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Orchard Street accelerates timeline to meet ESG targets with launch of ambitious net zero carbon pathway

- Firm is targeting becoming a net zero carbon business by 2040, ten years earlier than planned, as responsible investment approach gains momentum –

Orchard Street Investment Management ('Orchard Street'), the specialist commercial property investment manager, announces an acceleration of its ESG efforts through the launch of its net zero carbon pathway. Following the launch of Orchard Street's net zero carbon targets in January, the pathway outlines two new and ambitious commitments: to become a net zero carbon business for corporate and landlord emissions and refurbishments – the scope over which the business has the most influence – by 2030, 20 years earlier than originally announced, and to become a net zero carbon business for occupier emissions and fit-outs by 2040, 10 years earlier than planned, as momentum for the firm's responsible investment strategy continues to build.

The net zero carbon pathway has been devised following extensive and direct engagement with its clients, including St. James's Place, highlighting the importance of collaboration between investors and asset owners to create solutions that mitigate climate risk while providing attractive investment returns. In a point of further differentiation, its robust and specific targets incorporate emissions across all asset types and geographies within Orchard Street's portfolio and are aligned to the Net Zero Asset Managers Initiative and the Net Zero Asset Owners Alliance, of which St. James's Place is a member.

The business has undertaken extensive modelling and data collection over the past two years and so is well placed to implement its new approach from day one, having already begun its journey to reach a 25% reduction in occupier carbon intensity by 2025. These commitments build on Orchard Street's extensive track record with regards to responsible investment. This includes repositioning its Bauhaus office asset to achieve WELL Gold Core+ Shell certification, with Bauhaus being the first refurbished office building in the UK to secure this accreditation; and delivering Communication Park as one of the UK's only carbon neutral industrial developments and the only such development in West London.

As part of Orchard Street's commitment to industry collaboration on climate issues, the business has become the latest signatory to the Better Buildings Partnership's Climate Commitment, which was launched in 2019 to bring market-leaders together to transform the real estate sector and deliver a net zero carbon building sector by 2050. Due to its scope, which incorporates both direct and indirect investments, operational and embodied carbon and Scope 1, 2 and 3 emissions, this is one of the most ambitious commitments that property owners can adopt. Orchard Street is also formally declaring support for the Paris Agreement, ahead of the 26th UN Climate Change Conference (COP26).

Lora Brill, Head of Responsibility & ESG at Orchard Street, commented: "The acceleration of our net zero carbon pathway reflects our deep conviction that there is not only an environmental benefit of converting our portfolios to become net zero carbon but a real financial driver. With significant regulatory changes on the horizon, and with rapidly increasing occupier requirements for sustainable buildings as businesses set out their own net zero carbon targets, we would be failing in our governance and stewardship responsibilities if we failed to consider the financial impact. We are not alone in this view, with \$49 trillion in AUM committed to the Net Zero Asset Owners Alliance

and Net Zero Asset Managers Initiative globally. Client engagement has also been critical to setting the timeline and scope of our targets and informed our decision to bring forward our commitments to 2030 and 2040, ahead of the 2040 and 2050 targets that much of our peer group has committed to.”

Philip Gadsden, Managing Partner at Orchard Street, added: “Not only is transitioning to a net zero carbon business simply the right thing to do, as asset managers we have a fiduciary responsibility to our clients to protect their investments by mitigating risks associated with climate change. We are reaching a critical point in the industry with 40% of global emissions coming from the built environment, and with COP26 fast approaching, now is the time for landlords and investors to come together to create sustainable, future-proofed solutions that both meet the needs of our clients and directly tackle one of the defining challenges of our time.”

Pippa Jenman, Head of Real Assets at St. James’s Place, said: “I am delighted that after such extensive collaboration, Orchard Street can share this robust and accelerated net zero carbon pathway. This is testament to the months of engagement with consultants and clients alike to produce a structured pathway with well-defined targets ensuring progress can be measured. As a business, St. James’s Place has committed to the Race to Zero campaign so this marks a crucial milestone for our Property Funds to ensure financial wellbeing in a world worth living in for our clients.”

To read Orchard Street’s Net Zero Carbon Pathway in full, please click here: <https://www.orchard-street.co.uk/sites/default/files/pdfs/downloads/2021-net-zero-carbon-pathway.pdf>

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For more information:

Orchard Street:

Philip Gadsden
Orchard Street Investment Management
020 7494 8860
pgadsden@orchard-street.co.uk

Dido Laurimore/ Talia Jessener
FTI Consulting
020 3727 1000
OSIM@fticonsulting.com

Notes to Editors:

Orchard Street Investment Management

Established in 2004, Orchard Street Investment Management LLP is a leading specialist commercial property investment manager, focused on the UK market. It acts on behalf of institutional clients world-wide to advise on investing in and the active management of property assets, including industrial warehouses, retail warehouses, and offices.