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About Newcore

Newcore's mission is to deliver **strong returns** from **sustainable investment** in **social infrastructure**.

Newcore Capital has delivered financial out-performance and sustainability impact through investing responsibly in assets that are essential to society's needs, for more than a decade.

Newcore focusses on UK real estate investment, and is a management-owned business, with £350m of assets under management. Newcore is a Certified B Corporation and manages capital for local government and other pension funds, insurance companies, and family offices.

Newcore is a specialist investor in social infrastructure real estate within the UK: assets which it believes are integral to society, benefitting from limited supply, growing demand and generally offering some resilience to technology-driven change.

Social infrastructure real estate can be broadly defined as any physical asset required to allow our society to function. Newcore specifically invests in the real estate behind these sectors, leasing its assets to a range of operators. It targets existing assets that can be improved for the benefit of all stakeholders delivering both financial and social returns.

A word from our CEO

Over the past two years, the Covid pandemic brought our business, and the rest of society, multiple challenges. I am proud of how the business has performed and how much we have achieved on the ESG agenda over that time, particularly on social impact and governance. At the heart of our business is a desire to provide a positive measurable social and environmental impact within an impeccable governance framework and to demonstrate that the strongest risk-adjusted returns are delivered by this approach to capital management.

Our experienced team identifies buildings suitable for repurposing into essential services use at a financially and environmentally sensible cost, and turns them into future-proofed, long-term investment product at competitive rental levels. We invest for like-minded clients and deliver excellent returns.

This is Newcore's value-add strategy; it is why we became a B Corporation (the first dedicated UK real estate investment manager to have done so); and it is why our funds are run and managed onshore in the UK, with the highest standards of ethics in business and governance. For these reasons, we believe, we won the 2021 UK Property Fund Manager of the Year Award at last year's UK industry awards, against well-respected and much larger competition.

All property investors face issues around the CO2 emissions and waste produced by their buildings and those who use them. We are grappling with these sustainability challenges to embed them into our DNA in the same way we have done for social and governance issues. Our management business is carbon neutral in 2022 and our investment funds will publish a transition plan that sets out a clear path and actions for our journey to net zero including scope 3 emissions. I'm aware that we have a lot more to do during the coming years on improving our response to the ecological and climate crises, but I believe we're on the right path. And of course, we will continue our



sector-leading work on social impact – including giving our own skills, time and money to charitable causes linked to social infrastructure and supporting industry causes that do the same. We are assisted by a whole suite of advisory companies and external frameworks. I am delighted that we now also have the support of Kate Sandle, who joined this year as our Sustainability Director, having formerly been a UK Director of B Lab UK, the charity behind the B Corp movement; and Professor Peter Madden, OBE, to help us to further embed sustainability, to improve our B Corp score, and to future-proof the business.

I hope this report shows our commitment to improving our environmental, social and governance-related impact. We have done this while at the same time consistently outperforming the market over the eleven years that we have been in business. I believe that this is because of, not in spite of, the social and sustainable capital management approach that we have pioneered.

Hugo Llewelyn
CEO, Newcore Capital



We won the 2021 UK Property Fund Manager of the Year Award at last year's UK industry awards for our positive ESG impact and attractive and sustainable financial returns, against well-respected and much larger competition.

Our ESG vision and mission

Since inception, Newcore has worked to make sustainability, social benefit, and good corporate citizenship integral parts of how we do business.

ESG guides what we invest in. We focus on social infrastructure – real estate that delivers essential services to society. This includes provision of nursery places, retirement living units, health-service buildings, waste management facilities, and spaces for education ranging from special educational needs to advanced life sciences. These sectors have outperformed over recent years because of limited supply, growing demand, and the fact that they are integral to society.

Newcore's management platform is carbon neutral for scope 1 and 2, and we have committed to reaching net zero by 2040 across the whole business. We minimise resource-use and waste in our investments through investing in efficiency and, where possible, re-purposing existing buildings. The adoption of this 'refurbishment first' policy ("repair not replace") ensures that the best use is made of the embodied carbon in assets.

