

# Physical review

**We want to ensure our physical assets and infrastructure are designed, built and managed in a way that enhances their value to society and the environment. Here, we review our progress this year.**

## Climate change

### Context

Throughout the past decade, Landsec has established itself as a global sustainability leader in its sector. We've set and achieved ambitious carbon targets, invested in renewable energy, and reduced energy use in our buildings.

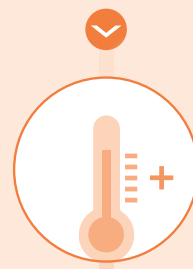
However, in 2019, the world's carbon emissions continued to increase, and so the coming decade is critical for the world's response to climate change, and the need to limit the worst of its impacts. The independent Committee on Climate Change recommended, and Government accepted, that the UK should aim to be net zero carbon by 2050. It stated that this is technically feasible with known technologies, and those who can, should aim to be net zero carbon sooner than this.

As a leader in our sector, we have committed to become a net zero carbon company by 2030. On the following page, we set out our strategy for achieving this. It is an ambitious but credible strategy with clear actions to support the world to limit global warming to 1.5°C.

Business models need to adapt to stay relevant. Since the launch of the Task Force on Climate-related Financial Disclosures (TCFD) recommendations in 2017, we have been assessing and reporting on the financial impact of climate-related risks to our portfolio. By assessing both physical and transitional risks in various scenarios and timeframes, we can put the appropriate strategy in place.

Our ambition to become a net zero carbon business by 2030 is effectively ensuring the long-term resilience and relevance of our business and helping us meet the high expectations of our stakeholders.

## Our net zero carbon strategy



1

Reduce operational energy use in support of our updated science-based carbon reduction target, aligned with a 1.5°C scenario



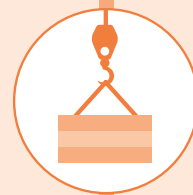
2

Invest in renewable energy through REGO-backed contracts and Power Purchase Agreements and implement on-site renewables across our assets



3

Use an internal shadow price of carbon to clearly communicate climate-related risks and opportunities in investment decisions



4

Reduce construction impacts through asset retention, efficient design and responsible sourcing



5

Offset remaining emissions through carefully selected projects which actively take carbon out of the atmosphere

## Our net zero carbon strategy

### 1. Reduce operational energy use

#### Meeting our science-based target 11 years early

In 2016, we became the first commercial real estate company in the world to set a science-based carbon reduction target – which was to reduce carbon intensity by 40% by 2030, from a 2013/14 baseline. This year we achieved our target 11 years early, having reduced our carbon intensity by 48% since 2013/14.

#### Setting an ambitious new carbon target

Following the success in achieving our original science-based carbon target, and in response to the Intergovernmental Panel on Climate Change (IPCC) report on the impacts of global warming of 1.5°C, we have made our carbon reduction commitments more ambitious.

The IPCC report made it clear that the world should aim to limit global warming to 1.5°C to mitigate against the worst effects of global warming. In line with the Science Based Targets initiative's new methodology for 1.5°C targets, we have formulated a new target of a 70% reduction in absolute carbon emissions from Scope 1, 2 and 3 (Scope 3 being downstream leased assets we procure energy for) by 2030, against a 2013/14 baseline. This has been approved by the Science Based Targets initiative. This year we reduced our carbon emissions by 42% in line with the updated target.

#### Reducing energy use across our portfolio

A key way we can reduce carbon is by lowering the energy use of our assets, and this has the additional benefit of reducing our customers' energy costs. In line with our ISO 50001 Energy Management System, every property we operate has its own energy reduction plan. These plans look at retrofitting energy-efficient equipment, optimising our buildings to use less energy, and working with our customers to reduce the energy they use in their spaces.

Our Hatfield Galleria Outlet Centre has installed corridor temperature sensors which has allowed closer monitoring of our energy usage and allowed early switch off of gas burning boilers. This has achieved a 75.5% reduction in gas use and an overall reduction of 13% in energy use at the site.

To optimise our buildings, we provide detailed energy reports to some of our customers with the largest energy consumption, to help them reduce their energy use. The reports showed how they were using energy in their spaces, and made recommendations to reduce energy wastage. After following some of our recommendations, one customer reduced their energy use by 9%.

