

Newcore Capital's Responsible Investment Policy

Newcore's investment and business approach

Newcore Capital Management (Newcore) is a specialist investor in social infrastructure real estate within the UK. Newcore is management-owned and manages capital for institutional investors (pension funds and insurance companies), wealth managers and family offices.

Newcore's mission statement is: **"strong returns through sustainable investment in social infrastructure"**

Since 2011, Newcore has demonstrated that the objectives of clients and other stakeholders, meeting the highest standards of investment and governance, and upholding high standards of environmental and social responsibility are not only possible but combine to create a resilient and successful capital management business.

Social infrastructure services and the real estate that enables it, are integral to the functioning of society and support the quality of life and wellbeing of communities. Our social infrastructure sectors generally benefit from strong occupational demand, resilience to the deflationary effects of the internet and inflation-linked rental indexation.

For Newcore's value-add and core-plus strategies, our experienced team identifies buildings that are suitable for repurposing at an economic and environmentally sensible cost, and turns them into future-proofed, long-term investment product at sustainable rental levels for tenants. Newcore believes that in practice, its funds and separate accounts enhance their returns by working positively with the communities in which it operates and the wider environment in general.

Newcore's objective is to deliver excellent results for its stakeholders through the highest quality investment management, business process, corporate governance and through sector-leading standards, targets, and policies for environmental and social responsibility. Responsible investment and action to address social, climate and biodiversity challenges are embedded into governance and integral to how funds are run.

Social

At Newcore we know that to maximise our direct environmental impact, we need to engage with our tenants, suppliers and communities to work together. As part of this, tenant satisfaction surveys are conducted annually followed by tenant meetings to feedback on insights and provide an opportunity to meet other tenants. We have rolled out initiatives to create awareness or encourage tenants to reduce their environmental footprint.

At the centre of Newcore is the ability to create and maintain quality relationships with stakeholders. To do this we need to provide effective services, build relationships and work collaboratively.

In an independent impact report, tenants were interviewed about Newcore and when compared to other investors they work with, Newcore are 'quick and attentive, with a team described as straightforward, competent, and pragmatic'. One provider stressed Newcore's high standards of confidentiality, discretion and integrity, which they greatly value.

Human rights and slavery

Newcore's is committed to:

- Respecting and upholding Human Rights (relevant to all human beings regardless of their nationality, place of residence, sex, national or ethnic origin, colour, religion, language or any other status);
- Respecting Children's Rights and in particular their right to be free from child labour;
- Identifying potential conflicts where Children's Rights and Human Rights could be compromised and take appropriate action. Newcore has a strict policy against child labour and enforces supply chain screening processes to ensure compliance;
- Ensuring that we are not involved (with our assets and supply chain) where forced or compulsory labour could be taking place and undertaking appropriate remedial action if such a case was to be discovered.

Please see Newcore's Human Rights Policy and Modern Slavery Statement for further detail on our policies.

Legislation and compliance monitoring

Newcore is an FCA authorised capital management business. It is advised by March Compliance, which is a compliance and regulatory advisory service provider to over 100 FCA authorised firms. Newcore has regular updates with March to ensure that Newcore's procedures and governance are compliant with all FCA regulations.

Newcore complies with current environmental and social legislation and industry standards.

Newcore is also a B Corporation – please see below for further information in this respect.

Investors

Newcore undertakes due diligence on its clients to ensure they support the investment policies of the company. Newcore does not seek to manage money for investors who do not share the same sense of purpose.