Newcore believes that ethical and transparent governance is critical to the sustainable management of funds and of its management platform. We run our funds onshore, under the UK HMRC tax regime and are committed to paying all central and local government taxes levied on us and our funds. We invest money on behalf of like-minded clients.

Newcore is not only committed to doing business the right way, but also to giving back to society. We donate at least 10% of our annual profits to social and environmental causes.

In addition to social and environmental impact, Newcore has delivered strong financial returns to investors: 17%+ p.a. aggregate IRR on AUM since inception with modest financial leverage to ensure that balance sheets remain sustainable and stable through market cycles. Newcore's principal value-add social infrastructure funds are described in the coming pages, in addition to which it manages two long-term core income vehicles.



In addition to social and environmental impact, Newcore has delivered strong financial returns to investors.

Newcore Strategic Situations Fund IV (NSS IV)

Launched in 2018, Newcore's fourth fund comprises c £175m of assets. In 2022 the fund will be submitting to GRESB for the first time.

143

Special educational needs
school places created

1,600

Additional childcare/
nursery places created

£469m

Social Value created

Newcore Strategic Situations Fund V (NSS V)

Launched December 2021, with its first acquisition in the same month and with a target to grow to £250m of AUM, Newcore's fifth fund will adopt a similar investment strategy to Fund IV. Newcore has chosen to voluntarily shadow Article 9 of the EU's Sustainable Finance Disclosures Regulation, a fund that has sustainable investment or a reduction in carbon emissions as its objective. Additionally, Fund V will report to GRESB next year.

Newcore has chosen to align with key external frameworks and accreditations. These provide an external perspective on the business, provide platforms to report, and enable the business to see how it can improve.

Certified



Signatory of:





Newcore's strategy creates strong risk-adjusted returns from social infrastructure assets that also deliver demonstrable positive social impact.

Aligning with the SDGs

Working with independent advisers, Newcore has mapped its strategy and impact to the United Nations Sustainable Development Goals, (SDGs). Our work supports the provision of good health and well-being, quality education, decent work and economic growth, and climate action.

Additionally, Newcore's work in advocacy, pro-bono support, industry lobbying for a more sustainable capital management approach and the establishment of the Newcore Foundation supports the advancement of a wider set of SDGs, including SDG 1, end poverty in all its forms everywhere and Goal 14, conserve and sustainably use the oceans, seas and marine resources for sustainable development.

**TARGET OUTCOMES
OF INVESTMENT STRATEGY**

**Increased health and
wellbeing**

ALIGNMENT WITH UN SDGS



Ensure healthy lives and promote well-being for all at all ages

**Increased access to
education**


Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

**Increased employment,
local economies and
business opportunities**


Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all



Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation

**Enhanced social interaction
and community cohesion**


Make cities and human settlements inclusive, safe, resilient and sustainable

**Reduced carbon and
increased renewable
energy**


Ensure access to affordable, reliable, sustainable and modern energy for all



Take urgent action to combat climate change and its impacts

Newcore has continued to address social, climate and biodiversity challenges throughout our business, our governance, and how we run our funds. This report details the actions we've taken during 2021 through to our financial year-end in March 2022.

Recent Highlights — 2021–2022

March 2021

Planet Mark Accreditation for the Newcore management platform.

March 2021

Launch of the LandAid pro-bono programme, set up, championed and sponsored by Newcore.

April 2021

Listed building consent achieved for Newcore-championed and funded community project at Blackbird Leys, Oxford.

August 2021

Move into new, more energy efficient offices, significantly reducing Scope 1 & 2 CO₂ emissions.

September 2021

New policy that 10% of profits, 10% of employee time and 10% of Net Operating Income from portfolios could be re-invested to improve social and environmental performance.

October 2021

Newcore Foundation provides its first grants.

The investment programme for our fourth fund completed with significant positive social impact delivered and measured.