These interventions supported our decrease in energy intensity against our 2013/14 baseline, by a further 4% when compared to last year, and it is now 22% below our 2013/14 baseline. We therefore remain on track to achieve our 2030 target of a 40% energy reduction.

Within our commercial developments, we are using the Design for Performance approach to set energy intensity targets for our base building performance, in line with achieving our 2030 targets. This tool aims to close the performance gap by ensuring that new office developments operate as efficiently as they were designed to.

### 2. Invest in renewable energy

Since 2016, all the electricity we procure is REGO-backed renewable and we are looking to move our procurement towards direct purchasing from renewable projects through Power Purchase Agreements (PPA).

We aim to increase the amount of renewable electricity we generate on our sites. Our current on-site renewable electricity capacity is 1.5 MW, halfway to our commitment of achieving 3 MW.

### 3. Use an internal shadow price of carbon

To support our net zero ambitions, we calculate an internal shadow price of carbon, so we can consider the carbon cost as well as the financial cost when making investment decisions.

We established our internal price of carbon by estimating how much we're spending on carbon reduction projects currently, and how much more we would need to achieve our 2030 goals. We balance this with figures reflecting the fact that making early design decisions with a low cost increase can have significant carbon-saving potential. Our figure is in line with the Commission on Carbon Pricing's recommendation for a carbon price level consistent with the Paris Agreement, and aligned to guidance from the UN Global Compact.

Importantly, our shadow carbon price is not a tax, but a way to strengthen our decision making, and to highlight carbon risks associated with key decisions. The risk may be an increase in the market price of carbon offsets, or the possibility of being forced by regulations to enter a carbon-emissions trading scheme.

### 4. Reduce construction impacts

We're committed to continue reducing the carbon emissions associated with our construction activities. When developing a new building today, we include embodied carbon emissions from our supply chain in this commitment. These are emissions arising from the extraction of natural resources, manufacturing, transport and construction, and represent a significant footprint – typically about half of the total emissions associated with the building over its entire life.

Importantly, retaining the existing structure or repositioning assets has the most impact when creating high-quality spaces at minimum carbon emissions. At Portland House, the embodied carbon intensity of our proposed repositioning is about a third of that of a new development, which means we're able to create a high-quality space with less carbon emissions.

We set embodied carbon targets for all our major developments and assess them through a recognised methodology, to understand where to focus our efforts for maximum impact. The first step is to simplify our designs to limit the cost of materials. Buying fewer materials is the best way to reduce carbon. For instance, at Lucent W1, we're reducing embodied carbon by 20% by designing the structure to be leaner and simpler to build, alongside specifying low-carbon materials. This will save materials and programme costs. We're also adopting modern methods of construction, such as a platform approach to design for manufacture and assembly, reducing the construction time, waste and cost. At Sumner Street, this approach achieves a reduction of over 19% in embodied carbon compared to traditional construction methods.

We then focus on the properties of the materials we specify and procure (alongside cost and availability), to adopt low-carbon alternatives wherever possible. This means careful analysis and selection of every raw material we use. Our aim is to avoid materials with a high-carbon intensity such as traditional steel and concrete. We replace them with materials that have a high recycled content, an inherently low-carbon profile, such as engineered timber, or that are sourced locally. Examples from our current development pipeline include Lavington Street which is designed around the partial retention of the existing structure on-site complemented by a hybrid steel and timber structure. The result is embodied carbon emissions associated with the structure are reduced by about 50% compared to a typical office, and timber elements avoid 15,000 tonnes of carbon compared to traditional construction.

### 5. Offset remaining carbon

As a last resort to achieve a net zero development, we offset the remaining carbon from our construction activities. We will also offset any remaining fossil fuel energy consumed across our portfolio by 2030.

We aim to do this by funding projects that remove carbon from the atmosphere via procurement of carbon credits. By financing projects in developing areas around the world, these credits have a further social impact through job creation and the support of sustainable living in line with the United Nations (UN) Sustainable Development Goals.

Our carbon offsetting projects will meet stringent requirements of due diligence, verification and reporting, as evidenced by third-party standards such as the UN Gold Standard and Verified Carbon Standard. In doing so, we're looking for projects that provide assurance of their impact and backing up credible claims with third-party monitoring and verification.

We'll disclose annually the amount of carbon offsets we buy, so we are open about the carbon reductions our developments and portfolio achieve.

