct an annual ESG Survey, and we leverage our position as board members and active investors to influence management in proactively addressing longer-term risks and opportunities.

Private Equity

Governance is central to our private equity strategy, with a focus on ethical business models, strong leadership, and alignment of interests. We also support portfolio companies in embedding social responsibility and environmental awareness.

Through active ownership and engagement, we work closely with portfolio companies to enhance their sustainability performance, supporting initiatives that improve governance structures, advance social responsibility, and drive long-term value creation. Our Private Equity strategy is not just about financial returns; it is about investing in the future of responsible, high-growth businesses that make a meaningful impact in their industries and communities.

In 2024, we used outcomes from our ESG Survey to direct our engagement with portfolio companies in two ways.

Firstly, when completing the survey, investee businesses were able to signal whether they intended to undertake a particular initiative, such as undertaking a firmwide diversity and inclusion survey, over the following 12 months. In this instance we will engage to support businesses with their own sustainability ambitions.

Secondly, our own analysis of each company's ESG survey identified sustainability areas that we feel companies should be improving on. Both items have been included in quarterly reviews and board packs to ensure that investment directors engage regularly on such issues.

Case study: Mobility Mojo – driving inclusion through digital accessibility

Context

In January 2025, Gresham House Ventures committed a €4.25 million investment in Mobility Mojo, a Dublin-based Software as a Service (SaaS) platform designed to enhance accessibility and inclusion in built environments. The investment reflects Gresham House Ventures' strategy of backing innovative, high-growth businesses where commercial success aligns with positive societal impact.

Mobility Mojo provides a digital accessibility audit and benchmarking tool, enabling organisations to assess and improve accessibility across office spaces, retail locations, manufacturing sites, and other built environments. With a growing regulatory focus on accessibility and inclusion, the company is well-positioned to support businesses in meeting global standards while driving commercial value.

The investment reflects Gresham House Ventures' strategy of backing innovative, high-growth businesses where commercial success aligns with positive societal outcomes. It also demonstrates a clear recognition of the economic opportunities for businesses that deliver strong ESG-related solutions that link to commercial value.

The company's strong social credentials were evident in an ESG survey conducted as part of our investment due diligence. Mobility Mojo scored above the sector average, particularly in social impact metrics, reinforcing our confidence in the business's long-term sustainability and alignment with evolving regulatory landscapes.

Activity

Our investment in Mobility Mojo was designed to support the business in expanding its sales and marketing capabilities, further developing its AI-driven accessibility assessment tools, and recruiting key talent to drive continued growth.

Beyond capital investment, Gresham House Ventures has taken an active role in enhancing Mobility Mojo's governance and leadership structures. Recognising the importance of strong board oversight, we worked closely with the company's management to appoint a new independent Chair. This process aims to bring strategic leadership experience and reinforce governance best practices as Mobility Mojo scales.

To ensure a smooth transition, we have engaged management to establish an enhanced governance framework. We supported the company with an executive search process to procure an independent Chair. Our goal is to ensure that Mobility Mojo benefits from the same professionalised governance structures that have been instrumental in the success of other growth-stage businesses in our portfolio.

Outcome

While still in the early stages of our investment, several key developments have already taken shape:

- Strengthened leadership focus – The ongoing appointment process for a new Chair is set to bring additional expertise, ensuring strong governance oversight and strategic direction.
- Market expansion and commercial growth – The investment has positioned Mobility Mojo to accelerate client acquisition and expand its footprint across multiple industries.
- Advancement of accessibility standards – With increased resources, the company is enhancing its AI-driven accessibility solutions, providing businesses with the tools needed to create truly inclusive environments.

As Mobility Mojo continues to grow, Gresham House Ventures remains actively involved in supporting its strategic direction, ensuring the business not only scales successfully but continues to drive positive social and commercial impact.

Public Equity

Aligned with Gresham House's group-wide commitment to sustainable investment, our Public Equity teams adhere to the firm's Sustainable Investment Framework. This framework guides our ESG integration processes, ensuring that materiality and stakeholder assessments are central to both investment selection and stewardship activities.

Our focus on smaller companies with strong fundamentals enables us to uncover opportunities that may be overlooked by the broader market. Through active stewardship, rigorous ESG integration, and strategic engagement, we help portfolio companies enhance their governance structures, manage sustainability risks, and drive long-term performance. This approach ensures that our investments not only deliver financial returns but also contribute positively to the broader economy and society.

Case study: Enhancing ESG integration by onboarding a specialist data solution, Addidat

Context

Gresham House's UK Public Equity team embeds ESG factors within its investment process. However, analysing ESG risks and opportunities in the UK Small-Cap market presents challenges due to limited and inconsistent data coverage.

Traditional providers often lacked comprehensive datasets, making it difficult to compare companies, track ESG maturity, and identify emerging risks. Additionally, the lack of an integrated ESG tracking system meant the investment team faced inefficiencies in engagement planning, risk identification, and portfolio-wide analysis.

The team required a specialist ESG data solution tailored to the unique characteristics of UK small cap companies as previous providers failed to deliver reliable and complete coverage, resulting in gaps in analysis.

Activity

To address these challenges, Gresham House selected Addidat, a leading provider of ESG data and advisory services dedicated to the UK small-cap market. The Addidat platform provides:

- Comprehensive data coverage, including all AIM and UK small-cap companies, with over 110 key ESG metrics.
- Peer benchmarking capabilities, enabling the team to assess relative ESG maturity, trends, and risks.
- Integrated engagement tools, allowing for more targeted and data-driven discussions with company management.
- A consultative approach, providing specialist support in interpreting ESG data and aligning insights with the investment strategy.

Outcome

Integrating Addidat into the Public Equity team's ESG framework has transformed the investment team's ability to monitor and assess ESG risks and opportunities.

The platform enables the team to score companies, compare them against peer benchmarks, and track portfolio-wide ESG performance in a structured manner. These insights gained from the platform inform engagement plans, ensuring that discussions with management focus on material ESG risks and value-enhancing opportunities.

The system has also enhanced risk identification, enabling early detection of ESG-related red flags that could affect financial and reputational performance.

Impact and benefits

The platform has enhanced the team's ability to integrate ESG into investment decisions, drive engagement, and track portfolio-level ESG outcomes, reinforcing our position as active, responsible investors in the UK small-cap market.

Engagement

Engagement is a core element of our active ownership strategy, allowing us to influence corporate behaviour and ensure our investments align with long-term value creation. We believe that open and constructive dialogue with company management strengthens governance, improves business performance, and mitigates risks.

We engage with companies on a wide range of topics, including:

- Board composition and governance structures
- Climate-related risk management and net-zero commitments
- Diversity, Equity, and Inclusion (DEI) policies
- Executive remuneration and shareholder rights
- Social responsibility and supply chain practices

We encourage an open and honest dialogue between ourselves and the companies in which we invest as this is an essential part of being an effective steward of the investments we make. Investing in smaller businesses means we place great importance on our ability to work with company management through engagement activity to make improvements and protect long-term value.

Engagement process

Our Public Equity team follows a six-step engagement process, ensuring that all interactions are monitored, recorded and assessed against a set of objectives:

Materiality: Determine key engagement topics and prioritise companies based on materiality

Engage: Initiate discussions with company management to drive positive change with a clear objective

Prioritise: Assess which engagement activities will have the most meaningful impact

Monitor & respond: Track progress, escalate concerns if necessary, or adjust our investment stance

Plan: Develop an engagement strategy tailored to the company's risks and opportunities

Report: Disclose engagement outcomes in our annual reporting

Prioritisation of engagement

Due to the large number of portfolio holdings across the strategy, it is important that engagements are prioritised based on the following factors:

- **Shareholding size** – Larger stakes provide greater influence and stronger engagement opportunities.
- **Materiality** – Issues that significantly impact business value, such as climate transition risks or governance failings, take priority.
- **Company exposure** – We focus on holdings with the most meaningful impact on fund performance and net asset value.
- **Alignment with Corporate Sustainability Strategy** – Prioritisation is influenced by Gresham House's key sustainability themes, including climate action and responsible business practices.

Collaboration

Across our strategic equity activities, our primary means of engagement is directly with portfolio companies due to our active management approach. There may be reason however to collaborate with other shareholders (or stakeholders) to drive improvements in shareholder value.

We would consider collaborating on matters of governance as we believe strongly that this is one of the most important drivers of investment performance. We will explore collaboration with other shareholders in instances where we find this to offer the best route to effecting necessary change.

