



VENGROVE

Responsible Investment & Stewardship Policy

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Contents

1.	Introduction	3
2.	Responsible Investment Approach	3
2.1	Material Issues	
2.2	Strategic Application	
2.3	Risk Management	
2.4	Roles and Responsibilities	
3.	Active Asset Management	6
3.1	Stewardship – Business Plan to Exit	
3.2	Operating Companies	
3.3	Tenant Engagement Strategy	
4.	Our Ongoing Commitment	8

1 Introduction

Vengrove's Responsible Investment and Stewardship Policy sets out how we integrate environmental, social and governance (ESG) considerations throughout the holistic investment lifecycle and defines the governance structures that support its effective implementation.

The policy applies to all Vengrove teams, operating companies and funds, providing a consistent and proportionate approach. This is aligned with our role as a value-add real estate investor and developer.

2 Responsible Investment Approach

Vengrove is committed to Responsible Investment as an essential component of our fiduciary duty and our ambition to create long-term, sustainable value across our investment, development and asset management activities. We recognise that ESG factors are material to financial performance, risk management and the resilience of our assets and as such are to be considered, and systematically integrated, across the business.

As a signatory to the UN-supported Principles for Responsible Investment (PRI), we are committed to implementing the PRI's six principles across the investment lifecycle. Alignment with PRI is embedded into our organisational mindset and underpins our investment decision-making processes. The principles also guide our efforts to be active owners, to seek ESG disclosure from the stakeholders and entities we invest in wherever possible, and to promote and report on responsible investment practices.

2.1 MATERIAL ISSUES

ESG has broad reaching applications and the below identifies the material issues critical to our properties, stakeholders and business and are considered as part of our Responsible Investment and Stewardship activities.

INVESTING IN PROPERTY



We invest in our properties to provide efficient, sustainable and future-proofed assets

- + Energy, Carbon & GHG Reduction
- + Water & Waste Management
- + Circular Economy
- + Operational Efficiency
- + Climate Change Adaptation, Mitigation & Resilience
- + Building Labels & Standards
- + Sustainable Materials, Design & Building Practices
- + Technology & Smart Systems
- + Biodiversity & Ecology
- + Green Infrastructure

INVESTING IN PEOPLE



We invest in our people and communities to support positive social impact

- + Health & Wellbeing
- + Employee Satisfaction & Benefits
- + Diversity, Equity & Inclusion
- + Community Engagement
- + Social Outreach & Impact
- + Local Employment & Economic Sustainability
- + Charitable Initiatives & Volunteering
- + Community Space, Facilities & Support
- + Education & Skills

INVESTING IN GOVERNANCE



We invest in policies, practices and partnerships to drive responsible business

- + Corporate Governance
- + Ethical Standards & Human Rights
- + Regulatory Compliance
- + Transparency & Disclosure
- + Data Monitoring & Management
- + Health, Safety & Security of Properties & People
- + Responsible Investment & Supply Chain Management
- + Stakeholder Engagement & Partnerships
- + Reporting

2.2 STRATEGIC APPLICATION

As part of its Responsible Investment approach, Vengrove applies ESG criteria to each fund strategy at its conception, agreeing proportionate objectives and brief against a defined structure. This process clarifies key intentions and defines standards to be applied across portfolios, asset classes and business plans. Targets will be refined as data quality improves and are selected based on materiality, relevance and capacity to deliver meaningful impact.

Core Standards

Core ESG standards are applied across our strategies and sectors. These standards establish a baseline that assesses risk, supports regulatory compliance, enhances energy and carbon performance, facilitates monitoring and promotes tenant collaboration and social value, ensuring assets are future-ready and aligned with investor expectations.

Target Standards and Performance

Where fund mandates allow, Vengrove actively pursues increased ESG performance measures to improve asset resilience, operational efficiency and long-term value. These may include advanced energy systems, renewable technologies, low-impact materials and initiatives supporting long-term decarbonisation pathways.

ESG Enhancement Contributions - Unlocking Innovation and Impact

An ESG Enhancement Contribution is incorporated into underwriting to facilitate ESG measures beyond statutory or minimum requirements and aims to support and fund local initiatives and outreach. Recommended interventions are assessed on a case-by-case basis to maximise ESG impact and asset value while maintaining commercial viability.