Tax

Newcore views HMRC as one of its key stakeholders and ensures that it delivers its objectives with strict compliance to both the letter and the spirit of UK tax law. For example:

- When appraising deals at the outset, Newcore assumes within an asset level business plan that it will pay all correct UK tax or duties on its assets: for example SDLT and VAT, empty business rates (if appropriate), policy compliant affordable housing, CIL and s106 contributions; and applies this in practice.
- Newcore structures its carried interest on value-add funds as performance fees – thereby attracting income tax not capital gains tax. This is because the partners believe that such fees are indeed fees rather than capital gains and therefore, have concluded that to structure them otherwise would be, at least in Newcore's view, the unfair avoidance of tax due to HMRC.
- Newcore has 9 members of the partnership but five of these are treated as employees with ownership, rather than active members. Newcore pays Employer's National Insurance on their remuneration therefore (and they pay Employees' NI); and they are

protected by the stronger contractual rights that employment affords over LLP active membership.

- Newcore is not interested in setting up complex tax structures that aim to reduce wider tax obligations or working with investors who seek to impose these.

Impact Management

To better understand the social impact of investments, Newcore has worked with an impact advisory firm, to create an impact measurement and management framework. This framework helps Newcore define, assess and manage impact creation, and report on impact performance in a transparent and accountable way.

Newcore's Social Infrastructure IMM Framework

Newcore's performance against its set impact objectives is expected to drive changes in real-life outcomes experienced by people, places and the planet. Measuring the outcomes and assessing the Fund's contribution to them helps Newcore and its stakeholders understand the ultimate impact created by its investments.



Assets have and will be assessed according to Impact Management Project's (IMP) impact classification system. Each asset is assessed according to the intended impact that assets will have on people and planet, i.e. 'avoid harm', 'benefits stakeholders' or 'contributes to solutions.' For more information on these labels see the box below. In addition to the impact of the assets, Newcore's contribution to impact is also assessed, which is defined as additionality. This considers the role Newcore played and whether it had a high, low or medium impact on the outcome.

Categorisation of impact

Impact goals	Description
Does (or may) cause harm	The asset causes (or may cause) harm to people and planet
Avoids Harm	The asset prevents or reduces negative outcomes for people and planet
Benefits Stakeholders	The asset avoids harm, whilst generating positive outcomes (within the sustainable range established by societal or ecological thresholds) for people and/or the planet
Contributes to Solutions	The asset avoids harm, whilst generating one or more positive outcomes within the sustainable range for otherwise underserved people and/or natural resources at risk

Impact Funds (aligning / following SDR Impact label (fully or as part of mixed goals))

Where Newcore will align with SDR labels, it will ensure the assets in the fund align with the minimum threshold of 70%. It will follow the key criteria and align with additional requirements (that it doesn't already meet) including the regular review of assets through the Escalation Committee.

Newcore will follow the Nine Operating Principles for Impact Management and report accordingly. In addition to understanding the investor level contribution, Newcore will review the counterfactual for each asset and understand how its investment has had a positive impact, reporting the additional places / users that have been created as a result of the investment.

Investment Committee

All investment decisions are reviewed by the Newcore investment committee (IC) to ensure they comply with our responsible investment policy and fit the social infrastructure criteria, which supports the functioning of society. New acquisitions are also reviewed against Newcore's Exclusion Policy, to ensure the investment is aligned with our corporate, ethical values. Every investment has the potential to generate other societal outcomes, both positive and negative. These outcomes – environmental, social and governance (ESG) factors are considered by the IC to understand an investment's holistic impact.

All investment, major capex and exit decisions are taken by the investment committee considering social and environmental factors. Any conflicts of interest are declared to the IC prior to any final decision and the investment committee approval is obtained prior to exchange and expenditure of any material transaction costs.

Ahead of each acquisition the IC review the effect that our prospective assets have on people and/or the planet. The [Impact Management Project's five dimensions](#) of impact are used to ensure the potential for impact (positive and negative) is fully understood ahead of each acquisition. The following 'five dimensions' are assessed.

- **What** – Is the investment at least avoiding or mitigating negative outcomes?
- **How much** – Does the investment create positive outcomes for people that align with the SDGs?
- **Who** – Who experiences the outcome? Do the people benefitting have a level of underserved need in relation to the outcomes?
- **Contribution** – Is Newcore's contribution to impact significant, compared to what would have happened otherwise?
- **Risk** – Does this investment promote activity that could cause negative impact?