Case study: Collaborative engagement to stablilise the financial position at Inspired plc

Context

Inspired plc, a leading provider of commercial energy and sustainability advisory services, encountered liquidity challenges in Q4 2024 due to delays in a small number of material contracts, shifting revenue into H1 2025. This situation created financial pressure, prompting its lenders to grant a covenant extension until March 2025.

Strengthening its balance sheet and securing sufficient working capital were imperative to enabling the delivery of its backlog of projects and sustaining long-term growth. The need for a well-structured funding solution was clear, as traditional financing routes presented potential challenges, including excessive dilution or loss of investor confidence.

As the largest shareholder, with a c.29% equity stake, we recognised an opportunity to lead a recapitalisation that would stabilise the company's financial position, providing the necessary capital to execute its strong order pipeline and maintain momentum towards its net zero advisory objectives.

Activity

We engaged extensively with Inspired's board, including both executive and non-executive directors, as well as its financial advisor. Our objective was to explore funding solutions that would provide the company with stability while minimising dilution for existing shareholders. Additionally, we worked closely with the company's lenders and other shareholders to structure a recapitalisation plan that would de-risk the balance sheet while maintaining equity value.

Following detailed negotiations, we structured a funding solution that avoided the need for a deeply discounted equity raise, which could have significantly eroded shareholder value. The agreed approach ensured that Inspired retained the necessary capital to operate effectively while reinforcing investor confidence in its long-term prospects.

As part of the process, a critical regulatory requirement emerged. Our increased stake in the company could have triggered mandatory takeover provisions under Rule 9 of the Takeover Code. To proceed, we needed to secure a Rule 9 waiver from the Takeover Panel, which required obtaining majority approval from independent (non-Gresham House) shareholders, which was successfully approved in January 2025. This regulatory clearance enabled the successful completion of the fundraise, restoring liquidity and reinforcing the company's financial stability.

Outcome

The recapitalisation efforts delivered a number of significant outcomes:

- Financial Stability Restored – Inspired successfully secured the necessary working capital headroom, allowing it to execute its backlog of projects and maintain operational resilience.
- Shareholder Value Protected – By avoiding a highly dilutive equity raise, we ensured that existing shareholders retained their proportional value in the company.
- Market Confidence Rebuilt – Following the recapitalisation, Inspired's share price performed significantly positively in early 2025, reflecting renewed investor confidence in its financial health and strategic direction.

The proactive and collaborative approach taken in this case demonstrates our ability to support portfolio companies through financial challenges, ensuring long-term sustainability and continued alignment with our investment strategy.

Escalation strategy

If engagement does not result in the desired changes, we have a clear escalation strategy, built in stages.

1. **Further engagement – Additional discussions with management and non-executive directors.**
2. **Formal shareholder letters – Written concerns outlining our position and expectations.**
3. **Voting action – Using proxy votes to influence governance decisions.**
4. **Collaboration with other shareholders – Coordinated efforts to push for corporate change.**
5. **Public statements – Expressing concerns at AGMs or via media channels.**
6. **Exit from investment – Selling our position if engagement efforts fail to protect shareholder value.**

Examples of escalation topics can include:

- Takeover bids that do not align with shareholder value
- Mergers and acquisitions that present governance risks
- Executive pay structures that fail to incentivise long-term performance

Case study: Resolving a governance conflict at Cognassist

Context

In March 2023, Gresham House led a £4 million Series A investment in Cognassist, a neuro-inclusion platform supporting individuals in education and the workplace. As part of best-practice governance, an independent Chair was appointed at the time of investment, with background checks and referencing completed as part of the selection process. However, two months later, Gresham House was alerted to a potential conflict of interest related to the Chair's other board position at a recruitment services business, identified by another private equity fund. While no immediate conflict was present, it was acknowledged that a conflict could arise in the future.

Following discussions among key stakeholders, it was agreed that proactively addressing the potential conflict was in the best interest of all parties. In June 2023, the Chair stepped down, with an existing Non-Executive Director assuming the role of interim Chair while a permanent successor was identified.

This case highlights the importance of robust governance, proactive risk management, and strong stakeholder engagement in private equity investments. Ensuring appropriate board leadership was essential for Cognassist's continued success, particularly given its B Corp Certification, achieved in April 2023 shortly after our investment. Gresham House's role as an institutional investor included strengthening governance structures, ensuring ESG principles were embedded, and safeguarding long-term value creation.

Activity

Recognising the importance of preserving board stability, Gresham House engaged with Cognassist's management team, the other private equity fund, and the outgoing Chair to ensure a smooth and effective transition. It became clear that while the investment director sitting on the other company's board had no immediate concerns, the managing partner of the private equity fund viewed the dual board appointments as unacceptable based on their firm's policies.

Before taking further steps, we conducted a review of the initial due diligence and referencing process, confirming that while standard governance checks had been completed, a direct engagement with the other private equity fund had not been undertaken. This provided a key learning to strengthen our future recruitment processes.

To maintain stability, an existing Non-Executive Director stepped in as interim Chair. During this period, Gresham House's Talent Team worked closely with Cognassist to identify and engage an executive search firm to find a permanent successor. Following a competitive selection process, Essenta was appointed in September 2023, with Gresham House negotiating terms on behalf of Cognassist and overseeing the process to ensure a high-quality outcome.

Throughout Q4 2023 and Q1 2024, we reviewed shortlists, conducted interviews, and provided feedback to support the decision-making process. In January 2024, Mike McGrath was selected as the new Chair, with contracts agreed in February.

Outcome

The appointment of a highly experienced and engaged Chair has delivered tangible benefits to Cognassist:

- Strengthened governance and leadership – The new Chair has provided clarity on strategic direction, reinforcing board effectiveness and decision-making.
- Improved stakeholder management – With a deep understanding of both education and enterprise markets, the Chair has played a pivotal role in guiding Cognassist's leadership team through a rapidly evolving sector.
- Enhanced business focus – The Chair has ensured that resources (people and capital) are allocated effectively across Cognassist's education and enterprise divisions, balancing short-term execution with long-term strategic growth.

Voting

Voting is a fundamental part of our stewardship responsibilities and investment strategy for our Public Equity investments. We believe that effective voting enhances corporate governance, strengthens accountability, and supports long-term shareholder value creation. Our voting approach is guided by our Engagement and Voting Policy, ensuring that our decision reflects the best interests of our clients and the integrity of our investment principles.

Our voting decisions are informed by a combination of sources including:

- Internal research and investment team discussions
- Company engagements and dialogue with management
- Analysis of governance structures and voting proposals
- Consultation with other stakeholders, advisers, and industry bodies
- Consideration of broader ESG and sustainability issues

While we adhere to the principles outlined in our policy, portfolio managers retain discretion to vote differently if there is a compelling investment rationale. Any such deviation is reviewed by the team to ensure consistency and accountability.

Voting principles

While we do not set a prescriptive policy on all voting items, we apply the following key principles:

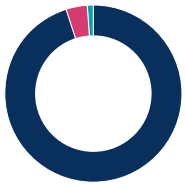
- Authority to allot shares – We vote against any proposals exceeding 33%.
- Disapplication of pre-emption rights – We vote against any proposals exceeding 20%.
- Authorisation to purchase own shares – We vote against any proposals exceeding 10%.
- Political donations – We vote against all political donations.
- Executive remuneration and incentive structures – We assess these on a case-by-case basis to ensure alignment with long-term shareholder value creation.

All resolutions are reviewed and voted on, unless an administrative impediment exists (e.g., power of attorney requirements or ineligibility due to participation in share placements).

Voting statistics and transparency

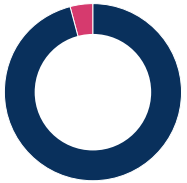
We are committed to transparency in our voting activity, ensuring our decisions reflect our stewardship responsibilities. In 2024, we exercised our voting rights across the majority of our holdings.

UK Equities



- We voted on 100% of all resolutions.
- We **supported 95%** of management recommendations.
- We voted against 4% of proposals.
- We abstained on 1% of resolutions.

Irish equities



- We voted on 100% of all resolutions.
- We **supported 94%** of management recommendations.
- We voted against 6% of proposals.
- We abstained on 0% of resolutions.

We publish our full voting records on our website, providing stakeholders with clear insight into our governance decisions. Our Engagement and Voting Policy is also publicly available to demonstrate our commitment to best practices in voting and stewardship.

