



OCTOBER 2023

ESG STATEMENT

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01

Introduction

Introduction

Welcome to Marchmont's Environmental, Social and Governance Statement.

Marchmont recognises the role and impact of real estate on our environment and communities. The entire Real Estate sector has a responsibility to mitigate against the damaging environmental impacts of construction and operation of buildings, and to promote sustainable, healthy places for people to work and live. Marchmont strongly believes that real estate can be part of the solution.

Accordingly, Marchmont's ethos is to be proactive and responsible managers of real estate. As an Operating Partner, Marchmont adopts a collaborative, partnership approach, which is closely aligned with ESG considerations. In doing so we contribute to value enhancement by way of positive and measurable environmental, social and financial returns. Marchmont's driver is to create long term value and positive change through acquiring, managing and developing real estate assets. We work closely with our Partners to influence and prioritise ESG as part of their portfolio business plans wherever possible.

It is clear that ESG factors are a critical priority for enabling long-term value, and are therefore a foundation of the way Marchmont operate. What sets Marchmont apart is our close integration of capabilities across our Investment, Asset Management and Development Management teams. We adopt best practice procedures across our involvement in the asset life cycle. We believe that small initiatives can create meaningful and long-term impacts.

Marchmont, outside of our role of operating partner, are conscious of our own environmental impact and footprint. We are continuously striving to do better, and to become more sustainable in the way we operate. Over half of Marchmont employees cycle to work and many take advantage of the Cycle to Work Scheme and our Electric Car scheme. Since the business was founded, we have raised significant funds for charities, and our annual Football Tournament in support of Muscular Dystrophy UK is now a key fixture in the calendar. We are proud to be partnered with Action Funder and look forward to seeing the positive impacts this relationship creates.

Marchmont is committed to its ESG agenda and our efforts in operating responsibly and creating positive change. Our ESG Statement provides further detail of our efforts to be an ESG leader and our ambitions for the future. **Tim Lumsdon, Director**



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Marchmont as Operating Partner