November 2021

Wins the coveted Property Fund Manager of the Year award at the 2021 UK Property Industry Awards, "demonstrating a clear and measurable ESG strategy, particularly in relation to social impact."

December 2021

AMR installation programme begins for our fifth fund.

January 2022

Newcore Foundation provides the second round of grants.

Commitment to align to a 1.5C degree pathway and to set out detailed plan to net-zero.

Newcore signs up to the UN Principles for Responsible Investment (UNPRI).

Environment

For Newcore, the E in ESG means embedding consideration of environmental concerns (including biodiversity and ecology) into decision-making across all aspects of fund and portfolio management. Newcore is committed to addressing climate change. We minimise embodied carbon by, where possible, repurposing existing buildings and are steadily reducing CO2 emissions on the road to net zero.

Commitments

1. Reduce CO2 emissions, aligned to a 1.5% climate pathway and improve our current Net Zero target of 2040
2. Newcore Management Platform to be carbon neutral by end 2022, certified through PlanetMark
3. Maintain refurbishment first approach, minimise resource use and waste, through investing in efficiency
4. Improve biodiversity and bring nature closer to people

COMMITMENT

1. Reduce CO2 emissions, aligned to a 1.5% climate pathway and improve our current Net Zero target of 2040

All emissions across portfolios were measured using a combination of desktop analysis and actual data. Fund IV portfolio is estimated to produce 1,974.5 tonnes of CO2 p.a. Newcore procured REGO-backed renewable energy for all landlord-controlled assets within Fund IV & V.

The programme to install Automated Meter Readers (AMRs) (providing live data for gas and electricity usage) across the portfolios started in December 2021 to enable accurate information for benchmarking and reduction targets. To date, 28 AMRs are in place, covering 284,711 sq ft (54.8%) of Fund IV. In Fund V, 44% of assets have AMRs installed

New energy performance ratings are conducted to assess the improvement in energy efficiency after refurbishment. Half of Fund IV assets have had new EPCs due to refurbishment: 100% had improved and 58% increased by at least one grade

2. Newcore management platform to be genuinely carbon neutral

Planet Mark Accreditation was awarded for the Newcore Management platform in March 2021

Newcore moved into new, more energy efficient offices, with savings in operational carbon. Newcore procures REGO-backed renewable energy for it's own office

Gold Standard Carbon Offsets were purchased through Ecologi for those emissions that could not be avoided or reduced

3. Maintain refurbishment first approach, minimise resource use and waste, through investing in efficiency

A preference to acquire vacant and underutilised buildings and through a refurbishment strategy increase the social utility of the assets

Following our 'Refurb-first' policy, during 2021, half of Fund IV required significant works. Recognising there was significant embodied carbon in those buildings Newcore ensured 100% of the buildings were refurbished (not knocked down and re-developed)

During a refurbishment:

- New energy performance ratings were conducted to assess the improvement in energy efficiency after refurbishment
- Resource use and waste was minimised by re-using buildings wherever possible

NEW COMMITMENTS FOR 2022

4. Re-invest 10% of profits from assets to to improve environmental impact

ACTIONS TAKEN JAN 2021 – MARCH 2022

In Q4 2021 implemented a 10% of net operating income (income after interest, fees, and expenses) from assets to improve environmental impact (i.e. lowering energy, waste, water consumption and/or biodiversity)

5. Improve biodiversity and bring nature closer to people

Agreed that improving biodiversity and bringing nature closer to people will become an integral part of Newcore's investment strategy, with environmental considerations embedded into decision-making across all aspects of fund and portfolio management

Set out five-point plan to achieve to improve bio-diversity

Support The European Nature Trust in its campaign to rewild Scottish uplands

Environment Next steps

During 2022–23, improving our impact on both climate and on biodiversity will be priorities.



Fennies Nursery

Raynes Park at acquisition and after refurbishment. Working to repair rather than replace.

Environment

Next steps

Publish a transition plan based on the Carbon Disclosure Project (CDP) framework, begin to report through the Science-Based Targets Initiative (SBTI), create a credible.