Voting against management and escalation process

When we decide to vote against management, we seek to engage with the company in advance to communicate our concerns and explore potential resolutions. We aim to resolve governance concerns privately, wherever possible, before escalation to a formal vote.

Key reasons for votes against management in 2024 included:

- Resolutions that did not meet our voting policy requirements, such as non-pre-emptive share issuance thresholds.
- The proposal of transactions we did not support, where we believed they were not in the best interest of shareholders or long-term company value creation.

Where engagement is unsuccessful, we may escalate concerns through:

- Further engagement with boards.
- Collaboration with other shareholders where appropriate.
- Using our voting rights to drive change.
- Public statements or AGM interventions, if deemed necessary.
- Divesting our position, if governance risks remain unresolved.

Proxy voting and execution

We do not rely on proxy voting advisory services to inform decisions, but we utilise proxy voting platforms for vote execution. Votes are delivered by our middle office to an execution platform, ensuring decisions align with our internal voting policies and investment principles. In some cases, the depositary executes the vote in line with our instructions.

Stock lending policy

We do not engage in stock lending, ensuring we retain full control over voting decisions for our holdings. By maintaining full voting rights across all investments, we maximise our ability to act as effective stewards of shareholder capital.

Climate & nature-related disclosures

The Strategic Equity investment strategies integrates climate and nature related considerations as part of its material risk assessment and engagement analysis. While these strategies do not target specific environmental outcomes, we recognise the growing relevance of climate and nature risks to long-term value creation.

Our Private Equity ESG survey and Public Equity data platform provide the investment team with insightful information to assess these risks. Specific questions are included as part of our initial due diligence and form the basis of our engagement with companies. We recognise the opportunity to educate and support portfolio companies, especially smaller, earlier-stage businesses, as they navigate climate disclosure and nature impact expectations

Climate metrics

We calculate and monitor portfolio emissions across both Private and Public Equity strategies

Emissions attributed to our Public Equity strategy increased significantly in 2024, driven by an increase in AUM.

Climate and nature-related opportunities

The investment strategies employed by the Public and Private Equity teams can lead to investments in companies exposed to climate- and nature-related opportunities, particularly in the Gresham House Global Thematic Multi Asset Fund.

This fund looks to invest in companies that align with its sustainable themes, one of which is Climate & Energy. For all new investments made by the fund (except for cash or cash equivalents, or sovereign bonds), a company note including an investment and sustainability thesis must be produced prior to investment.

This includes an analysis of the thematic alignment of the security and includes detail such as the theme targeted and a description of how the asset aligns to the theme. One of the exclusion criteria of the fund is "Fossil Fuels Production and/or Exploration >10% Revenue".

		2023	2024
Public Equity	Scope 1 & 2 emissions (tCO_2e)	38,379	52,559
	Scope 3 emissions (tCO_2e)	253,249	372,686
	Carbon intensity (tCO_2e/£m invested)	214	267
Private Equity	Scope 1 & 2 emissions (tCO_2e)	11,119	8,809
	Scope 3 emissions (tCO_2e)	55,129	32,204
	Carbon intensity (tCO_2e/£m invested)	202	117

Climate & nature-related risks

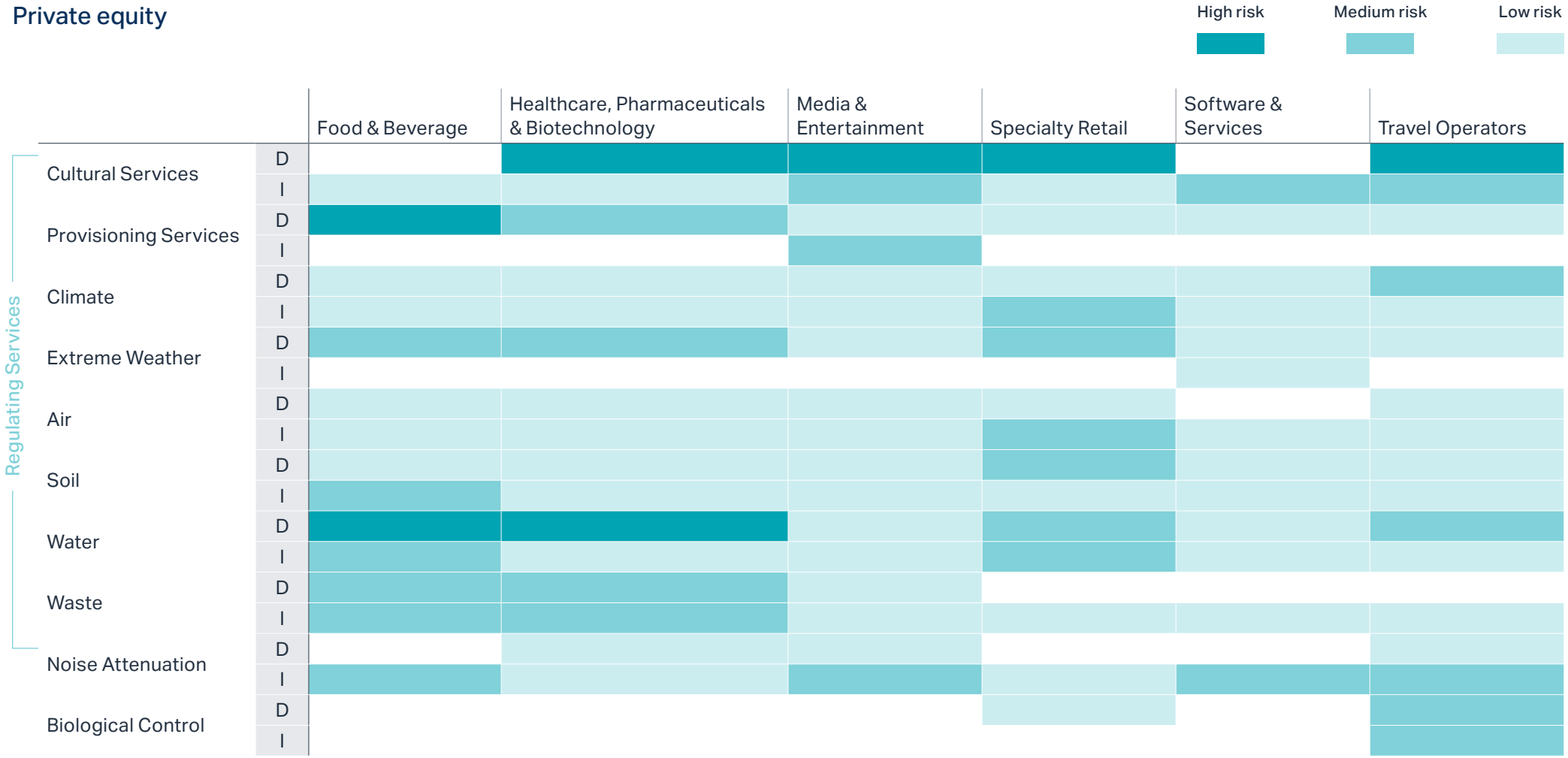
As well as risk analysis undertaken through completion of the ESG Decision Tool, research can be used to inform engagement objectives that the investment teams work with companies on throughout the holding period. The Public Equity teams can further leverage data from external data providers to better understand associated climate risks including exposure and management of material risks.

While most portfolio companies operate in low-emitting sectors, such as software and services, we do have limited exposure to higher-impact sectors like construction and oil & gas in one of Gresham House Ireland's funds. In 2025, we will develop targeted climate engagement plans for carbon-intensive holdings and evaluate transition risk across select portfolios.

