



RESPONSIBLE INVESTMENT POLICY 2021



APAM

## CONTENTS

---

CONTENTS.....	1
INTRODUCTION.....	2
PURPOSE.....	2
SCOPE.....	3
THE UN PRI AND THE FOUNDATIONS OF OUR RI POLICY.....	3
APAM RI TEAM.....	4
APAM'S CORE RI VALUES.....	5
INVESTMENT MANAGEMENT.....	6
ASSET MANAGEMENT.....	7
DEVELOPMENTS (NEW CONSTRUCTION & MAJOR RENOVATIONS).....	8
APAM BEYOND NUMBERS.....	9
UPDATES AND REVIEW.....	10

## INTRODUCTION

---

Responsible Investment (“RI”) is an approach to investment that explicitly acknowledges the relevance of environmental, social and governance (“ESG”) factors, and of the long-term health and stability of the market as a whole. It recognises that the generation of sustainable returns depends on a stable, well-functioning, well-governed social, environmental and economic system. In this policy we refer to RI as being the overall strategy to set and deliver on ESG objectives. With intensifying global awareness of worldwide challenges and increased customer mindfulness RI is business critical. Effective RI practices offer substantial opportunities and benefits for APAM and our clients. The six principles of the United Nations Principles of Responsible Investment (UN PRI) inform the foundation of APAM’s RI policy. We firmly believe that a future-focused RI approach forms a critical component to the longevity and success of real estate investment. We recognise our privileged position as a steward of the built environment and remain committed to delivering tangible value for clients, society, and the environment through thoughtful management strategy.

Our experience in the complete spectrum of the real estate asset life cycle, uniquely positions APAM to develop bespoke, comprehensive RI strategies for individual assets as an integral part of to the acquisition and underwriting process and, then, implement that strategy through our asset, property and development management teams. This experience means that we offer clients solutions that are both realistic and achievable which integrate the core objectives of both APAM and our Client’s RI objectives.

This policy is agreed and fully supported by the APAM Board, APAM Senior Management and the Catella Group. Catella AB is APAM’s parent and a publicly listed company in Sweden. The APAM RI Team draw on the Catella Group RI resources, such as training and policies to support the UK teams. Several Catella Group funds are signatories of the UN PRI and as part of the Catella Group APAM utilise these well established and robust RI resources in delivering similar commitments in the UK. APAM are proud to work with and facilitate the needs of a diverse range of clients, some of whom are also signatories of the UN PRI or who have made other similar ESG commitments and pledges.

## PURPOSE

---

This policy sets out APAM’s RI policy and strategy.

## SCOPE

---

This policy is applicable to all APAM staff and related persons and is the point of reference when making relevant business decisions. Those in scope should also have regard for this policy when appointing third-party suppliers and contractors/vendors as our aim is to ensure that we leverage our supplier network to deliver RI value for our clients and the communities and environments in which we are active.

## THE UN PRI AND THE FOUNDATIONS OF OUR RI POLICY

---

The core philosophy behind APAM's RI policy is that ESG considerations are relevant factors in investment decision-making and must form an integral part of real estate investing.

APAM believes it is both financially and ethically irresponsible to not consider the environmental impact of an asset or development when assessing its merits as an investment or in the ongoing management of an asset to achieve its' investment potential. By contrast, many investors have historically viewed environmental and social impacts as negative externalities which can be ignored for purposes of investment decisions.

To combat this attitude, the PRI put forward six core principles to which APAM are committed:

<b>Principle 1:</b>	We will incorporate ESG into investment analysis and decision-making processes.
<b>Principle 2:</b>	We will be active owners and incorporate ESG into our ownership policies and practices.
<b>Principle 3:</b>	We will seek appropriate disclosure on ESG by the entities in which we invest.
<b>Principle 4:</b>	We will promote acceptance and implementation of the Principles within the investment industry.
<b>Principle 5:</b>	We will work together to enhance our effectiveness in implementing the Principles.
<b>Principle 6:</b>	We will each report on our activities and progress towards implementing the Principles.

## APAM RI TEAM

---

The APAM RI team comprises of 11 individuals, two of whom sit on the Investment Committee and Executive Board. The RI Team interact with all APAM teams to ensure our core values are shared and implemented successfully.