Continue to install AMRs, aiming for 100% of Fund V assets.

Publish a target for a reduction in net emissions across our AUM.

Encourage tenants to procure renewable energy (backed by a REGO certificate).

Newcore's Management Business to maintain carbon neutrality and annually reduce waste, utilities and travel emissions.

Submit Fund IV to GRESB and follow with Fund V as soon as it is applicable (2023).

Survey assets to assess opportunities to reduce CO2 equivalent emissions and improve nature and wellbeing.

Integrate nature and biodiversity into our investment checklist.

Build capacity across the team to understand how to respond to the ecological emergency.

Pilot our approaches – including preserving and creating habitats, planting of native species, improving wildlife corridors, and making homes for birds, bugs and bees – initially in a mixed-use scheme north of Oxford.

Work with like-minded partners to respond to the ecological emergency.

In our funds, allocate 10% of net operating income from assets to improve environmental impact (i.e. lowering energy, mitigating waste, reducing water consumption and/or increasing biodiversity).

Social

For Newcore, the S in ESG means investing in asset classes that are linked to the on-going functioning and improvement of society; creating, measuring and reporting the social impact; treating staff and stakeholders as central to business success; and giving back to society by donating 10% of our annual profits and up to 10% of our time to charitable causes via our Foundation and management platform.

We expect to deliver positive social impact through our value-add strategy to add to the pool of much needed social infrastructure in the UK.

Newcore has worked closely with a number of consultants to understand the societal impact of a social infrastructure investment strategy. In 2022, Newcore will conduct a pre and post investment analysis for each acquisition, including an impact screen, impact assessment, data collection and analysis. The Impact Management's Five Dimensions of Impact is completed to ensure the potential for impact (positive and negative) is fully understood. Most recently, The Good Economy has supported the implementation of impact management and measurement strategy.

Commitments

1. Deliver social value through our social infrastructure investments
2. Run our business in a progressive way for staff and all other stakeholders
3. Influence investors, customers, stakeholders and industry peers through positive engagement and sharing best practice
4. Continue to donate at least 10% of profits to social and environmental charitable causes



We expect to deliver positive social impact through our value-add strategy to add to the pool of much needed social infrastructure in the UK.

Fund IV Social Impact Measurement

Newcore is committed to measuring and reporting to investors the social impact (positive or negative) from its portfolios.

Loop, a third-party social value assessor, was commissioned to measure Fund IV's Social Impact (at Q4 2021). Loop used HM Treasury-approved methodologies to calculate the contribution that each asset makes to society. The methodology used by Loop includes a Social Return on Investment (SROI) and Economic Impact modelling.

£30m

**Invested into children's
nurseries**

135

**New Special Educational
Needs (SEN) places
facilitated in Streatham
and Isleworth**

1,600

**New childcare places
created across 14 nursery
sites**

64

**New care home beds
created through the
acquisition of vacant land
and receipt of planning
consent**

£265m

£469m

**Social value over 5-year
hold period (SROI)**

**Total social value created
(LM3 + SROI)**

The SROI value comprises



Economic Benefits to HMRC associated with Tax, National Insurance and Earnings due to reduced worklessness and sickness days.



Wellbeing Improvements associated with employment and skills development, qualifications, education support, school and community engagement, and improvements to physical and mental health.



Fiscal Savings to UK Government and taxpayers associated with reduced cost for welfare benefits, health services, education, emergency services, housing, and social care.



Environmental benefits associated with reducing, recycling and diverting waste, reducing CO2 emissions, as well as ecological protection.

The Economic Impact



Local Multiplier 3 (LM3) which accounts for how a project impacts upon local economies through spend on supply chain and employment.

Fund V Social Impact Measurement

Newcore will follow a similar strategy to Fund IV and add to the pool of much needed social infrastructure in the UK. Fund V will voluntarily shadow Article 9 under the EU Sustainable Finance Disclosure Regulation (SFDR), the highest green rating of positive impact that an alternative investment fund manager can achieve, with sustainable social impact as its guiding metric.