This review enables Newcore to have a holistic view of the impact of an asset and guides investment decisions. In addition, ESG factors are reviewed regularly at board meetings and firm-level portfolio review meetings. IC decisions are signed off in confirmation and in relation to this process by Kate Sandle, Director of Sustainability.

Reporting

Social – Investors and relevant stakeholders receive quarterly reports with updates on key social metrics.

Environmental – The carbon emissions and consumption for each portfolio are calculated and are reported quarterly to investors. There is active engagement with tenants to use



technology to simplify the data collection, enable accurate reporting and provide a baseline to reduce emissions.

It is possible to view our [Environment Policy here](#).

External Certifications and Commitments

Newcore recognises the need for rigorous external verification of practices in addition to disclosures and alignment with international bodies.

B Corporation

In 2020, Newcore opted to be externally validated by an international body, known as the gold standard for business sustainability. Newcore was the first specialist real estate investor in the UK to certify as a B Corporation (B Corp) by B Lab, the not-for-profit organisation behind the B Corp movement. The certification demonstrates that Newcore has met rigorous governance, social and environmental standards.

This is of particular importance given the nature of the assets in which Newcore is investing. Many of the asset classes that Newcore targets are linked to the on-going functioning and improvement of society and its environment. Examples include healthcare, education, security and emergency services.

B Corporation certification embedded the importance of good governance and a commitment to annual reporting into the centre of the business. 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. In 2024, Newcore certified for the second time scoring 164.6, a 52 point improvement on its original certification in 2020). Newcore recognises the importance of continuing to improve as a business and worked hard to increase from its previous certification.

Its new score makes it the highest scoring real estate and infrastructure investor in the world and scoring in top 1% of B Corps globally.

The certification represents Newcore's commitment to governance, environmental and social goals ranking equally or more important than profit for its management platform. To complete the certification, a firm legally embeds a commitment to purpose beyond profit in its LLP deed.

Newcore also commits to give at least 10% of its profits to charity via its foundation each year.

The UN Sustainable Development Goals

Working with independent advisers, Newcore mapped its strategy and the outcomes from investments to the United Nations Sustainable Development Goals, (SDGs).

Outcomes of investment strategy	Alignment with UN SDGs
Increased health and wellbeing	Goal 3. Ensure healthy lives and promote well-being for all at all ages
Increased access to education	Goal 4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all
Increased employment and strengthened local economies through employment, procurement and business opportunities	Goal 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all Goal 9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation
Enhanced social interaction and community cohesion	Goal 11. Make cities and human settlements inclusive, safe, resilient and sustainable
Reduced carbon and increased renewable energy	Goal 7. Ensure access to affordable, reliable, sustainable and modern energy for all Goal 13. Take urgent action to combat climate change and its impacts

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.

PRI

Newcore became a Principles for Responsible Investment signatory in January 2022 and it follows the six principles:

- 1) Incorporate ESG issues into investment analysis and decision-making processes
- 2) Be active owners and incorporate ESG issues into our ownership policies and practices
- 3) Seek appropriate disclosure on ESG issues by the entities in which we invest. We will promote acceptance and implementation of the Principles within the investment industry
- 4) Work together to enhance our effectiveness in implementing the Principles
- 5) Report on our activities and progress towards implementing the Principles



Through its organisational structure, incentive system and training programmes Newcore integrates sustainable business practices and acts with integrity that represents a moral and ethical approach to business.

We firmly believe that our investment strategy in social infrastructure, with ESG woven through decision making, creates more value for our stakeholders, including our investors, the planet and local communities.

Review and updates

This policy is reviewed annually to ensure it remains relevant and aligned with evolving industry standards, stakeholder expectations, and regulatory requirements.