<p><b>Sinéad Kenny</b> <b>Head of Portfolio Management</b></p>	<p><b>William Powell</b> <b>Shareholder/Executive Director</b></p>
<p>Sinéad is head of the RI team and is responsible oversight of RI, reporting and data. Sinéad sits on the Executive Board, Investment Committee and Steering Committee</p>	<p>William is responsible for APAM’s RI investment strategy and business development. William is a Founding Shareholder and sits on the Executive Board and Investment Committee.</p>
<p><b>Patrick Anderson</b> <b>Head of Special Situations</b></p>	<p><b>Ben Dickins</b> <b>Senior Asset Manager</b></p>
<p>Patrick provides general advice to the RI team with a focus on client-side delivery initiatives, team strategy and overall policy.</p>	<p>Ben is responsible for coordinating and communicating APAM’s RI strategy with the Asset and Investment Management teams.</p>
<p><b>Barry Hill</b> <b>Senior Asset Manager</b></p>	<p><b>James Clemmow</b> <b>Compliance Manager</b></p>
<p>Barry is responsible for coordinating APAM’s RI strategy with the Asset Management team.</p>	<p>James advises the RI team on governance, including risk and compliance management, as well as providing general policy support.</p>
<p><b>Isabelle Bevan</b> <b>Marketing Manager</b></p>	<p><b>Alex Tincombe</b> <b>Development Executive</b></p>
<p>Isabelle produces the marketing and content for the RI team including brochures, press statements and website design.</p>	<p>Alex is responsible for coordinating APAM’s RI strategy with the Development Management team.</p>
<p><b>Georgia Duncan-Gill</b> <b>Operations Manager</b></p>	<p><b>James Berwin</b> <b>Portfolio Analyst</b></p>
<p>Georgia supports the RI team by managing the RI team internal communications.</p>	<p>James is responsible for coordinating APAM’s RI strategy with the Portfolio Management team.</p>
<p><b>Carrie Howie</b> <b>Data Analyst</b></p>	
<p>Carrie provides technical assistance to the RI team including gathering data and recording/reporting on RI data.</p>	

## APAM'S CORE RI VALUES

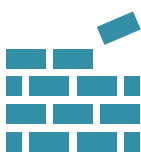
---

APAM's core RI values are:



### LEADERSHIP

Lead by example by actively reporting material RI risks or opportunities to clients throughout our investment, development, and management processes.



### PROGRESS

Continually progress APAMs internal framework and encourage APAM's client strategies to adapt to evolving RI standards and technical capabilities;



### FORWARD-THINKING

Futureproof assets and business practices by ensuring APAM's RI strategy adds value.



### REPORTING

Report meaningfully on RI performance at an asset level and as a key deliverable for clients.



### INTEGRATION

Embed RI principles within our business lines with a view to enhance value and returns of client assets.



### SCALE

Leverage our position as a steward/manager to lower operational costs and improve the environmental footprint of assets by collaborating with tenants and other asset stakeholders.



### COMMUNICATION

Actively communicate and promote the benefits of RI to current stakeholders, potential occupiers, and investors to encourage them to adopt similar strategies.



### INFLUENCE

Leverage our supply chain to influence and promote RI standards in our industry.

## INVESTMENT MANAGEMENT

---

RI philosophy is fully integrated into our investment process. The APAM Investment Management team considers and evaluates every investment in the context of both APAM's and our client's RI strategy. As part of this process, we work with clients to incorporate ESG into their investment strategy in practical and commercial ways. Typically, this will include a review and evaluation of the following on behalf of clients as part of the recommendation process:

- An asset level compliance review, which includes risks deriving from energy and environmental law;
- Full counterparty KYC and conflict due diligence;
- Sustainability aspects in the technical and environmental due diligence;
- Resilience and adaptability to climate change including flood risk and control;
- Environmental contamination surveys of both ground and surrounding site (where relevant);
- Building fabric including deleterious materials;
- Energy efficiency of mechanical and electrical equipment;
- Energy Performance Certificates (EPCs) and other regulatory risks (e.g. Gas Safety Regulations and Legionella Assessments);
- A review of energy, waste and water management and the overall environmental footprint of an asset;
- Occupational welfare (considering health, safety and wellbeing of building users as appropriate to the asset(s));
- Transport links and parking relating to congestion or pollution;
- Review of existing asset or development management practices and seek out practical opportunities for value add from an RI perspective;
- An assessment of energy efficiency improvement and potential to increase the share of renewable energy for both heating and electricity;
- Assess actions to reduce running costs and increase investment value;
- Verification of existing metering strategy and possible adjustments to match the client's overall data collection process;
- Development of asset-specific sustainability capital improvement plans; and
- Assess feasibility of stakeholder engagement with suppliers, tenants, and the community.

## INVESTMENT PARAMETERS

This RI policy also applies to asset and counterparty selection. When evaluating investment opportunities APAM would consider the following non-exhaustive list as barriers to concluding a transaction as part of a case by case assessment:

- EPC rating below an E with limited scope to upgrade/where no exemption is applicable;
- Assets involved or implicated in illegal activity or that may be used as a method of funding such activity;
- Assets that contribute significantly (and disproportionately to their asset class) to the pollution or degradation of an area;
- Where the incumbent tenants of an asset cannot be aligned with our obligations as a responsible organisation including where APAM cannot satisfy themselves with due diligence; and
- Assets where APAM could not verify the ownership as part of their due diligence process. KYC and counterparty risk are assessed early in any investment opportunity.