Current projections are to deliver at least a further	250	250
	SEN places	Retirement living units
1,500	02	150,000
Childcare places	New Waste to Energy facilities	Sq ft of Life Sciences space

Case Study
NSS IV
Children's Nurseries



IMPACT MANAGEMENT PROJECT – FIVE DIMENSIONS OF IMPACT

WHAT

Type of impact

- Additional childcare places created (in a market where demand outstrips supply) increasing access to education and enabling parents to work
- Increase the social utility of assets through the reuse of existing sites that were purchased vacant
- Negative environmental impact mitigated through the refurbishment of 14 sites that could have been redeveloped
- Improvement of energy performance of assets through refurbishment

WHO

Recipient of impact

- Children of nursery age, due to the additional provision of 1,600 nursery places
- Parents with children, who will benefit from good quality nurseries within close proximity

HOW MUCH

Scale and depth

- Creation of 14 new nurseries (and preservation of 2 nurseries)
- Job creation – approximately 300 jobs in 14 new nurseries
- Created an additional 1,600 children's nursery places
- Measured and reported CO2e data through desktop analysis

CONTRIBUTION

Additional value

- Social utility of assets maintained or increased, prevention of re-development away from a social use and refurbishment instead of development
- Newcore contributes up to 10% of net operating income to improve environmental performance

RISK

Accepted challenge

- Sale to an investor who may convert the site to a use that that doesn't create a positive impact (i.e. away from social infrastructure)
- Alternative investor might re-develop the site creating a large negative environmental impact (carbon emissions, water use etc.)



COMMITMENT**1. Deliver social value through our social infrastructure investments****ACTIONS TAKEN JAN 2021 – MARCH 2022**

Over the life of Fund IV:

143 Special Educational Needs (SEN) places
1,600 additional nursery places created
£469m Social Value Created

Newcore adopted the Impact Management's Five Dimensions of Impact. Prior to every acquisition this is completed to ensure the potential for impact (positive and negative)

2. Run our business in a progressive way for staff and stakeholders

Any employee can earn equity in the business and join the partnership. Two more employees joined the business in 2021, now 8 out of 14 own equity stakes in the business. Employees were rewarded on both ESG and financial related metrics and in addition equity for great performance

New policy that staff can spend up to 10% of their work-related time on pro-bono and/or charitable activities

Staff received funding and support to pursue relevant career development, such as training seminars, conferences and workshops and relevant professional qualifications

Disclosing our diversity metrics helps Newcore to understand its baseline and in 2022 strive to improve diversity whilst strengthening our inclusive culture. Please see our appendix for a breakdown of numbers

3. Influence investors, customers, stakeholders and industry peers through positive engagement and sharing best practice

In March 2021, formal launch of the LandAid pro-bono programme, set up, championed, and sponsored by Newcore. Newcore coordinated the fundraising, committed £25k a year for 3 years and engaged JLL, Savills and CBRE to do the same. There are 150 members and £698,000 of pro-bono work has been delivered. Newcore hosted an industry social impact conference on behalf of the LandAid pro bono programme

Newcore joined other B Corporations in the financial services and investment industries over the last year to collaborate and challenge their industry to do more. Hugo Llewelyn, our CEO, has led the Best Practice Governance sub-group

4. Continue to donate 10% of profits to social and environmental charitable causes

In 2019, The Aldridge Foundation was chosen and a commitment to donate £100k through fundraising was made. (Due to Covid the partnership has been extended to 2022 with £60k raised so far). Additional five Charities supported in 2021: LandAid, Felix Project, The Manna Society, Reengage and DEC Ukraine Appeal. In total £68k has been donated

Planning and listed building consent achieved for Newcore-championed community project at Blackbird Leys, East Oxford. Newcore provided £250k to fund costs and leveraged its network of professional advisers to support the project to the total value of £500k

NEW COMMITMENTS FOR 2022**4. Support employees to donate 10% of their time to charities and non-profit organisations****ACTIONS TAKEN JAN 2021 – MARCH 2022**

Inspired by the success of the Landaid Pro-bono programme Newcore agreed that all employees can donate 10% of their working time on pro-bono projects.