The standards established at strategy level, are then crystallised within asset business plans. While access, vacancy and tenant engagement may affect proposed sustainability measures, our approach is tailored to reflect each asset, allocate appropriate capex, safeguard resilience and deliver returns for our investors.

Vengrove do not currently have any sustainability funds as defined by FCA UK Sustainable Disclosure Requirements (SDR) and are not subject to SFDR and EU Taxonomy reporting. We continue to monitor regulatory requirements and application of these frameworks as needed.

2.3 RISK MANAGEMENT

Vengrove identifies and assesses ESG-related risks throughout the investment lifecycle to support informed decision-making, business planning, retrofit feasibility and long-term value-creation strategies.

At acquisition ESG risks are considered through a structured process, including Responsible Investment screening, which evaluates an asset's inherent ESG opportunities and risks, including:

- **Environmental risks** – surrounding climate-related transitional and physical risks, pollution, contamination, biodiversity, resource use and environmental compliance and resilience.

- **Social risks** – comprising those connected with our stakeholders (inc. vendors, partners, occupiers) such as health, safety and wellbeing, human rights and labour practices, supply chain integrity, tenant engagement; and those relating to community impact, including proximity uses, economic isolation, pressures on infrastructure, security and crime.
- **Governance risks** – relating to regulatory compliance, anti-corruption, data protection, cyber security and responsible procurement.
- **Systemic and Market risks** – which may include material shifts in financial systems and non-climate related evolving legislation, regulation, planning obligations, market trends and tenant demands.
- **Reputational risks** – that consider alignment with our values and the expectations of our partners, clients and regulators.

The Responsible Investment Screening, including its Exclusions List, forms part of our wider market, legal, financial and environmental due diligence.

The use of public searches, surveys, technical reports and risk assessments underpins our investment approach. Assessment of carbon performance at acquisition using Energy Performance Certificates (EPCs) and CRREM (Paris-aligned 1.5°C decarbonisation pathway), aims to identify operational risks, transition misalignment and required improvement works. These processes directly inform the decision to invest, to proceed with mitigation or decline opportunities.

Risks and material factors are reviewed regularly to reflect evolving market conditions, regulatory change and industry best practice, with Vengrove working closely with trusted advisors and market-facing industry representatives who provide information, research and guidance to support our understanding of emerging risks.

Subject to internal review and the decision to proceed by the Investment Committee, ESG risks, opportunities and initiatives are captured within asset level business plans for implementation post-acquisition.

Ongoing risk management is integrated throughout our ownership via active asset management, financial monitoring, tenant and market engagement and appropriate insurances. Issues are then prioritised based on financial relevance, potential to impact long-term asset value, and alignment with Funder, Investor and Vengrove strategy.

Where strategies include for major refurbishment or new development works, Vengrove implements robust risk management, utilising key levers including design, cost, programme, financial structuring, revenue and exit controls to shape assets' performance in line with business plan. A qualified professional team is appointed to support each stage of design, planning and construction.

2.4 ROLES AND RESPONSIBILITIES

Responsible Investment is embedded across the business within our governance structure, roles and responsibilities:

- **Acquisitions and Investment Management Teams** – Conduct ESG due diligence, apply exclusion and screening criteria, assess ESG risks and improvement opportunities, and work with Asset Management and Development teams to incorporate identified actions into underwriting and operational business plans.

- **Asset Management and Development Teams** – implementation and delivery of business plans and ongoing risk management and stewardship activities
- **Investment Committee** - Evaluates material ESG risks and opportunities identified during due diligence, confirms alignment with Responsible Investment criteria and exclusion policies, and approves transactions with consideration of required mitigation measures.
- **ESG Committee** - Oversees the application of the Responsible Investment guidelines, supports ESG screening during acquisitions and establishment of asset business plans, and monitors ESG performance, data quality and benchmarking at portfolio level.
- **Executive Management Board** – Provides strategic oversight of ESG implementation, monitors portfolio-level performance, responsible for business management and ensuring transparent reporting to investors and other stakeholders.

Conflicts of interest relating to responsible investment are managed in accordance with our Conflicts of Interest Policy.