# Physical review

continued

## Sustainability progress

### Waste management

Effective management of waste throughout our business is important in helping ensure a sustainable operation.

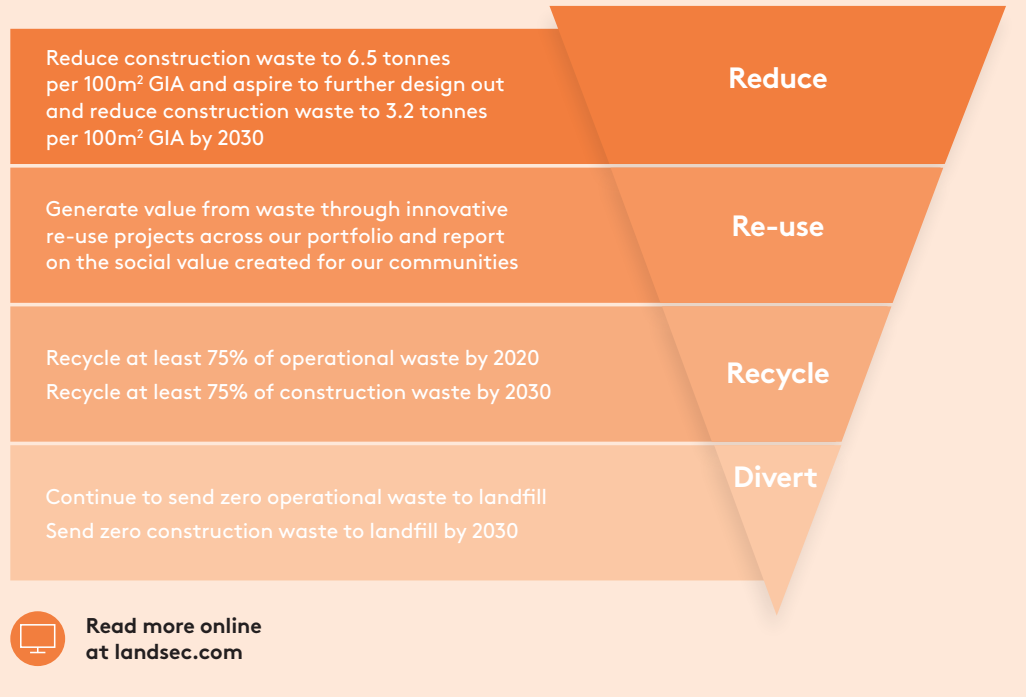
We continue to divert 100% of our operational waste from landfill and have achieved a recycling rate of 72.7% towards our target of 75%. The decrease in our recycling rate has been driven by two main factors; our work with our waste service providers to deliver more accurate and transparent data and the inclusion of new sites with lower recycling rates in our reporting.

As managing waste responsibly becomes an increasingly important issue, we have expanded our waste management commitments to cover both operational and construction activities with demanding targets for re-use and reduction.

We will also continue to work with employees and customers to reduce waste through targeted campaigns and incentives across the business.

We continue to support our customers in reducing single use plastic by partnering with Ape2o and installing two of their filtered water dispensers within the public area of our One New Change and New Street Square sites. The machines allow the public to refill their own water bottles with chilled and sparkling water and since September 2019 have dispensed the equivalent of over 21,000 plastic bottles.

### Our updated waste commitments



### Wellbeing

With staff costs typically accounting for about 90% of a company's overall operating costs, we know that investing in features that improve health and productivity of employees makes good business sense. Creating workspaces that positively influence our customers' physical and mental wellbeing remains a priority.