In Q1 2022 only 15% of employees had utilised this policy

Social Next steps

During 2022-23, continuing our social impact work and spreading the message across the industry will be priorities.



Social Next steps

Work with The Good Economy to support and inform strategy over the coming year.

Integrating and reporting against social outcomes identified by external consultants.

Deliver measurable social impact through Fund V.

Voluntarily shadow, under social impact measurement, Article 9 of the EU Sustainable Finance Disclosure Regulation (SFDR).

Improve the number of Newcore employees donating up to 10% of their time to charities and non-profit organisations.

Provide internships to people from low socio-economic backgrounds.

Work through the Newcore Foundation to deliver wider social and environmental impact.

The Newcore Foundation and Charitable Partnerships

Since Newcore was established, it has supported different charities linked to social infrastructure such as homelessness, education, societal inequality, and prisoner rehabilitation. Since 2011, £448,531 has been raised for charity partners with countless not-for-profit hours and advice given.

In 2020, Newcore set up a charitable foundation and committed to pay at least 10% of its profits each year into the foundation, in addition to its charity partnerships. Employees recommend charities to benefit from the foundation, linked to the ongoing social and environmental infrastructure work of the business. In 2021, the first grants were given out by the Foundation.

Grants awarded



Aldridge Foundation – Newcore's Charity Partner for 2019 – 2022

Launched in 2006, The Aldridge Foundation empowers future generations. At the centre of the foundation is the belief that where you come from should not dictate where you are going.

Built on a desire to open the minds of young people, it equips them with essential life skills whilst developing an enterprising mindset, so they can create better life chances for themselves and become catalysts for positive change in their communities. The foundation helps young people from disadvantaged backgrounds fulfil their potential and provides experiences that will level the playing field when it comes to confidence, life skills and opportunities. This is achieved by supporting, funding and developing a range of interlocking programmes in partnership with like-minded organisations.

Blackbird Leys – Pro bono support

Blackbird Leys in East Oxford has some of the highest unemployment and child poverty in the country with a large income disparity from the city centre. The church and community centre tackle primary social issues such as loneliness and isolation, child deprivation, homelessness, debt management and drugs outreach. The existing buildings were listed, dilapidated and had been condemned. Newcore provided expertise and funding to coordinate, submit and consequently receive consent for planning permission to rebuild a community centre, a church and accommodation. Newcore leveraged its network of professional advisers and provided support to the project to the total value of £500k, of which the actual cost was £250k, funded by Newcore's principals.

Newcore is now supporting the next stage of development, fundraising £3m to enable the building of the community centre. In total, Newcore has provided a further £250k of support through significant pro-bono time and development management skill.

The work with Blackbird Leys inspired Newcore to encourage others in the industry to provide their expertise on social issues and led to the creation of the Pro Bono programme.

LandAid Pro Bono Programme

After a deeply positive experience working on a not-for-profit basis in East Oxford (see above), Newcore expanded the principles of this into an industry-wide programme in conjunction with the charity LandAid. The LandAid Pro bono programme connects charities needing property and investment advice with corporates specialising in giving that advice, who would like to help on a Pro bono basis. Newcore CEO, Hugo Llewelyn, became the Chair of the collaboration with LandAid. Newcore raised £310k to fund the running costs of the venture including committing £25k a year for 3 years, joined by JLL, Savills and CBRE who did the same.

To date the programme has 150 members and has delivered £698,000 of measured Pro bono professional work over the last year to March 2022.

Governance

Newcore believes that strong and transparent governance is critical to the sustainable management of funds and its management platform. The business became a Certified B Corporation in 2020 and is the first dedicated UK real estate investment manager to certify. Newcore, as part of being a good corporate citizen, runs its funds onshore, under the UK HMRC tax regime.