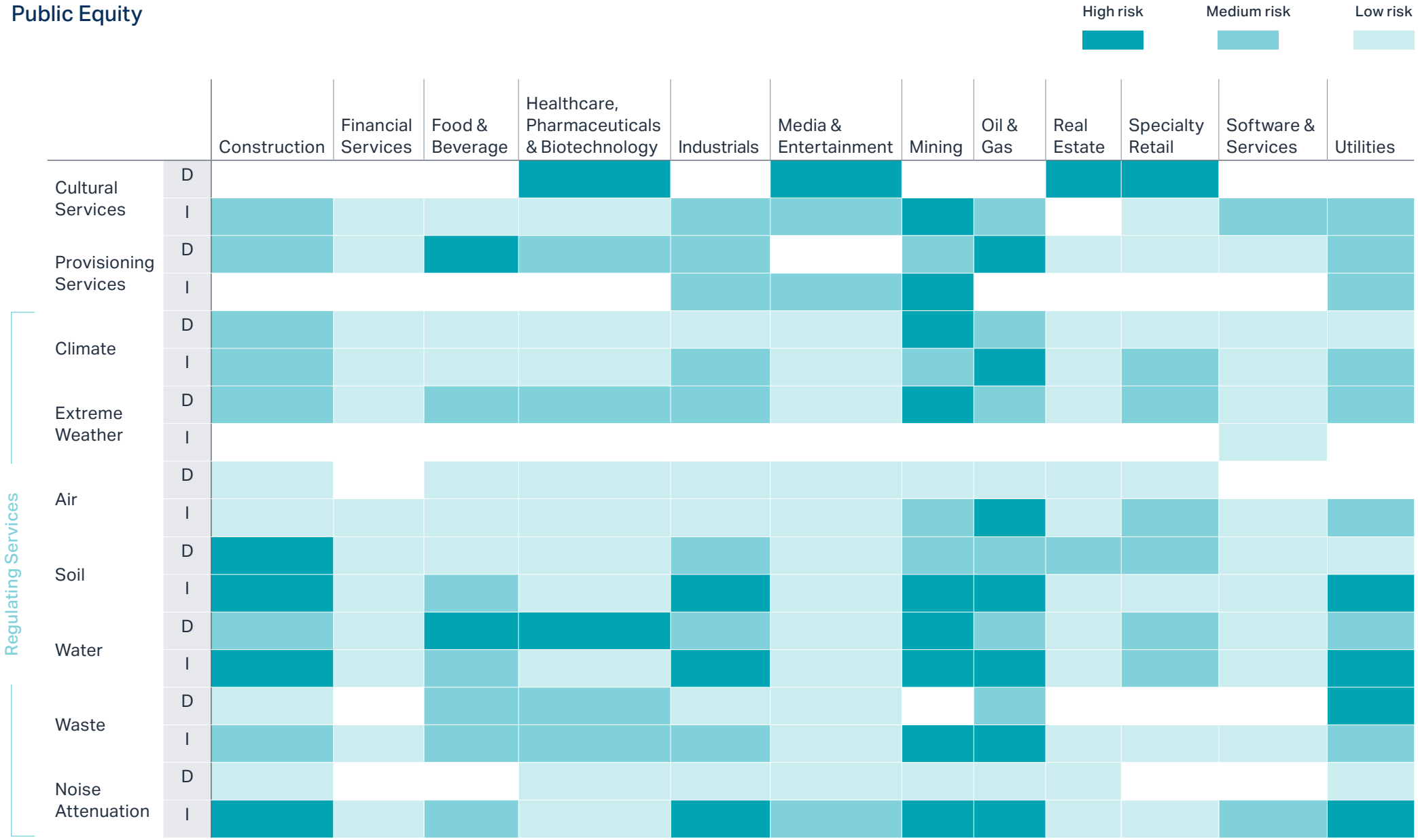
Nature dependencies (D) & impacts (I)

In 2024, we used The ENCORE tool to map nature-related dependencies and impacts across our portfolio. This analysis shows that our Private and Public Equity strategies have significant exposure to sectors that have a low impact or dependency on nature such as Financial Services and Software & Services. For other sectors, including Travel Operators and Healthcare, Pharmaceuticals & Biotechnology, there is a strong dependency on the cultural services provided by nature. Engagements should focus on what the companies are doing to benefit the natural sites that they rely on and what they do to minimise their negative impacts.

Private equity



Public Equity



04

Gresham House as a Sustainable Employer and Business

Carbon footprint

In 2024, we strengthened our approach to carbon accounting by adopting Watershed, a data platform that enables enhanced calculation and analysis of both corporate and investment-related emissions.

This marks a strategic shift from a consultant-led model towards greater transparency, auditability, and internal ownership of climate data.

Watershed provides insights at the asset, fund and strategy level, improving visibility of emissions across the organisation. It has also enhanced our ability to visualise emissions sources and trends, facilitating engagement with investment teams and supporting data-driven decision making. Over time, we intend to further integrate the platform with internal systems to improve data flow and operational efficiency.

As part of this transition, this year's carbon footprint may reflect changes not solely attributable to shifts in emissions, but also to refinements in data inputs and methodology. Watershed uses estimation approaches where primary data is unavailable, which may result in differences compared to previous years.

To improve year-on-year comparability, we have re-baselined our 2023 emissions to align with the updated methodology. As a result, Scope 1, 2 & 3 emissions for 2023 have decreased compared to the figures reported last year, reflecting the implementation of revised methodologies.

In this section, we disclose the Scope 1, 2 and 3 greenhouse gas (GHG) emissions, for our corporate operations and material investment activities, in line with the FCA's climate-related disclosure requirements. We also present relevant intensity metrics and contextual information to support interpretation and demonstrate progress.

Group consolidated emissions

The table below summarises our Group consolidated emissions. This is Gresham House's total carbon footprint including both Corporate and Investment (Category 15) emissions. The 2023 emission data has been re-baselined where possible in accordance with Watershed's enhanced methodology.

	2023	2024
Scope 1 emissions (tCO_2e)	123	117
Scope 2 emissions (tCO_2e)	111	33
Scope 3 emissions (tCO_2e)	785,279	1,075,588
3.3 fuel and energy related activities	*53*	*43*
3.6 business travel	*171*	*244*
3.7 employee commuting	*128*	*159*
3.15 investments	*784,927*	*1,075,142*

Carbon footprint of our corporate operations

Methodology

To calculate our corporate carbon footprint, we use actual data where available including utility bills for office energy use and expense data to estimate emissions from business travel.

Watershed's methodology is aligned with the Partnership for Carbon Accounting Financials (PCAF) Global GHG Accounting & Reporting Standard for the Financial Industry.[43] Our calculations cover Scope 1, Scope 2, and, where possible, Scope 3 emissions related to our operational footprint.

Key Highlights

- Operational carbon intensity remained stable, decreasing slightly from 7.0 to 6.9 (tCO_2e/£m revenue).
- Scope 2 emissions decreased by 70% following our renewable energy transition.

In 2024, our operational emissions increased slightly by 2%, primarily due to increased business travel. Gresham House's GH30 strategy emphasises international expansion, which has resulted in more overseas travel and associated emissions.

	2023[44]	2024
Total carbon emissions (Scope 1, 2 & 3) (tCO_2e)	586	596
Scope 1 emissions (tCO_2e)	123	117
Scope 2 emissions (tCO_2e)	111	33
Scope 3 emissions (tCO_2e)	352	446
Emissions intensity (tCO_2e/£m revenue)	7.0	6.9
Carbon intensity (tCO_2e/full time employee)	2.6	2.7

	2023[45]	2024
Total energy use (Scope 1, 2 & 3) (MWh)	1,071	1,003
Scope 1 energy use (MWh)	461	423
Scope 2 energy use (MWh)	313	342
Scope 3 energy use (MWh)	296	238

43. Partnership for Carbon Accounting Financials, The Global GHG Accounting and Reporting Standard for the Financial Industry. First edition (November 2020).
44. 2023 figures have been recalculated and restated as a result of moving to the Watershed platform
45. 2023 figures have been recalculated and restated as a result of moving to the Watershed platform

An additional driver was the increase in employee commuting emissions. In 2023, our office attendance policy shifted from two to a minimum of three days per week, alongside an increase in total headcount, both factors likely contributing to this rise.

Despite this, our operational carbon efficiency remained broadly stable, supported by a significant reduction in Scope 2 emissions, following the switch to 100% renewable electricity providers in our London and Witney offices in Q4 2023.

Next Steps

Following the significant reduction in emissions from transitioning to renewable energy providers, we will assess the feasibility of switching all offices to renewable sources with the aim of eliminating our Scope 2 emissions.

The Watershed platform includes functionality to integrate with operational accounting systems to estimate Scope 3.1 emissions (purchased goods and services).

This feature offers valuable insights by attributing emissions to financial accounts, suppliers, and activities, helping us identify priority areas as we develop our corporate decarbonisation strategy. We are committed to continuously improving the coverage and quality of our emissions data to ensure it supports robust analysis, decision-making, and transparent disclosure.

In 2024, we began mapping financial data to this framework. However, due to limitations in data quality and coverage of data, the initial outputs were not fully reliable or accurate. We plan to improve the integration of financial data into the Watershed platform in the coming year, enabling us to generate more accurate and actionable insights.

