

Housing & Infrastructure Sustainable Investment Policy



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Gresham House
Specialist asset management

Meeting our Sustainable Investment commitments within our Housing & Infrastructure strategy

Gresham House has a clear commitment to sustainable investment as an integral part of its business mission. The purpose of this document is to set out the manner in which the commitments we have made at a group level to integrate ESG considerations throughout our business will be implemented within our Housing & Infrastructure investment strategy.

A fundamental principle for our Housing & Infrastructure investment strategy is that the assets we seek to own must have strong sustainability credentials in order to mitigate risk and improve the risk adjusted returns on investment. The Investment team maintains an active focus on a number of key themes within Housing & Infrastructure where we believe there is a strong market opportunity and significant sustainability benefits. The current portfolio exhibits strengths in the following:

- **Waste Management:** we invest in projects that help to sustainably manage waste outputs, often diverting waste from landfill or providing alternative end uses to waste by enabling reuse, recycling or conversion to heat and energy. These initiatives typically make an active contribution to the circular economy in line with the global sustainability agenda.
- **Agricultural Technology:** we promote effective natural resource management via projects such as vertical farming that make efficient use of both land and water, as well as reducing overall 'food miles'.
- **Energy Transition:** we invest in projects that enable the decarbonisation of energy used in the UK. We do this by supporting development and construction of new renewable energy generating assets as well as investing in other assets that facilitate greater deployment of renewable energy generation.
- **Affordable and Sustainable Housing:** we invest in projects that address the housing capacity gap in UK. This includes addressing the needs of the key worker demographic, by providing genuinely affordable homes that are built from sustainable materials where possible and where feasible include integration of low carbon interventions such as: photovoltaic panels, biomass district heating systems, battery storage and EV charging.

The investments sought within our Housing and Infrastructure strategy typically utilise proven technology applied in new processes to deliver solutions to growing challenges on the sustainability agenda that are not being addressed through other methods. Other targeted sectors may also include: Healthcare, to meet the growing social need; student housing, enabling students to access more affordable accommodation; and retirement living solutions to aid the most vulnerable within our society. We believe our Housing and Infrastructure strategy aligns with the UN-supported Sustainable Development Goals at local, national and global levels as set out further below.

The team's sustainable investment commitments are listed below:

- We take steps to consult and understand the views, concerns and ambitions of our stakeholders in seeking sustainable outcomes from the investments we are involved in.

About Gresham House

Gresham House plc is a London Stock Exchange quoted specialist asset manager providing funds, direct investments and tailored investment solutions, including co-investment, across a range of differentiated alternative investment strategies.

Our expertise includes forestry, renewable energy, housing and infrastructure, strategic public and private equity. The Group aims to deliver sustainable financial returns and is committed to building long-term partnerships with clients (institutions, family offices, high-net-worth individuals, charities and endowments) to help them achieve their financial goals.

As a signatory to the UN-supported Principles for Responsible Investment, Gresham House is committed to operating responsibly and sustainably and believes that taking the long view in delivering sustainable investment solutions will continue to be a growing factor in the strength of our market positioning.

- We seek to understand the needs, ambitions and concerns of relevant key stakeholders where feasible for most of our assets, noting that the environmental and social impact considerations in the evaluation of each investment remains the key driver in the majority of cases.
- We consider ESG when determining the investment strategy for each fund and agree this with the investors in our funds. We believe that strong ESG consideration at the fund level will provide improved risk adjusted returns.
- We discuss sustainable investing on a quarterly basis with our investors, for example through inclusion on our Limited Partner Advisory Committee meeting agenda.
- We integrate Environmental, Governance, Social and Economic benefit considerations into our selection, evaluation, governance and engagement processes across the lifecycle of each investment.
 - Prior to investment, we review the environmental, social and local economic aspects of an asset, including identifying the positive impacts it will deliver as well as any potential ESG issues to be managed over its lifetime. This analysis forms part of our Investment Committee decision making alongside other due diligence reports.
 - Post investment, we continue to review material environmental, social and local economic matters in order to ensure their incorporation into portfolio management, including regular reporting to the Boards and Investment Committee.
 - We always aim to agree board representation where relevant in order to seek to influence improved governance on an ongoing basis.
- We drive rigour and consistency by applying our sustainable investment framework and system, including clearly defined processes and expert tools and methods.
 - We take steps to have a clear understanding of the sensitivities, issues and opportunities to be managed across the investments in our portfolio using processes to profile and prioritise these at the stages of the investment lifecycle where they are most relevant. Our sustainable investment framework (see next page) provides structure for consistency.
- We ensure our team understands the imperative for effective ESG management and are empowered and equipped to carry this out through management support and training.
 - The core team has extensive experience in impact-related investing, including over a decade in renewable focussed investments, whilst new team members are recruited for their commitment to the impact ethos and trained to understand the ESG considerations within each asset, including the use of our expert tools and methods.
 - Our team have significant expertise across the infrastructure investment cycle from development through construction to ongoing operation and optimisation of assets. The investment team works closely with the asset management teams to ensure impact optimisation as well as managing