## ASSET MANAGEMENT

---

APAM take an active management role and strive to ensure the RI performance of assets under management is better at the point of sale than at acquisition. Typically, we will work with our clients to integrate the following actions into the asset management strategy to achieve continuous improvement of RI performance:

- Integrate the identified sustainability issues of the acquisition phase into asset management and investigate on measures to reduce the environmental impact (energy, water, and waste);
- Implement consumption data collection process and enhance metering infrastructure, where necessary and practical;
- Consider enhancement of biodiversity on and/or around the asset (e. g., green community areas, native planting, beehives, etc);
- Integrate sustainability and related best practice into occupier guidebooks, fit out and refurbishment guides to promote positive engagement and best practice to our occupiers;
- Encourage/require in house and external property and facility management teams along with maintenance companies to expand their advice beyond the regular operation of the building and its technical systems to include suggestions on enhancing the sustainability, and performance of the asset;



- Continuously review the ESG activities together with major tenants and other stakeholders (service suppliers, neighbours, local communities etc.) to align expectations and results;
- Work with clients to agree a green-lease framework for new or renewed leases; and
- Provide safe, secure and healthy environments for all building users.

## DEVELOPMENTS (NEW CONSTRUCTION & MAJOR RENOVATIONS)

---

New construction and major renovation projects represent a considerable opportunity to make a positive RI impact. At inception of any development activity the sustainability characteristics are defined and integrated into all stages of the project. At APAM, we strive for all developments to consider the following aspects:

- Achieve the highest practicable certification level for new construction and major renovation assets;
- Climate change adaption;
- Resilience;
- Resources efficiency and management (energy, water, and waste);
- Renewable energy;
- Sustainable materials to support the circular economy and to reduce any future health risks (incl. supply chain management);
- Safety, health & wellbeing of all project participants and future building occupants and visitors;
- Public transport and amenities;
- Bicycle and other facilities to support sustainable transport;
- Sustainable sites (incl. suitable site selection, biodiversity and habitat, rainwater management, and recreation areas);
- Consider local community aspects in the design development phase to enhance future acceptance of the building within the neighbourhood;
- Investigate and, where feasible, implement new and innovative sustainable technologies and publish results to support industry understanding;
- Ensure sustainable project plans are developed to manage practical environmental impacts during the construction phase and to reduce any unnecessary impact on the local community; and
- Apply latest standards for health and wellbeing in terms of layout, materials, and building services.

## APAM BEYOND NUMBERS

---

Our Responsible Investment values go beyond our investments and shape everything we do in our business. As we continue to grow and adapt, our culture remains focused on wellbeing, diversity and inclusion, trust, speaking up and giving back to our communities.

### **WELLBEING & MENTAL HEALTH**

Our business is our people - our #WorkWell, wellbeing and mental health programmes bring our values and culture to life. We encourage our staff to be thought leaders on subjects that they are passionate about and we support them in exploring networking and training opportunities that will enhance their personal and professional growth.

We offer staff generous employee benefits and encourage them to exercise, take breaks throughout the working day and to practice mindfulness to maintain focus and a good physical and mental wellbeing.

### **DIVERSITY AND INCLUSION**

We firmly believe that a diverse workforce brings creative and innovative thinking through different experiences and perspectives.

Our inclusive approach to recruitment focuses on attracting the best candidates for the role to our organisation. We apply this approach within the team to foster an environment of acceptance and to ensure staff feel valued. Opportunities are given to everyone to ensure they can develop and thrive in our business. Continued training, staff development and career progression opportunities form an integral part of our talent support and retention programme.

### **TRUST AND SPEAKING UP**

APAM's Buddy scheme provides a welcomed opportunity for the team to connect and look out for each other. This scheme spans the entire APAM team and each buddy group has a senior member of staff to support and mentor the group.

We place great importance on creating a culture that empowers employees raise issues or conduct that concerns them. Through our whistleblowing policy, we provide trusted avenues for those who want to raise concerns confidentially without any fear of reprisal. Identifying potential problems and risks allows us to continually improve and to be accountable.

## **SOCIAL RESPONSIBILITY**

APAM champions a diverse range of charity partners from all over the world. Each year we designate a specific budget for charitable contributions and strive to make real and positive impacts through our support. In addition to our firm wide charities, staff are encouraged to nominate individual charities that are local to their communities and to organise fundraising initiatives with the full support of APAM. We have a matched giving policy to help these individual initiatives and a volunteering time off scheme to encourage staff to take time out of the working day to offer support to different communities. Through our choice of international partners and local initiatives we strive to foster a sense of community and inclusion while spreading awareness for the causes we support.

## **SUSTAINABILITY**

Sustainability is a core value across our business in both decision making and how we operate. We look to include green clauses in any new spaces we take and consider sustainability in any new fit outs. In our offices we have power saving systems to ensure we conserve energy and designated recycling points to reduce our refuse to landfill.

We provide free rail cards for staff and encourage our workforce to use public transport wherever possible but if not available to be mindful of their emissions and carpool. We have a cycle to work scheme to promote sustainable travel for both environmental and wellbeing factors.

## **TRAINING**

All staff receive training at least annually on RI practices and APAM's core values. Team members are actively encouraged to participate in industry events and workshops. We strive to constantly learn from other stakeholders and partners. In the same way, we seek to encourage others to integrate RI into their work practices, we are humble enough to recognise that we do not always have all the answers and actively seek ways to work with and learn from other leaders within the industry and beyond.

## **UPDATES AND REVIEW**

---

The RI Team are responsible for maintaining this policy and ensuring it is kept up to date. It is reviewed at least annually by the Board.