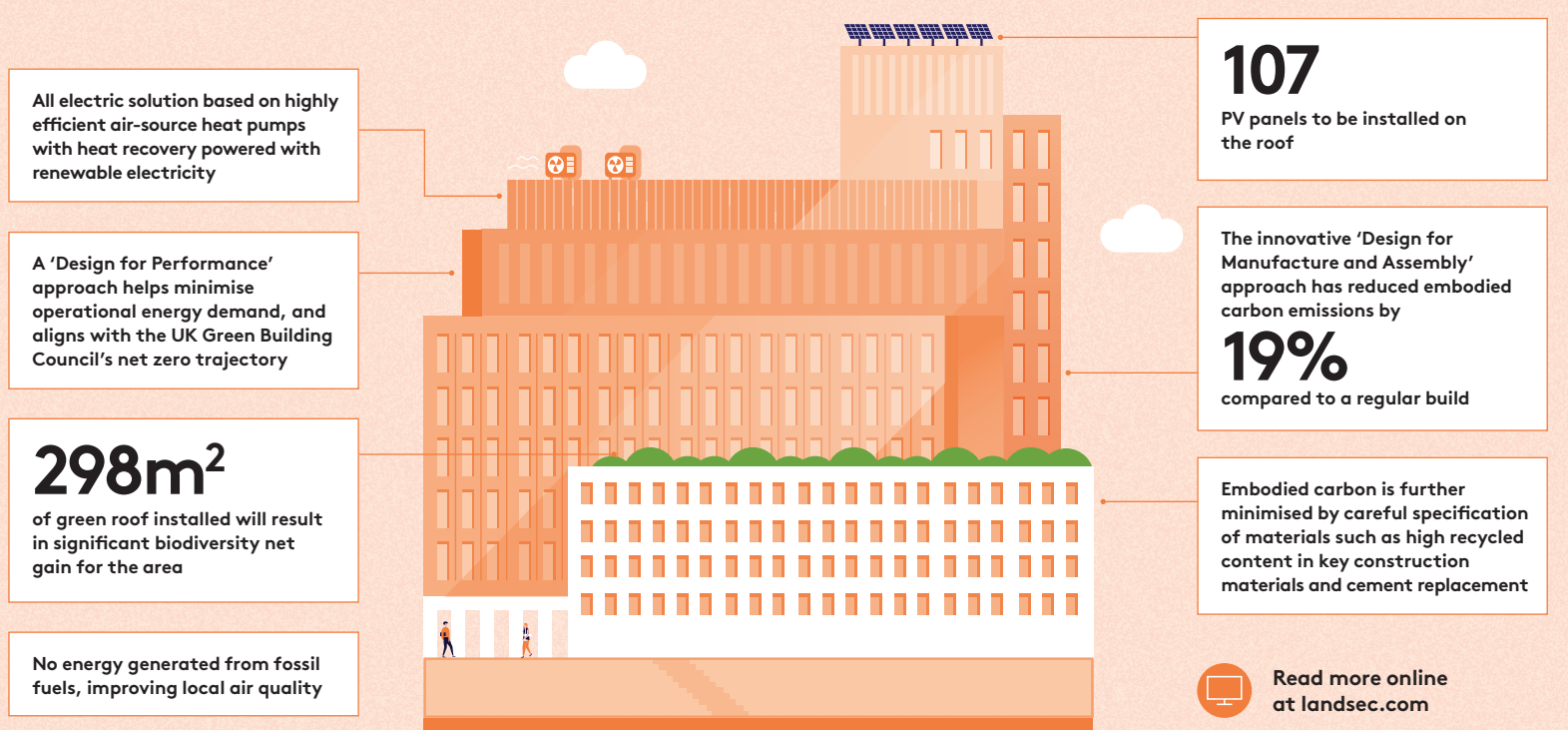
The WELL Building Standard is a performance-based certification scheme developed to put occupant health at the centre of building design. Our own headquarters at Victoria Street

are certified to the WELL Building Standard; and we've started the process to recertify: as a performance-based certificate, we're reviewing the quality of the space every three years.

In addition, we're embedding occupant health and wellbeing in the very early design of our developments where we include appropriate features from the WELL Standard.

The interior design at Nova East, for instance, revolves around the use of a palette of natural materials such as locally-sourced timber, recycled porcelain tiles and cork. Lucent will also feature

### A net zero carbon building at 105 Sumner Street



a planted winter garden and atrium, bringing daylight and natural elements deep within the building. In addition to these tangible features we're also delivering less visible benefits critical to a healthy building including clean air in abundant volumes, filtered water, non-toxic materials and high-quality lighting.

Where we provide HQ space for our customers, we make sure the quality of our base-build designs enables them to achieve certification to the WELL Building Standard for their own operations, just as we've done at 80 Victoria Street.

## Materials

What we buy and where we buy it matters at every level of our supply chain. To get it right, we take a thorough approach to sourcing sustainable materials. This includes environmental and ethical sourcing, health impacts, embodied carbon impacts and resource efficiency considerations.

Across our development pipeline, we have early in-depth conversations with specialist contractors, to be able to influence design and specification, and we request information from suppliers to improve transparency in our decision making.