regulation, legislation and policy change. We will continue to invest in developing our understanding, expertise and good practice in sustainable infrastructure asset selection and management.

- We choose partners, management teams and contractors who share our commitment to delivering positive impacts in housing and infrastructure, and where needed we draw on specialist sustainability expertise to drive performance.
- We conduct regular monitoring of ESG risks, opportunities and performance in our investments and over time will prepare comparative data analysis for reporting to our investors.
 - We re-assess our ESG risk, opportunity and performance profiling periodically and report this to the Gresham House Sustainable Investment Committee for analysis and action as necessary.
 - We actively monitor and evaluate relevant data relating to the impact and wider sustainability performance of the assets we manage, assessing if they are fulfilling their impact potential. This supports analysis of our contribution

to sustainable development, particularly meeting the challenge of climate change and relevant Sustainable Development Goals.

- We conduct our business activities in line with the UN-supported Principles for Responsible Investment (PRI), including an annual report of our progress towards implementation.
 - As signatories to the PRI we will complete comprehensive annual reporting within its required framework and use this to guide our own internal assessment of our performance and to drive our results upwards.
 - We expect to receive an official grading in the summer of 2020 following our first reporting submission and subsequent review by the UN PRI.
 - We will continue to provide strong financial returns alongside long term impact-driven housing and infrastructure investments to investors wishing to contribute in an identifiable way to sustainable environments, communities and economies.

UN Sustainable Development Goals

Gresham House supports the Sustainable Development Goals.

Taking the wider portfolio into account, we believe our Housing & Infrastructure Strategy contributes to the following UN Sustainable Development Goals:

7 AFFORDABLE AND CLEAN ENERGY



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



11 SUSTAINABLE CITIES AND COMMUNITIES



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



13 CLIMATE ACTION



14 LIFE BELOW WATER



15 LIFE ON LAND



Sustainable Investment framework

Our thematic framework is used to structure analysis, monitoring and reporting of ESG issues and opportunities within the lifecycle of strategic infrastructure and housing investments as an aid to more consistent integration. We use expert tools to profile our prospective investments to identify the most material themes within the broader framework and where we believe we should be directing our focus towards more sustainable outcomes:

Environmental	Social	Governance
<p>Carbon, emissions and pollution</p> <p><i>Low-carbon housing and infrastructure; innovative pollution prevention systems; renewable energy provision</i></p>	<p>Employment, health, safety and well-being</p> <p><i>Creation of quality local jobs; robust H&S systems; community safety</i></p>	<p>Governance and ethics</p> <p><i>Governance good practice; sound business ethics management and culture</i></p>
<p>Natural resources management</p> <p><i>Biodiversity and local environment impact management and resource efficiency</i></p>	<p>Marketplace responsibility</p> <p><i>Design for impact, safety, quality wellbeing, inclusiveness and durability</i></p>	<p>Risk and compliance</p> <p><i>Robust risk and compliance management</i></p>
<p>Waste management</p> <p><i>Waste reduction, sustainable management and circular economy</i></p>	<p>Supply chain sustainability</p> <p><i>Robust sourcing policy including: environment, ethics, quality and contribution to the local economy</i></p>	<p>Commitment to sustainability</p> <p><i>Clear objectives for positive social and/or environmental impact delivery</i></p>
	<p>Community care and engagement</p> <p><i>Understanding and acting on local stakeholder needs and concerns; transparent communications and supporting the local economy</i></p>	

Management commitment

Our senior management team, including the Board and the Management Committee, are committed to the implementation of this policy and to making appropriate resources and support available to our team to do so. We will conduct a regular review of our approach and how well we are meeting our commitments and will update this policy accordingly.