3 Active Asset Management

3.1 STEWARDSHIP – BUSINESS PLAN TO EXIT

Vengrove addresses ESG issues and risks directly with a range of stakeholders across the real estate value chain, including property managers, maintenance companies, contractors, tenants and investors. In our asset management role, we can influence asset-level decision-making and operational performance, ensuring that ESG considerations and stewardship principles are integrated throughout the lifecycle of each asset.

Stewardship Principles

- **Value Creation and Risk Management** – Using ESG insights to inform refurbishment, fit-out, and development decisions, mitigating regulatory, physical and transitional risks while enhancing asset value.
- **Business Plan Integration and Implementation** – Embedding material ESG objectives, risk mitigation measures, and decarbonisation actions from acquisition through to exit.
- **Operational Oversight** – Monitoring and managing ESG performance during ownership, including energy use, health and safety, and community impact.
- **Active Engagement** – Collaborating with tenants, contractors, and partners to improve ESG performance, operational efficiency and long-term resilience.
- **Sale Readiness**– Ensuring ESG performance, reporting and compliance are documented and aligned with market expectations to support responsible divestment.

Tenant Screening

Detailed tenant audits are completed as part of leasing due diligence. This includes scrutiny of financial accounts and organisational factors such as leadership, reputation, and operational practices. Potential occupiers involved in activities that are controversial or misaligned with Vengrove values are highlighted for governance review. Execution of anti-money laundering (AML) and know-your-client (KYC) checks are undertaken for all prospective tenants by our trusted partners and advisors.

3.2 OPERATING COMPANIES

Vengrove is a pan-European real estate investment manager with a deeply operational and sector-focused approach. We are differentiated by the depth of our vertical integration, not just as an investment manager but as an operator with end-to-end control of the value chain. We own a majority or full stake in several sector-specific operating companies that manage our assets and maintain direct occupier relationships. This structure enhances our ability to actively manage every stage of the investment lifecycle.

By owning the entire value chain, we control risk more effectively, unlock operational efficiencies and deliver cost savings to investors. More importantly, this integrated model enables operational value creation, beyond traditional real estate investment structures.

This integrated control also strengthens our ability to exercise active stewardship, robust tenant engagement and responsible asset management across strategies and stakeholders.

3.3 TENANT ENGAGEMENT STRATEGY

A range of engagement activities undertaken throughout the hold period form part of Vengrove's evolving tenant engagement strategy, which aims to:

- Engage tenants proactively on ESG-related matters and shared sustainability goals
- Support the collection of tenant consumption data, through automated meter reading (AMR) or directly where this is not available.
- Provide guidance on sustainable operational practices, including green travel and resource efficiency.
- Strengthen local community engagement through landlord-supported initiatives, events and partnerships.
- Offer green fit-out guidelines to reduce embodied carbon, construction waste and ensure efficient use of base-build systems.
- Enhance tenant experience, health, wellbeing and satisfaction.
- Improve ESG awareness and understanding among tenants, whilst fostering strong tenant-landlord relationships.

The strategy will utilise a range of engagement channels including digital communications, welcome packs, tenant handbooks and satisfaction surveys. Implementation is led by the Asset Management team, supported by appointed facilities and property managers, internal property teams or our operating partners.

Tenants and managers maintain direct communication with Vengrove's Asset Management team to ensure any issues are addressed promptly and effectively. Outcomes of engagement activities are documented wherever possible to inform and improve performance and understand tenant experience.

Where appropriate, concerns or performance gaps are escalated through formal governance channels or incorporated into ongoing manager reviews. Engagement typically takes place through asset-level meetings, asset action plans, and performance reviews to ensure issues are addressed consistently and constructively.

4 Our Ongoing Commitment

We are committed to continuously strengthening our responsible investment and stewardship practices, supporting our role as stewards of capital and ensuring our activities remain aligned with long-term value creation and sustainable outcomes.

This policy is reviewed annually and updated as required to reflect evolving industry standards, regulatory and market expectations and emerging ESG considerations. The ESG Lead is responsible for ongoing drafting and maintenance of the policy, with approval from Vengrove's CEO and Executive Management Board.

Our Responsible Investment and Stewardship policy is supported by a wider suite of policies, processes and templates and should be read in conjunction with our ESG Policy.

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