At 21 Moorfields, we're buying 99.9% of our core construction materials from responsible sources. Steel, in particular, is of paramount importance for the building, given its prominence in the design. This is why we're asking our specialist contractor to get detailed information from their own suppliers about the sustainability of their products – matters such as method of fabrication, recycled content and distance travelled, alongside the necessary responsible sourcing accreditation. From this information, we rate our preferred suppliers, and factor this rating, alongside cost and lead-time, into the decisions we make when placing orders.

What's on the surface matters too, and for our material finishes we're recommending we select, wherever possible, natural low-carbon materials that can be sourced locally. At Nova East, the proposed palette includes extensive areas of carbon-negative materials such as cork and timber.

## Biodiversity

Green infrastructure plays an important role not only in increasing ecological habitat in dense urban environments, but also as a resilience feature to lessen surface rainwater on our sites. Importantly, it provides our customers and local communities with a much-needed connection to nature in their daily lives. Our spaces have a vital role to play in linking enhancements for biodiversity with better customer experiences, and we're committed to maximising the ecological potential of our development and operational sites.



## Building materials

With our growing development pipeline, we've taken a closer look at our procurement policies to equip ourselves and our partners with the right tools for meeting our expectations. That's why this year we've published our new Prohibited Materials List, to strengthen our fight against modern slavery in the sourcing of construction materials. The list is based on the Walkfree Global Slavery Index and on the Ethical Trading Initiative, to enable us to assess materials and geographical areas at risk, and promote sourcing of responsible materials. We're laying out our expectations from our partners clearly, so we can address

human rights challenges within the industry and discuss how we'll work together to increase transparency and minimise risk.

This Prohibited Materials List complements our Sustainability Brief for Developments.



Read more online  
at [landsec.com](https://landsec.com)

Across our development pipeline, we're going well beyond compliance and achieving significant biodiversity net gain as part of all of our designs, in a way that's considerate to each site's ecological context. At Nova East for instance, green infrastructure permeates the design from public realm planting, a 15 metre-long green wall, climbing plants at street level and planted terraces, not forgetting a 385 m<sup>2</sup> green roof. These features enable us to achieve an exemplary improvement in the local biodiversity and create a green corridor to the nearby Royal Parks.

To strengthen our approach, this year we developed a new Biodiversity Brief to guide our partners and expand on our requirements.

We continue to partner with The Wildlife Trusts to enhance biodiversity net gain at five operational sites. We implemented a number of biodiversity enhancements across these sites including over half a square kilometre of wildflower planting. During 2020, we will be undertaking an ecological survey at each site to assess the effectiveness of these enhancements, and to measure progress towards our biodiversity net gain target of 25% by 2030.

## Sustainable Development Goals



In 2015, the UN General Assembly adopted a blueprint for building a sustainable future for all by 2030: the 17 Sustainable Development Goals (SDGs). Delivering them requires productive partnerships between business, government and society.

Last year we became a signatory to the UN Global Compact (UNGC), a voluntary initiative which brings together leading businesses committed to UN goals and universal sustainability principles. This year we're pleased to report our first annual Communication on Progress (COP) in our 2020 Sustainability Performance and Data Report.

By demonstrating our ongoing commitment to the UNGC's Ten Principles in the areas of Human Rights, Labour, Environment and Anti-Corruption, we're substantially advancing our vital work towards meeting the SDGs.



Read more online  
at [landsec.com](https://landsec.com)

# Social review

**Here we set out what we've been doing this year to make sure our business creates lasting value for society through the way we work with our employees, customers, partners and communities.**

## Creating social value

We don't believe anyone should be defined by their background, or by any barriers they face. Our ambition is to create opportunities, through our social sustainability programmes, for people from our communities, improving social mobility and ensuring we have a diverse industry with the skills we need now, and for the future.

That's why we're measuring the social value we generate through our programmes. This allows us to quantify the positive impact we're having and target our work to where we can make a difference. Last year we published Our Social Contribution, a report that outlined where we are creating the most social value. We continue to focus on groups including young people from diverse socio-economic backgrounds, prisoners and ex-offenders, and people experiencing homelessness.