Carbon footprint of our investments

Methodology

The data used to calculate the emissions of our investments varies by strategy:

- **Sustainable Infrastructure**: emissions data is collected from portfolio companies, with most footprints calculated through Watershed, some companies also provide their own Scope 1, 2 and where available, Scope 3 emissions.
- **Forestry**: emissions intensity is calculated using actual data from a representative sample of forests. This includes data from onsite activities, which can fall under Scope 1, 2 and 3, and supply chain emissions from our nurseries and sawmills, which falls under Scope 3.
- **Energy Transition**: a combination of actual data from site managers and calculated emissions intensity based on electricity stored by BESS assets.
- **Real Estate**: actual emissions data is collected from our Irish commercial properties, UK Housing emissions are estimated using intensity calculations based on floor area as tenant emission data is currently not easily available.
- **Strategic Equity**: a mix of reported emissions and calculated intensity using sectoral averages and company revenue where carbon footprint data is not published.

When reporting the carbon footprint of our investments, we disclose both absolute emissions and three KPIs that help us manage climate impact over time:

- **Carbon emissions intensity**: measures emissions per unit of capital invested, expressed as tCO_2e/£m invested.
- **Weighted average carbon intensity (WACI)**: measures a portfolio's exposure to carbon-intensive companies, expressed as tCO_2e/£m revenue.

Watershed's methodology aligns with the Partnership for Carbon Accounting Financials (PCAF) Global GHG Accounting & Reporting Standard for the Financial Industry.[46] The calculations include Scope 1, Scope 2, and, where possible, Scope 3 emissions associated with each investment. Emissions are attributed based on the proportion of each asset owned by the investment team, in line with the PCAF standard.

Summary

In 2024, the total emissions associated with our investment activities increased by 37% year-on-year, largely driven by the increased Scope 3 emissions. Scope 1 and 2 emissions remained relatively stable, while Scope 3 emissions rose significantly reflecting better data availability and an increase in activity from portfolio companies.

Key drivers include:

- Improved emissions data from our Sustainable Infrastructure portfolio, including the addition of Scope 3 sources not previously reported.
- Increased product sales from alternative fuel companies such as WasteKnot Energy, Lifecycle Oils, and GH Biopower, resulting in higher Scope 3 emissions associated with the use of sold products.
- Growth in Public Equity AUM.

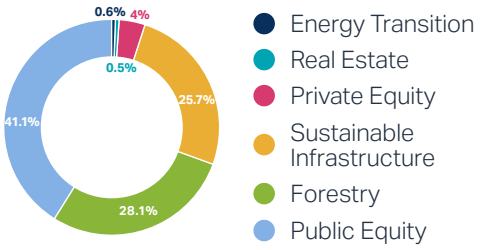
Although a smaller component of our overall footprint, emissions from our battery storage assets decreased significantly in 2024. This reduction was driven by two key factors: a fall in the average carbon intensity of the UK national grid from (from 162kgCO_2/MWh in 2023 to 124kgCO_2/MWh in 2024), and a strategic shift towards trading.

As a result, batteries were more likely to charge during periods of low prices (and lower carbon intensity) and discharge during periods of high prices (and higher carbon intensity).

Next Steps

In 2025, we will continue to strengthen our climate strategy by setting decarbonisation targets for both our corporate operations and investments, aligned with a 2050 net zero ambition. This process will include defining clear interim milestones and goalposts to measure progress over time and enhancing data quality and coverage.

Total attributed Scope 1, 2 and 3 emissions split by strategy



	2023	2024
Scope 1 & 2 emissions (tCO_2e)	110,108	113,552
Scope 3 emissions (tCO_2e)	674,819	961,590
Carbon intensity (Scope 1, 2 & 3 tCO_2e/£m invested)	108	143
Weighted Average Carbon Intensity (WACI) (Scope 1, 2 & 3 tCO_2e/£m revenue)[47]	3,999	4,304
PCAF Data quality score	2.4	2.4

46. Partnership for Carbon Accounting Financials, The Global GHG Accounting and Reporting Standard for the Financial Industry. First edition (November 2020).

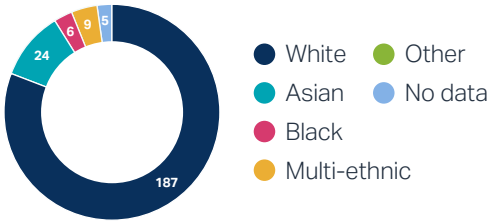
47. WACI does not include Real Estate assets.

People and culture

At Gresham House, our people are our greatest asset.

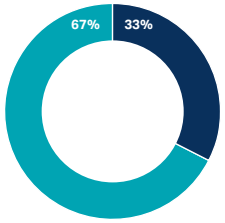
Their health, and wellbeing, and professional development are fundamental to our success and central to delivering long-term value for all stakeholders. We aim to foster a high-performance, inclusive culture in which our colleagues are supported, empowered, and able to thrive.

All employees in 2024 (self-certified)



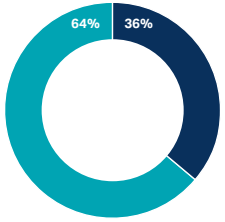
2023: 78% White, 11% Asian, 3% Black, 5% Multi-ethnic, 1% Other, 2% No data

New hires made in 2024 (m/f)



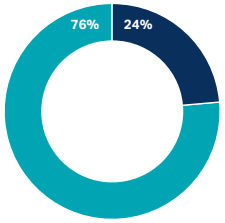
2023: 42% female, 58% male

Senior management in 2024 (m/f)



2023: 35% female, 65% male

Investment professionals in 2024 (m/f)



2023: 18% female, 82% male

231

Total employees (90% full time)

Diversity, Equity and Inclusion (DEI)

We are committed to building a diverse, equitable and inclusive workplace to attract and retain individuals that are aligned with our business ambitions.

Our DEI strategy sets out the internal behaviours and actions that should be implemented to improve diversity, equity and inclusion across the company in order to support our corporate objectives. The objectives address DEI across the following focus area:

- Talent acquisition
- Recruitment and selection
- Career development, training, recognition and culture

In 2024, we delivered DEI training to employees covering topics including menopause in the workplace and unconscious bias.

66%

of employees believe Gresham House values diversity

Employee health and wellbeing

We place our employees' wellbeing and development at the heart of our growth, with a range of initiatives to support mental, physical, and financial health:

- An annual company funded health assessment to enable employees to take a proactive approach to their health
- Private medical cover
- Cycle to work scheme
- Regular socials
- Buddy scheme

Other benefits offered to employees include:

- Corporate pension scheme
- Give as you Earn
- Volunteering policy
- Life assurance
- EV leasing scheme