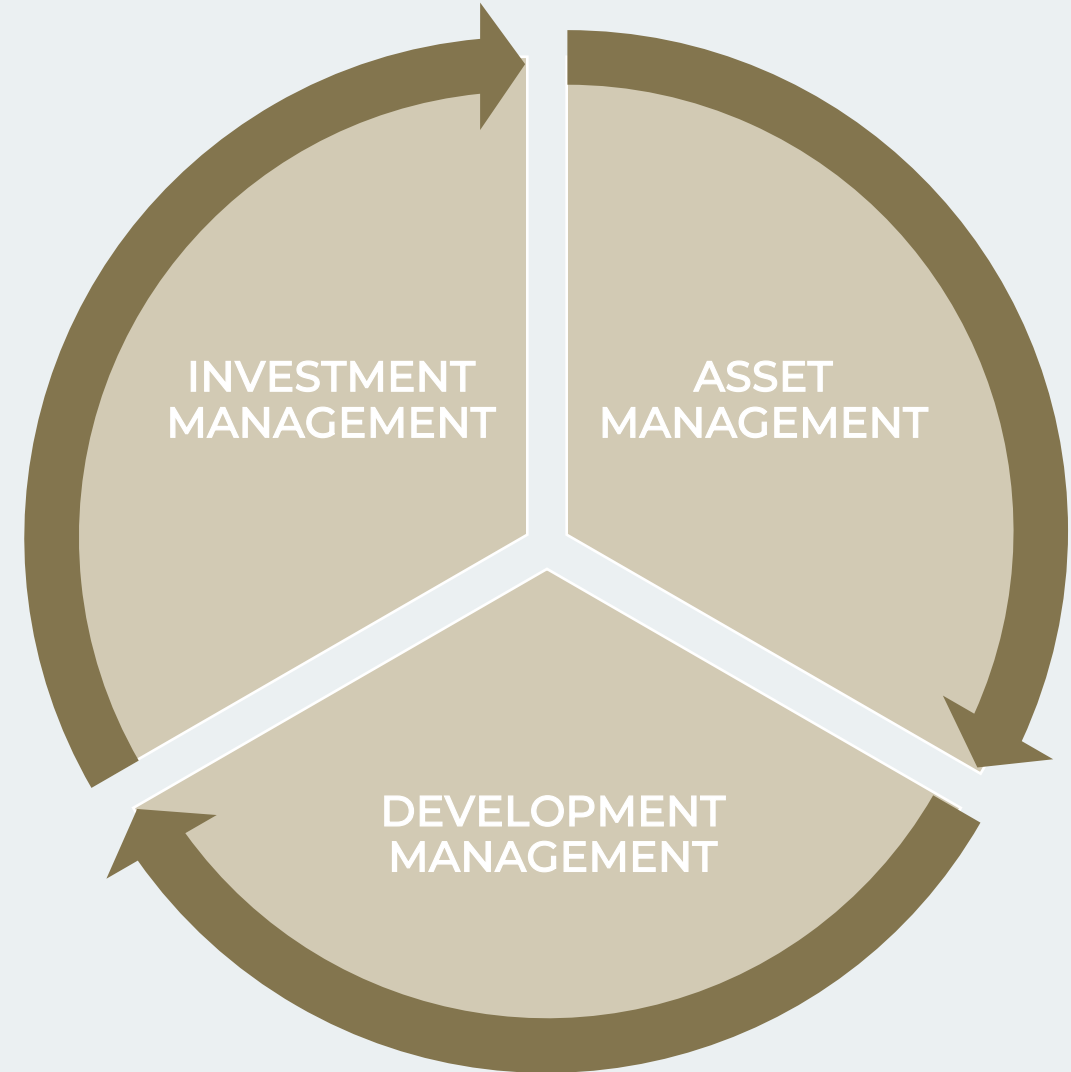
Marchmont as Operating Partner

As an Operating Partner, our entrepreneurial, collaborative partnership approach is what sets Marchmont apart. Engagement with our Partners, tenants and communities is essential in driving financial, social, and environmental returns.

Marchmont views ESG commitments as intrinsic to value and is therefore critical to the business plans which we implement with our Partners. Marchmont believes ESG is crucial in ensuring a responsible approach to investing. ESG and Sustainability factors are therefore integrated into our operations across Investment, Asset Management and Development Management. This allows us to best identify both opportunities and risks in order to create a resilient and efficient portfolio for our Partners, enabling long term performance and positive change.

We recognise that climate change has the potential to affect real estate values. The UK Government's 2050 Net Zero Carbon deadline is fast approaching and actionable real estate strategies are essential. Accordingly, integrating ESG factors into our decision making and advice is crucial in promoting building operating performance and reducing costs, limiting asset vacancy, and ultimately protecting and enhancing returns.

Our ESG checklist is the first step in the Investment process. It is an important tool in assessing potential climate related risk and identifying mitigation strategies in the pre-investment due diligence phase. From this we formulate a robust business plan and identify asset and development management strategies to crystallise value and to bolster an asset's sustainable credentials. For our development assets, we encourage our Partners to incorporate key ESG targets in the business plans including; BREEAM Excellent, EPC A and Net Zero Carbon, as a minimum.



Marchmont as Operating Partner

Investment

The Investment team is responsible for integrating ESG considerations into the investment origination process. A robust due diligence process is undertaken using Marchmont's ESG checklist, which allows the team to identify material ESG opportunities and risks, as well as appropriate mitigation strategies. ESG factors are not purely focussed on Environmental, but include Social and Governance too, including community relations and appropriate legislation. This process allows us to understand the potential financial implications for our Partners. Through undertaking this exercise, key KPIs in the Business Plan can be formulated and a robust asset management plan identified to ensure long term value creation.