## Our social contribution

**£25m**

of social value to be created through our programmes by 2025

**£4.8m+**

of social value created this year

**3,400**

people benefited from our volunteering programme

**95%**

of students surveyed reported they feel more prepared for the labour market



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Working with The Social Value Portal and our community partners, we're aiming for an ambitious target of generating £25m of social value through our programmes by 2025. This year we achieved our year's target of creating over £4.8m of social value.

In planning our future development activity, we're looking to consider social value across the whole portfolio.

## Community employment

Our community employment programme is helping address socio-economic challenges that affect people living in our communities. Working with industry partners and customers, we continue to fill significant skills gaps in construction, facilities management and customer service, supporting excluded groups in finding employment.

The positive impact this programme achieves shows the power of creating opportunities for those who need them most. This year approximately £2.5m of social value was generated through a range of initiatives, including employability support, training and job outcomes.

In Lewisham, our partnership with Circle Collective – a charity and social enterprise empowering young people through training and work experience – is just one example of how we're creating value for communities and our customers. Circle Collective is based in our Lewisham shopping centre and consistently helps local people into roles with our brand partners in the centre, and with our own Head Office team. Our collaboration continues to deliver social value by helping those further from employment to access sustainable and exciting opportunities.

We're continuing to evolve our prisons programme through our partnership with Bounce Back, who deliver construction training in prisons and communities in London and Leeds. We've also established a new partnership with Key4Life, a charity supporting some of the hardest-to-reach young offenders, and those at risk of offending, in Brixton, Camden and Shepherd's Bush.

**Volunteering with young prisoners to help them prepare for work after release has truly shaped my attitudes. Working to make sure they don't reoffend when released is a side of the rehabilitation process that deserves more recognition."**

Development Director at Landsec

Our own employees are lending their expertise too, by mentoring prisoners and ex-offenders, helping them build their emotional resilience and reducing the likelihood of their reoffending. This year Landsec volunteers spent almost 500 hours supporting our prisons programme with their employability skills.

Importantly, our community employment programme also allows our own workforce to offer their skills, and help the beneficiaries of our programme directly. By making this part of our employee volunteering, we've seen positive results for our own people, too.

## Education

The property industry is changing rapidly. We know our future workforce will need the skills to address shifts towards modern methods of construction, building information modelling (BIM) and new, innovative technologies, as well as sustainability. We design our education programmes to help develop a pipeline of the talent needed for the future of our business and our industry more widely. We're working with young people in our communities who would most benefit from spending time in a professional environment, helping them develop their skills to prepare for their future careers.

Our Future Property School, run in collaboration with Construction Youth Trust, educates and inspires students from diverse socio-economic backgrounds in Westminster about our industry. Landsec volunteers work closely with students for three months on a project to create their own sustainable development proposals. The programme also includes our partners in construction and architecture, and our retail customers, who all offer their skills and expertise, and provide opportunities for work placements. This not only motivates young people to join our industry, it also helps us instil the skills we'll need for the future.

Our programmes are all fundamentally connected to our Diversity and Inclusion objectives, by engaging students from diverse backgrounds, and focusing on schools where a high proportion of students are on free school meals. This, in turn, is helping address the gender and ethnicity balance in our industry. We generate the most social value when young people from less privileged backgrounds meet professional volunteers over a sustained period, as this has a long-term impact on their skills, confidence and aspirations.

We believe providing young people with visible and diverse role models is crucial, and in turn it helps us better reflect the communities we operate in. We're therefore running the Circl leadership training programme for our employees who coach sixth-form students from Southwark over the course of an academic year. Circl provides long-term support to young people to help develop their career ambitions and, at the same time, is expected to have a positive impact on our own people by enhancing their coaching and managerial skills.



## Our response to Covid-19

In response to the Covid-19 pandemic, we've been working closely with our community partners across the UK to support them, both in the initial emergency period, and in planning to help them beyond the crisis. This has helped our charity partners provide immediate support to people facing huge challenges in our local communities. These include people experiencing homelessness, families in poverty, people facing job insecurity and vulnerable individuals in isolation.

Our support will also ensure our partners can continue to provide their services in the coming months. These services include our community employment and education programmes, which are likely to see significantly increased demand beyond Covid-19, and which our employees will support through 'virtual volunteering'.

We are a founding supporter of LandAid's Covid-19 appeal, which united the property industry in providing emergency grants to grass-roots charities that support young

people experiencing homelessness across the UK. The fund will help many charities to provide basic necessities for vulnerable young people, including food, accommodation, bill payments and mental health support. We will also provide pro bono business support to charities through LandAid, to help them through this challenging time.