Employee ownership

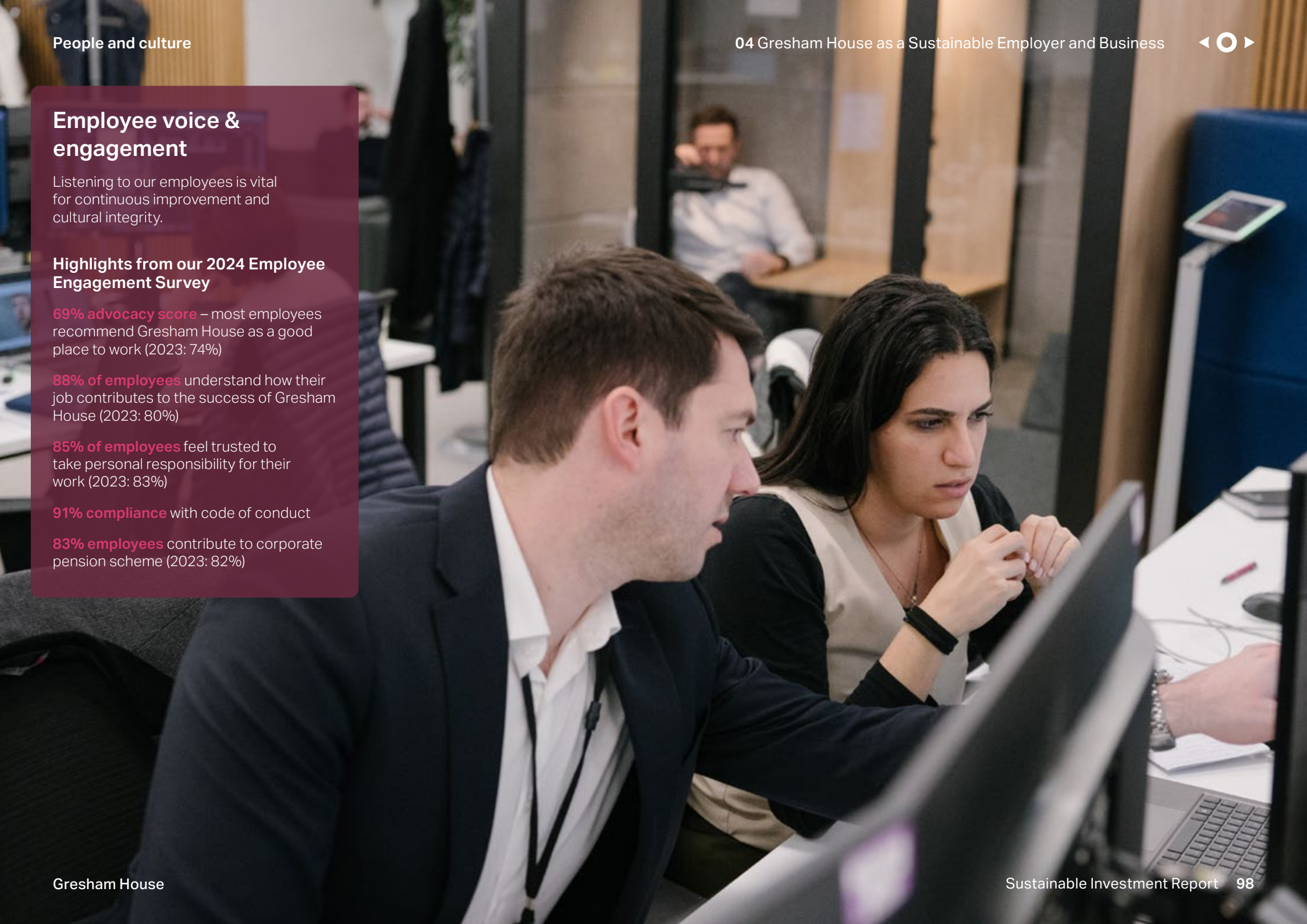
As part of the Searchlight Capital Partners, L.P. transaction, the Save as you earn (SAYE) scheme was closed in January 2024. It was replaced by the All Staff Equity Plan, an employee incentive plan allowing employees to invest in the group's parent company (the MEP) using their own funds.

As of 31 July 2024, 40.78% of staff (93 of 228) invested in the MEP.

Employee development & progression

We invest in long-term career development and talent retention.

- Individual Job Frameworks have been developed to enable employees to track their career progression and to ensure that managers actively promote career development opportunities for their teams
- 172 hours were dedicated to soft and professional skill training in 2024
- Senior women across the firm participated in a 12-week external Resilient Women's Leadership Programme
- As part of the internal objective setting, all employees are required to submit sustainability objectives to support the business in integrating sustainability into all aspects of the business



Employee voice & engagement

Listening to our employees is vital for continuous improvement and cultural integrity.

Highlights from our 2024 Employee Engagement Survey

69% advocacy score – most employees recommend Gresham House as a good place to work (2023: 74%)

88% of employees understand how their job contributes to the success of Gresham House (2023: 80%)

85% of employees feel trusted to take personal responsibility for their work (2023: 83%)

91% compliance with code of conduct

83% employees contribute to corporate pension scheme (2023: 82%)

05

Gresham House as a Sustainable Corporate Citizen

Supporting our communities

At Gresham House, being a positive part of our society is critical to us meeting the expectations of diverse stakeholders and ultimately achieving our ambition to be a leader in sustainability.

We strive to support causes that align with our company values and that can make a difference in the world, and this is reflected by the charities we actively engage with.

Our charity partners are:

Royal Society for Blind Children (RSBC), who are focused on funding services for blind and partially sighted children and their families including the provisioning of emotional support, practical advice, and training and running a specialist further education college

Campaign Against Living Miserably (CALM), who work to improve mental health and well-being, particularly amongst men, in the UK and provide a free, confidential, and anonymous helpline to support people who are struggling or in crisis

In 2024, Gresham House Ireland raised over €7,000 for **Jack and Jill**, a charity who fund in-home nursing care and respite support for children with neurodevelopmental delay, and Rehab Ireland, a charity who support people with disabilities to live ordinary lives within their communities.

Employee giving

Employees can support these or other charities of their choice through the Charities Aid Foundation Give As You Earn (GAYE) scheme, whereby Gresham House matches employee donations up to £50 per month. In 2024, we contributed £20,800 through GAYE.

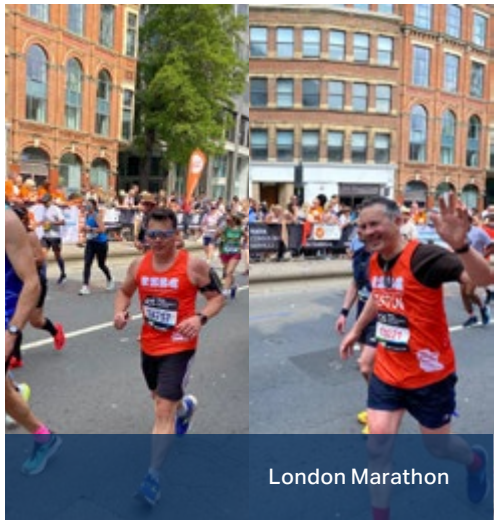
Fundraising highlights in 2024

- London Marathon: Two employees raised over £10,000 for RSBC
- Charity Walk (Dublin): Raised €6,120 for Jack and Jill
- Coffee morning: Raised over €1000 for Rehab Ireland
- Barry's Bootcamp (London): Raised £380 for CALM

Corporate charitable giving

- Total charitable contributions: £109,281
- Of which £58,550 was direct corporate charitable giving
- 11% of employees participated in GAYE (2023: 11%)

Charity walk (Dublin)



London Marathon

Volunteering

Our volunteering policy provides two paid days per year for employees to participate in a volunteering activity or project.

We prioritise charity partners that offer meaningful volunteering opportunities.

Volunteering activities in 2024

- Capuchin Day Centre (Dublin): Staff helped serve meals and sort donations at the food bank.
- CALM (London): Volunteers supported fundraising at the BMW PGA Championship.
- Jack and Jill (Dublin): Our team designed and installed a new staff kitchen and boardroom using repurposed furniture and appliances from Gresham House and a portfolio property.

69%

of employees believe that Gresham House makes a positive contribution to our chosen charity and volunteering partners

06 Appendix

The Group risk register

A snapshot of our key risk categories including ESG and climate Risk:

Strategic & business risk

Refers to potential financial loss or reputational damage as a result of internal strategic decisions made by the management and leadership team.

Managing strategic risk involves adapting to market dynamics, diversification, talent management, and safeguarding the firm's reputation.

Financial control & liquidity risks

Financial control and liquidity risk involve ensuring effective management of funds, assets, and liabilities.

Financial control focuses on accurate financial reporting and compliance with prudential regulatory requirements.

Liquidity risk pertains to the ability to meet financial obligations promptly without incurring excessive costs.

Counterparty credit risk specifically pertains to the risk of financial loss resulting from the failure of a counterparty to meet its contractual obligations.

Macroeconomic risk

Investment underperformance can impact the Company as a loss in value of the Company's direct investments, and/or the potential loss in revenues from AMC.

The Group invests in or alongside the funds that it manages to align itself with clients. The Group's activities expose it to various types of risk that are associated with the financial instruments and markets in which it invests, including:

- Equity Risk
- Interest Rate Risk
- Foreign Exchange Risk
- Commodity Risk
- Derivative Risk

Macroeconomic factors significantly influence market risk.

Operational risks

Operational risk refers to the potential loss arising from inadequate or failed internal processes, systems, people, or external events. It includes risks related to fraud, errors, disruptions.

Portfolio investment risk

Refers to the unique and individualised risks associated with the particular investments / assets within a portfolio and is not related to broader market movements.

Specific risks can include company-specific events, portfolio management decisions, competitive pressures, supply chain disruptions, regulatory changes, or other factors that impact the performance of a specific investment.

Third-party risks

The potential financial loss, operational disruption, regulatory censure, or reputational damage related to GH's external parties such as suppliers, vendors, contractors, or service providers.

These risks stem from the dependency on external entities and their potential inability to meet contractual, regulatory, or ethical obligations.

Legal & conduct risks

The risk of financial loss, reputational damage, or regulatory intervention arising from inappropriate or unethical behaviour by employees, management, or the organisation as a whole.