Commitments

1. Improve our B Corporation score at next assessment
2. Integrate ESG across decision making through all staff and processes
3. Maintain a transparent and moral approach to paying tax for both for management platform and funds
4. Report against industry-leading standards (B Corp, GRESB, SBTi, and Planet Mark) and publicly report our progress in our annual impact statement

COMMITMENT**ACTIONS TAKEN JAN 2021 – MARCH 2022****1. Support the B Corporation Movement and improve our score in 2023**

Newcore led the Best Practice Governance sub-group and Hugo Llewelyn becomes co-chair of the wider B Corps finance and investment group for 2022/3

Recruited Kate Sandle, an ex-B Lab UK Director to support sustainability work

Provided support to businesses interested in certifying as a B Corp

2. Integrate ESG across decision making through all staff and processes

The Investment Committee, ahead of an acquisition, reviews each asset and ensures that every investment is sustainable and avoids harm

ESG committee formed drawing from all areas of the business, coordinated by Kate Sandle and chaired by Hugo Llewelyn

Newcore adopted the Impact Management's Five Dimensions of impact. Prior to every acquisition this is completed to ensure the potential for impact (positive and negative)

Codification of policies and processes in HR investment decisions and asset management

Sustainability Director role created to assist embedding of ESG throughout the business

3. Maintain a transparent and moral approach to paying tax for both for management platform and funds

Newcore's funds are all onshore, under the UK HMRC tax regime both for management platform and funds

Performance fees were treated as income for tax purposes

Employees who are also owners in the business were treated as employees (this means that Newcore does not avoid its Employer's NI commitments)

4. Report against industry-leading standards and publicly report our progress in our annual impact statement

Signed up to the UN PRI and following their six key principles, filing regular reports and disclosures on progress from 2023

Submitted to GRESB for Fund IV in 2021/2

Reported openly and in a timely manner to investors across financial and ESG metrics

Publicly reporting our progress in this Report

Governance Next steps

Newcore won the Property Fund Manager of the Year award at the 2021 UK Property Industry Awards

During 2022-23, we will continue to improve our governance.



Build on the work and responsibilities of the newly created ESG Committee.

Further build staff capacity to integrate sustainability across all investment decisions.

Maintain a transparent and moral approach to paying tax, (running our funds onshore, under the UK HMRC tax regime) both for management platform and funds.

Publish a transition plan based on the Carbon Disclosure Project (CDP) framework.

Submit to GRESB for fund V.

Clarity on areas that will help materially improve the business and the B Corp score.

Certified



Corporation

B Corporation Certification

In July 2020, Newcore became a Certified B Corporation, joining a growing community of companies reinventing business by explicitly committing to pursue purpose as well as profit.

Newcore is one of a handful of fund managers globally and the first dedicated social infrastructure specialist in the UK to have been awarded this certification.

Newcore is certified by B Lab, the not-for-profit organisation behind the B Corp movement, as having met high standards of social and environmental performance, transparency, and accountability. It is seen as the gold standard of the good business certifications. Businesses need to score a minimum of 80 to certify, most average businesses score 50.9 and the most common score in the UK community is 81. Newcore scored 112.6

The B Corp certification addresses the entirety of a business's operations and covers five key impact areas of governance, workers, community, environment and customers. The certification process is rigorous providing evidence of socially and environmentally responsible practices relating to energy supplies, waste and water use, worker compensation, diversity and corporate transparency. To certify the firm legally embed this commitment to purpose beyond profit in its LLP deed.

Globally, more than 5,000 businesses have certified as a B Corp, from a broad cross section of industries and sizes. In the UK the community there are over 800 companies, including Coutts, Bridges Fund Management, Towerbrook, Lombard Odier, The Guardian, innocent, Patagonia and The Body Shop.

Newcore found that becoming a B Corporation enhanced its business in a materially positive way. It is committed to championing the cause of B Corps and examples of a balanced approach to business.