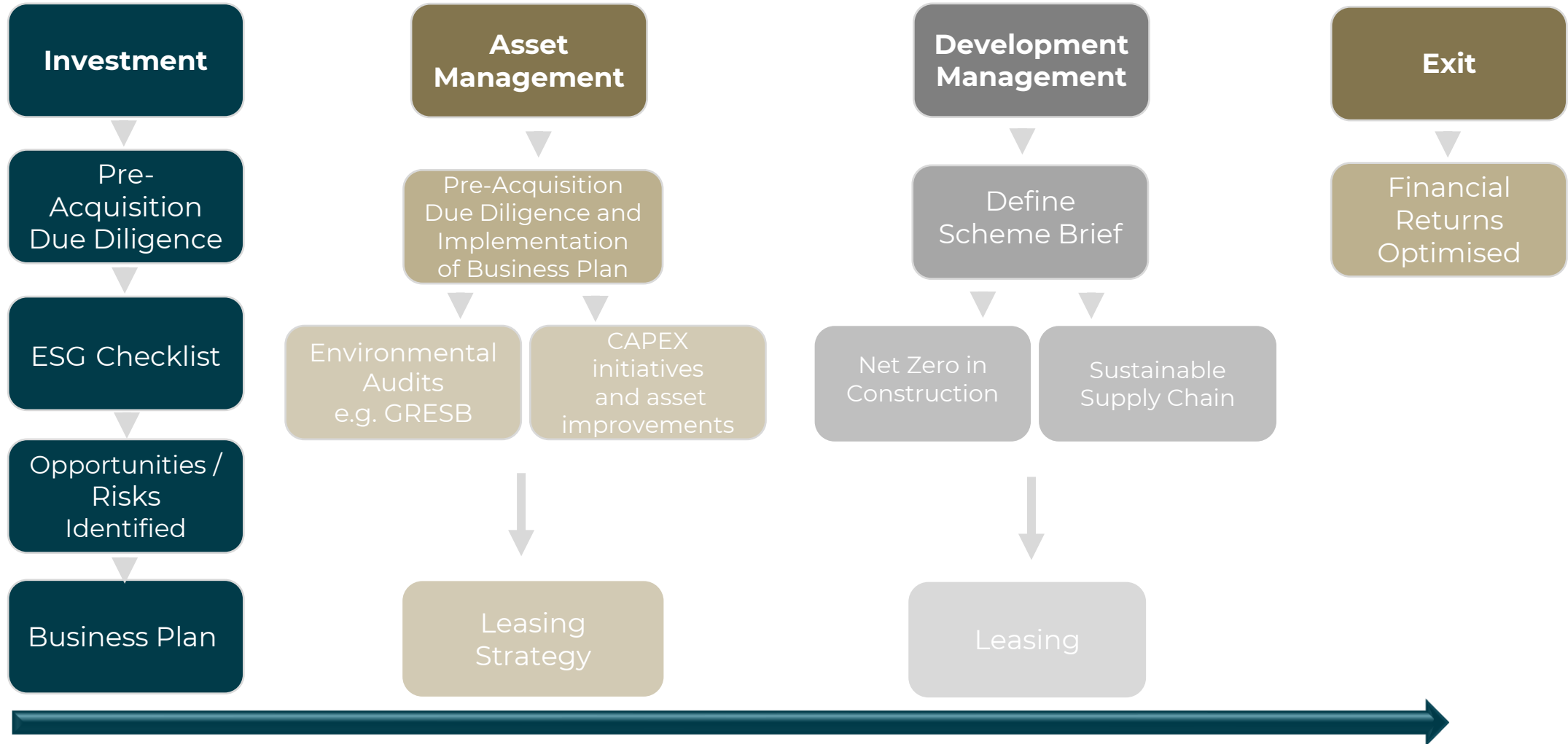
Asset Management

Our Asset Management team plays a proactive role in the acquisition process as well as in the implementation of each asset's Business Plan throughout the hold period. Improving the sustainable credentials of the portfolios is a critical path. Our Asset Management team works closely with our trusted advisors to maintain CAPEX efficiencies whilst improving asset ESG credentials to ensure futureproofing and liquidity. A variety of energy efficient initiatives are being implemented including EPC improvements, Green leases, PV panels and EV charging.

Development Management

Our Development sites provide excellent opportunities to create best in class assets with sustainability an integral factor in the building design and ultimate operation. Marchmont has a trusted professional team who fully understand our ESG ethos and commitment. We encourage our Partners to target BREEAM Excellent, EPC A and Net Zero Carbon as a minimum and look to exceed targets which are cemented early in the design stage. Social value is also integrated into the early design, with the end user and surrounding communities a key consideration.

Marchmont as Operating Partner



Collaboration with our Partners and specialist advisors at every stage

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ESG

Environment

Environment: Futureproofing our Partners' portfolios to be resilient to the impacts of Climate Change. Promoting operating efficiency and resilience of the assets we manage, and prioritising clean energy and sustainable construction methods.