It includes risks that arise from violations of laws, regulations, contracts, or legal agreements. It encompasses the risk of legal actions, lawsuits, or regulatory sanctions due to non-compliance with applicable laws and regulations.

ESG and climate-change risk

ESG risk considers environmental, social, and governance factors that could cause an actual or potential material negative impact on the value of an investment.

Climate-related risk specifically refers to risks related to the transition to a lower-carbon economy and risks related to the physical impacts of climate that could cause an actual or potential material negative impact on the value of an investment.

Regulatory and legal risk

In 2024, the regulatory landscape for ESG reporting in the UK continued to evolve significantly, bringing heightened expectations and operational complexity for investment managers.

Failure to comply with regulatory requirements could expose Gresham House to financial penalties, litigation, or reputational harm.

Key regulatory and governance risk drivers include:

- The expansion of our investment businesses through acquisitions and the launch of new investment products, particularly in international markets.
- Ongoing regulatory changes, especially in relation to sustainability disclosures.
- Continuing compliance obligations under a wide range of laws and industry standards.

The Financial Conduct Authority (FCA) finalised its Sustainability Disclosure Requirements (SDR), including the introduction of anti-greenwashing rules in May 2024. Additional requirements relating to naming and marketing of sustainable investment products began to apply in July and December 2024.

The UK Government reaffirmed its commitment to endorsing the International Sustainability Standards Board (ISSB) disclosure framework. This shift will require enhanced transparency from asset managers, aligning UK disclosures with global expectations.

The implementation of the Environment Act's Biodiversity Net Gain (BNG) requirement in February 2024 also marked a notable development. All new planning permissions in England are now required to deliver at least 10% biodiversity gain, with increasing scrutiny on monitoring and local authority enforcement.

Mitigation Controls:

- **Proactive Monitoring**: We continuously assess upstream regulatory developments and adjust our internal practices to meet new requirements.
- **Support for Regulatory Intent**: We supports initiatives to combat greenwashing and enhance consumer protection, recognising the value of rigorous, transparent sustainable investment practices.
- **Consumer Duty**: We have embedded the FCA's Consumer Duty outcomes across our operations.
- **Governance Structures**: FCA-regulated entities have boards comprising division leaders and members of the GMC, with quarterly meetings reviewing breaches, capital adequacy, regulatory updates and risk controls.
- **Training and Conduct Oversight**: Regular Group-wide training is carried out on applicable regulatory obligations, supplemented by specific conduct rules training under the Senior Managers and Certification Regime.
- **Compliance Monitoring**: Our independent compliance function operates a robust monitoring programme to detect and report actual or emerging risks. A whistleblowing policy supports transparent escalation.

Cyber risk

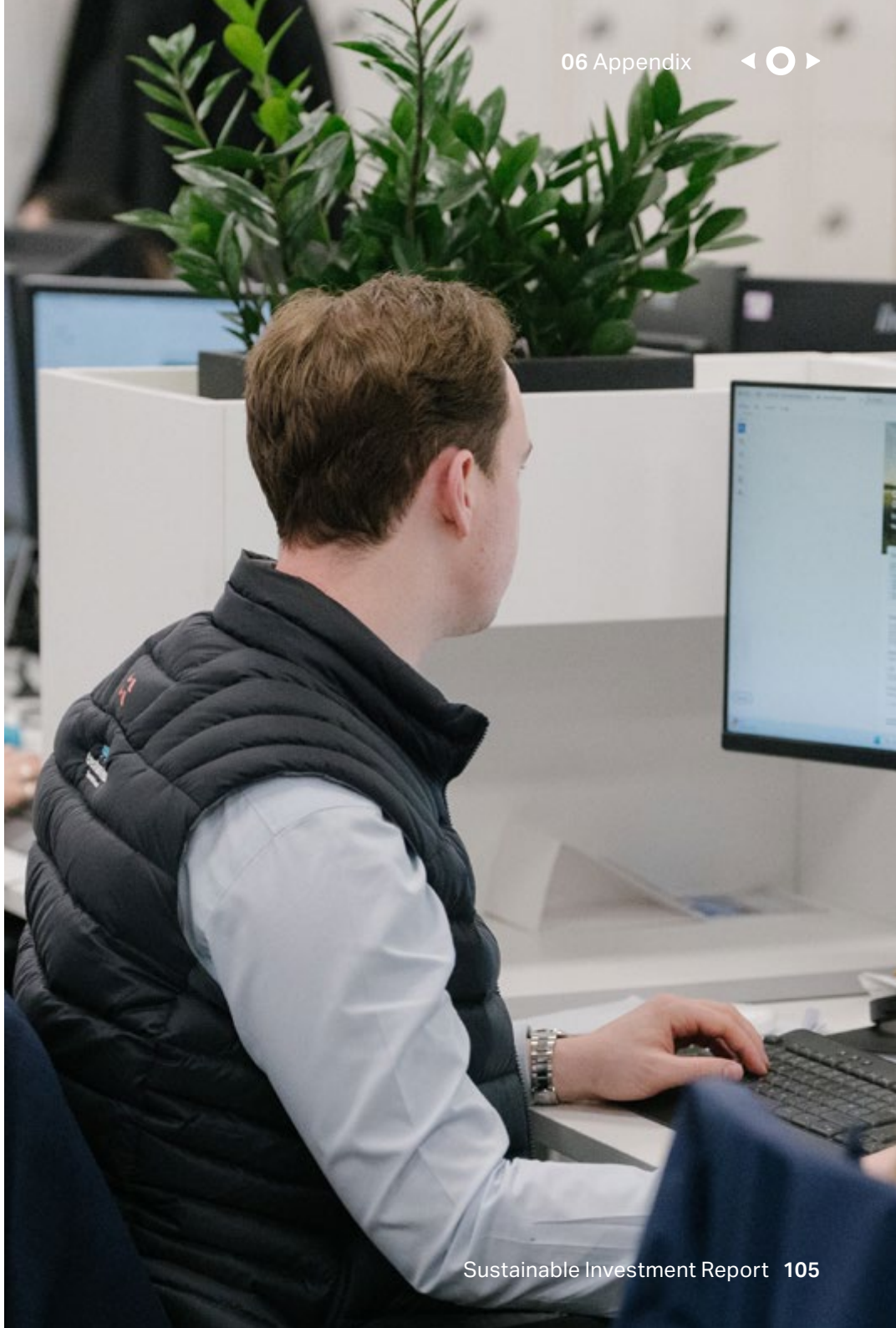
Cyber security remains a critical focus within Gresham House's operational risk management framework.

The increasing digitalisation of business operations and the evolving complexity of cyber threats—exacerbated by advances in technologies such as artificial intelligence—have elevated the importance of robust cyber risk mitigation.

Cyber risk refers to the possibility of unauthorised access to systems or data, potentially leading to business disruption, data breaches, reputational harm, regulatory non-compliance, or financial loss. For Gresham House, ensuring the security and continuity of our operations, particularly the protection of sensitive client data, is paramount.

Key Mitigation Measures:

- **Oversight and governance**: Cyber security is overseen through our Operations Committee with regular updates provided to the Board.
- **Outsourced services**: We partner with a specialist third-party IT and cyber security provider, certified to ISO 27001, which operates a 24/7 Security Operations Centre (SOC).
- **External assurance**: We conduct annual independent IT audits, including penetration testing, phishing simulations, and ongoing cyber threat monitoring.
- **System controls**: Strict access controls and user permissions are enforced across all systems, ensuring data protection and operational integrity.
- **Training and awareness**: All employees undertake annual data protection and cyber security training, including modules on cyber fraud prevention.
- **Business continuity**: We conduct annual testing and maintenance of our Business Continuity Plan to ensure operational resilience across our internal and third-party systems.
- **Process management**: We appoint a third party to conduct an annual ISAE 3402 Controls Report to ensure and evidence compliance with processes throughout the Group.



Human rights and supply chain risk

As responsible investors, we recognise the importance of human rights, community engagement, and stakeholder collaboration in driving sustainable outcomes.

Gresham House is particularly exposed to human rights risks in the supply chains our Energy Transition strategy. While these technologies are essential to enabling clean energy transition, we recognise that their global supply chains can pose significant sustainability risks.

In the solar energy sector, for example, there is an elevated risk of exposure to forced labour in the manufacture of polysilicon – a key raw material in solar panels. China currently dominated global polysilicon production, with a significant share originating from the Xinjiang region, an area associated with human rights concerns.