Looking to the Future

In 2022–23, we will intensify our ESG efforts. We will continue our refurbishment-first approach to assets and continue our 10:10:10 policy: spend up to 10% of employee time on pro-bono, charitable activities; donate at least 10% of profits to social and environmental charitable causes; allocate 10% of net operating income from assets to improve environmental outcomes in our assets.

Key priorities to improve are:

Environmental

- Publish a transition plan based on the Carbon Disclosure Project (CDP) framework, begin to report through the Science-Based Targets Initiative (SBTI), create a credible pathway to net zero and improve on our 2040 timeline
- Publish a target for a reduction in net emissions across our AUM
- Encourage tenants to get renewable energy supplied (backed by a REGO certificate)
- Continue to install AMRs, aiming for 100% of Fund V assets
- Newcore's Management Business to maintain carbon neutrality and annually reduce waste, utilities and travel emissions
- Submit Fund IV to GRESB and follow Fund V as soon as it is applicable (2023)
- Survey assets to assess opportunities to improve nature and wellbeing
- Integrate nature and biodiversity into our investment checklist
- Build capacity across the team to understand how to respond to the ecological emergency
- Pilot our approaches – including preserving and creating habitats, planting of native species, improving wildlife corridors, and making homes for birds, bugs and bees – initially in a mixed-use scheme north of Oxford
- Work with like-minded partners to respond to the ecological emergency
- In our funds, allocate 10% of net operating income from assets to improve environmental impact (i.e. lowering energy, mitigating waste, reducing water consumption and or increasing biodiversity)

Social

- Work with the Good Economy to support and inform strategy over the coming year
- Integrating and reporting against social outcomes identified by external consultants
- Deliver measurable social impact through Fund V
- Voluntarily shadow, under social impact measurement, Article 9 of the EU Sustainable Finance Disclosure Regulation (SFDR)
- Improve the number of Newcore employees taking volunteering opportunities
- Provide internships to people from low socio-economic backgrounds
- Work through the Newcore Foundation to deliver wider social and environmental impact
- Support employees to donate 10% of their time to charities and non-profit organisations

Governance

- Build on the work and responsibilities of the newly created ESG Committee
- Further build staff capacity to integrate sustainability across all investment decisions
- Maintain a transparent and moral approach to paying tax, (running our funds onshore, under the UK HMRC tax regime) both for management platform and funds

Conclusion

Newcore hopes that this Impact Report demonstrates that sustainability, social benefit, and good corporate citizenship are integral parts of the business.

The results of Newcore's performance against the 'Commitments', 'Actions' and 'Next steps' outlined above will be reported in the 2022-23 Impact Report to be published in 2023. And we will also be measuring and reporting our impact through globally recognised frameworks including GRESB, B Corp and the Science-Based Targets Initiative.

Every business can – and probably needs to – do better. We will continue to learn and adapt to the changing landscape around what it means to be a responsible and ethical business. As part of this, we welcome any feedback you have on our ESG performance and reporting. We are also happy to answer any further questions.



We have worked to make sustainability, social benefit, and good corporate citizenship integral parts of how we do business.

Appendix 1

Diversity metrics for Newcore Capital

Newcore currently has 14 people. There are 5 people on the board, 4 are partners.

The following information was taken from an employee survey where 80% of employees responded.

	GENDER	AGE
Board	Women 20% Men 80%	Under 30 years old 0% Between 30 and 50 years old 60% Over 50 years old 40%
Employees	Women 38% Men 62%	Under 30 years old 27% Between 30 and 50 years old 64% Over 50 years old 9%
	ETHNICITY	SCHOOL
Board	English / Welsh / Scottish / Northern Irish / British Irish 80% Mixed Asian 20%	State Educated 60% Privately Educated 40%
Employees	English / Welsh / Scottish / Northern Irish / British Irish 64% Indian 18% Mixed Asian 9% Prefer not to say 9%	State Educated 36% Privately Educated 55% Prefer not to say 9%

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