OPERATING PARTNER	<ul style="list-style-type: none"> • ESG checklist for new acquisitions to ensure a robust due diligence process. • Business Plans for Assets prioritise ESG and target reduction of absolute emissions and use of renewables, with offsetting remainder of emissions as a last resort. • Reviewing opportunities across the portfolios we manage to improve EPC's and for the integration of EV charging spaces and PVs to ensure assets are self-sufficient for energy sources. • New development schemes target EPC A and BREEAM Excellent as a minimum. Continuously exploring opportunities to develop the most sustainable developments through the integration of technology and clean energy solutions. • GRESB analysis being undertaken to benchmark assets and to identify strategies for improving sustainable credentials, and to ensure alignment with incoming Minimum Energy Efficient Standards. • New development schemes target to exceed government target of 10% Biodiversity Net Gain where possible. • Regular reporting to our Partners to provide updates on ESG pathway for assets.
CORPORATE	<ul style="list-style-type: none"> • CPD sessions on Sustainability. • Encouragement of sustainable transport via Cycle to Work Scheme and Electric Vehicle scheme. • Actively reducing plastics and paper in our office in our wider efforts to reduce the company's impact on the Environment. • Planet Mark Partnership

Social

Social: *Creating long-term meaningful impacts in the areas and communities where our Partners invest and operate.*

OPERATING PARTNER	<ul style="list-style-type: none"> • Action Funder Partnership • Community and stakeholder engagement, particularly for Development Assets. • Work with Partners to ensure that Social Value is considered at acquisition stage and is a key part of Business Plans.
CORPORATE	<ul style="list-style-type: none"> • Action Funder Partnership • Cycle to Work Scheme • Staff wellbeing days • Electric Vehicle Scheme • Charity events and volunteering. Since Marchmont was founded in 2011, we have raised significant funds towards a variety of charities via differing endeavours. We have a partnership with the Muscular Dystrophy UK charity and hold an annual Football tournament in their aid. • Work placements for University students.

Governance

Governance: *Ensuring Best Practice, integrity and transparency in everything that we do.*

OPERATING PARTNER	<ul style="list-style-type: none"> • Marchmont operates with our Partners with an ethos of integrity, transparency and trust. • Integration of UN Sustainable Development Goals in our approach and advice to our Partners. • Marchmont ensures our advice is in line with emerging regulatory frameworks and market expectations. • Ultimate oversight of risks and opportunities associated with ESG is held with our Board of Directors.
CORPORATE	<ul style="list-style-type: none"> • Marchmont is a signatory to the Principles of Responsible Investment (PRI). • CPD/Training opportunities for employees across a variety of topics, and include CPD attendance as part of annual appraisal objectives. Marchmont partners with Promind to provide a series of workshops throughout the year which aim at enhancing skillsets. • Wellbeing days for employees. • Work placements for University students. • Head of ESG leads half yearly review meetings to review progress against set ESG targets.

Glossary

Biodiversity Net Gain

Under the Environment Act 2021, all planning permissions granted in England (with a few exemptions) will have to deliver at least 10% biodiversity net gain from November 2023. BNG can be achieved on site, off site, or through a combination of both.

BREEAM

Building Research Establishment's Environmental Assessment Method. BREEAM is a independent certification for real estate assets in respect of sustainability performance.

EPC

Energy Performance Certificate. A rating scheme which assesses the energy performance of buildings.

GRESB

Global Real Estate Sustainability Benchmark. GRESB provides a methodology and framework to measure the ESG performance of individual assets and portfolios based on self-reported data. Performance assessments are aligned with the Sustainable Development Goals, the Paris Climate Agreement and major international reporting frameworks.

MEES

Minimum Energy Efficiency Standard. New regulations necessitate that in order for commercial property to be let, the property has to hold a minimum EPC rating of C or above by 2027, and B or above by 2030. From April 2023, it became unlawful to 'continue to let' commercial property with an EPC rating of below E.

Net Zero Carbon

In 2019, the UK Government set a carbon net zero target, to ensure the UK reduces its greenhouse gas emissions by 100% from 1990 levels by 2050. The Net Zero Strategy (Build Back Greener) document sets out policies and proposals for decarbonising all sectors of the UK economy.

PRI

Principles for Responsible Investment. Promotes the incorporation of ESG factors into investment decision-making, encouraging investors to take greater responsibility with their investments.

Disclaimer

This document is for information purposes only and has been prepared by Marchmont Investment Management, having its registered office at 3rd Floor, 46 Berners Street, London W1T 3NE.

GET IN TOUCH

Thank you



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