Similarly, the battery technology supply chain relies heavily on transition minerals such as lithium, nickel, graphite, and manganese. Increased demand for these minerals has contributed to heightened human rights and environmental concerns, including those linked to water use, indigenous land rights, and community displacement.

Our human rights policies ensure that Indigenous Peoples, local communities, and affected stakeholders are actively considered in our investment activities.

Mitigation controls

- Gresham House continues to monitor and assess these risks through pre-investment due diligence and portfolio monitoring. We work to ensure that ESG risks, including human rights impacts, are identified where material and factored into our decision-making.
- We engage proactively with a range of stakeholders—including regulators, industry groups, and government bodies—to align our investment and sustainability practices with broader societal expectations. Transparent communication and engagement enable us to respond effectively to emerging sustainability risks while fostering long-term relationships and partnerships.
- For our Energy Transition projects, all main technology component providers are asked to complete an annual questionnaire relating to both their own labour practices and supply chain management regarding material sourcing from China. As well as this, all new battery storage projects use Lithium Iron Phosphate (LFP) battery chemistry instead of Nickel Manganese Cobalt (NMC) which reduces our reliance on the extraction of cobalt in the Democratic Republic of Congo.
- Gresham House published an annual Modern Slavery Statement in line with the UK Modern Slavery Act 2015. This outlines the steps we are taking to mitigate the risk of modern slavery and human trafficking across our operations and supply chains. The statement is available on our website.

Monitoring and assurance

Ensuring transparency and accountability

At Gresham House, we are committed to robust oversight of our sustainability practices. Effective monitoring and assurance processes underpin our ability to measure progress, verify impact, and maintain stakeholder confidence. Our approach ensures robust oversight of sustainability-related disclosures and performance.

Performance measurement and internal monitoring

We implement rigorous internal monitoring processes to track sustainability performance across all asset classes and investment strategies. This ensures that our commitments to responsible investment are upheld at every stage of the investment lifecycle.

- Data Collection and Reporting: Sustainability data is gathered from portfolio companies, asset managers, and external sources, enabling us to assess ESG performance against defined targets.
- Internal Review Processes: Sustainability data and performance indicators undergo regular internal reviews by investment teams and sustainability specialists to ensure accuracy and alignment with regulatory expectations.
- Integration with Risk Management: Sustainability metrics are embedded within our broader risk management framework, allowing us to assess emerging ESG risks and opportunities in real time.

Internal validation and review

We ensure the integrity of our sustainability reporting through rigorous internal validation and review processes. While we do not currently seek external assurance for our sustainability disclosures, our structured internal approach provides transparency and accountability.

- Independent testing: Key sustainability metrics undergo periodic reviews to ensure consistency and reliability.
- Governance Oversight: Sustainable Investment team works closely with investment and risk management functions to validate reported data and methodologies.
- Stakeholder Confidence: Transparent reporting practices and engagement with investors and industry stakeholders reinforce the credibility of our sustainability commitments.

Risk mitigation strategies

To effectively manage sustainability risks, we employ a range of risk mitigation strategies, including:

- Enhanced ESG due diligence – Identifying sustainability risks at the pre-investment stage to ensure they are factored into decision-making.
- Scenario analysis – Assessing resilience to physical, transition, and systemic risks, particularly in relation to climate and nature-related dependencies.
- Active stewardship and engagement – Engaging with portfolio companies to address ESG risks, improve sustainability performance, and drive positive change.
- Regulatory alignment and policy integration – Ensuring compliance with evolving sustainability regulations, frameworks, and industry best practices.
- Structured reporting and oversight mechanisms – Embedding ESG risks into investment committee reviews and periodic portfolio assessments.

Continuous improvement

Sustainability risks and opportunities evolve over time, requiring an adaptive approach to monitoring and assurance. We regularly review our frameworks, policies, and methodologies to ensure they remain relevant and effective in a rapidly changing landscape.

- Ongoing Policy Reviews: Sustainability policies and reporting methodologies are periodically reviewed and updated in response to regulatory developments and market expectations.
- Feedback Mechanisms: Investor feedback, industry benchmarking, and stakeholder engagement inform enhancements to our monitoring and assurance processes.
- Capacity Building: Internal teams receive ongoing training to stay abreast of emerging best practices in sustainability reporting and assurance.

Conflicts of interest

Managing conflicts with integrity and transparency

At Gresham House, we believe that the effective management of conflicts is critical to our sustainable investment approach and long-term business success. Conflicts may arise between the firm (or its employees) and its clients, or between different clients of the firm.

Our commitment to transparency ensures that such conflicts are identified, managed, and disclosed where necessary to protect the interests of all stakeholders.

Definition of a conflict

A conflict of interest is defined as a situation where Gresham House, or a related party, is:

- Likely to make a financial gain, or avoid a financial loss, at the expense of a client.
- Has an interest in the outcome of a service provided to a client or a transaction carried out on behalf of a client, which differs from the client's interest in that outcome.
- Has a financial or other incentive to favour, or compete with the interests of, one Gresham House fund, investor, or group of investors over another.
- Carries on the same business as a client.
- Receives or will receive an inducement in relation to a service provided, beyond the standard commission or fee.
- In acting for one client, compromises its actions or creates a perception that its actions may be compromised in acting for another client.

Identifying and managing potential conflicts of interest

Conflicts of interest may arise in various aspects of our business, including but not limited to:

- Investment Allocation – Ensuring the fair treatment of all investors when allocating investment opportunities across funds and mandates.
- Stewardship and Engagement – Managing conflicts that may arise when engaging with investee companies where we have ownership interests, ensuring that engagement and voting decisions are made independently and in clients' best interests.
- Personal Account Dealing and Inside Information – Ensuring employees adhere to strict controls to prevent conflicts between personal interests and professional responsibilities.
- Service Provider Relationships – Managing potential conflicts arising from relationships with third-party service providers, ensuring objectivity in selection and oversight.
- Board and Governance Structures – Preventing undue influence in decision-making processes, ensuring that appropriate independence is maintained across governance functions.
- Outside Business Interests – Ensuring that employees' external business activities do not conflict with the interests of our clients.
- Gifts and Entertainment – Managing the acceptance of gifts or entertainment to prevent any undue influence on decision-making.
- Inducements – Managing any benefits received from third parties to ensure they do not conflict with client interests.

Our Conflicts of Interest Policy, which is reviewed and updated regularly, provides clear guidance on how conflicts are identified, recorded, and addressed across these areas.

Gresham House

Governance and oversight

Conflicts of interest are managed through structured oversight and control mechanisms to ensure transparency and compliance with regulatory obligations:

- Board and Committee Oversight – The Board and relevant committees, including compliance and risk functions, oversee conflict management processes, ensuring that policies are upheld.
- Conflicts Committee – A dedicated committee, comprising senior representatives from compliance, legal, finance, and operations, reviews conflict matters brought to its attention and ensures fair treatment of all clients.
- Conflicts Register – A formal register is maintained to document identified conflicts and the steps taken to mitigate or disclose them. The register is reviewed regularly by the Conflicts Committee.
- Employee Training and Awareness – Employees receive regular training to ensure awareness of conflicts and adherence to internal policies and regulatory expectations.
- Disclosure and Transparency – Where conflicts cannot be fully mitigated, they are disclosed to relevant stakeholders, ensuring informed decision-making and maintaining trust.

Ensuring continuous improvement

We recognise that conflict management is an ongoing process, and we continually assess the effectiveness of our policies and controls. This ensures our approach remains aligned with industry best practices and evolving regulatory expectations.

- Regular Policy Reviews – Policies are reviewed periodically to ensure they remain effective and responsive to emerging risks.
- Independent Compliance Oversight – Our compliance function provides independent scrutiny and oversight to enhance conflict management procedures.
- Commitment to Fairness and Integrity – Above all, our approach prioritises fair outcomes for investors and stakeholders, reinforcing trust in our investment and stewardship processes.

Index - alignment to the UK Stewardship Code principles, TCFD and TNFD

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This table provides an indicative mapping of our report content against the UK Stewardship Code principles, as well as the TCFD and TNFD frameworks. While it reflects our best efforts to demonstrate alignment, it is not exhaustive. Case studies and thematic examples throughout the report also illustrate our approach to stewardship and may align with multiple principles not explicitly referenced here. As such, this index should be viewed as a guide rather than a comprehensive or definitive representation of all areas of alignment.

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