As well as supporting our existing community partners, we've also been working with the NHS at a local level, to help the remarkable people at the front line of fighting Covid-19. We've used our spaces to provide free car parking for NHS staff and other key workers, as well as for mobile blood banks to ease pressure on hospitals.



Read more online  
at [landsec.com](https://www.landsec.com)

## Charity partnerships

Our charity partnerships are all closely aligned with our social value strategy. This way, we can address key societal issues as a business and use our skills and expertise where we know our impact will be the greatest and most sustainable.

This year we expanded our work with LandAid, the property industry's charity, which aims to end youth homelessness in the UK. Our partnership enables us to collaborate with our peers to raise awareness amongst our staff and customers, and to offer grants to specific

projects. We also encourage our own employees to use their professional experience to support charities within our areas of operation, through pro bono volunteering.

On a local level, we're continuing our partnerships with smaller charities who support marginalised communities including those experiencing homelessness, young unemployed people and ex-offenders. This work includes our well-established volunteering programme, which over 40% of our employees participated in this year, contributing more than 8,500 volunteering hours to our community partners.

# Social review

continued

## Diversity

Our ambition is to lead from the front on diversity and inclusion, because we know getting this right is critical to our long-term success. We have made some progress over the past year, but recognise we still have a way to go. We are not yet representative of the communities we serve, and still have work to do in nurturing a culture of inclusion where we can all be our authentic selves in the workplace.

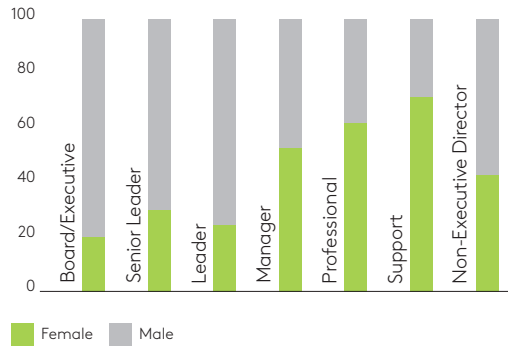
In 2019, we set some specific targets to support our ambitions, but progress towards these has been mixed. In the representation of women at leader level, we moved from 19.5% in March 2019 to 24% in March this year, but at Senior Leader level, we moved back to 30% from 38% last year. Across the whole organisation, though, 52% of our employees are women, exceeding our 50% target for 2025.

Generally, we have made significant progress on improving levels of disclosure and have a much better base to measure progress from. Our representation of black, Asian and minority ethnic (BAME) employees is also very encouraging – 17% across the organisation, comparing favourably with the UK benchmark of 14%. We have also made progress at Leader level, up to 11% from 7% last year, but we don't have any BAME employees at Senior Leader, Executive Committee or Board level.

Our representation of employees disclosing they are lesbian, gay, bi-sexual and transgender (LGBT) remains at 3%, though 11% of our employees have not disclosed their sexual orientation, a figure that has reduced from 15% last year. We want to build on the momentum of having more employees tell us about their sexual orientation, ensuring our LGBT colleagues can be themselves in the workplace. We will undertake some external benchmarking in 2020 to measure our progress in becoming an inclusive employer for LGBT people.

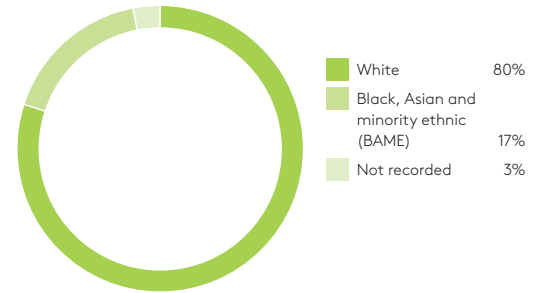
We want to create an environment where employees feel comfortable telling us about a disability, and 3% have done so. However, 10% have not recorded their details or prefer not to say. Having achieved the status of Disability Confident Committed level 1 (external accreditation as an inclusive employer for disabled people) in 2019, we will now focus on achieving level 2 and 3, and aim for all employees to have a rewarding career irrespective of their personal characteristics.

Gender by level Chart 22



We have good female representation at all levels of our organisation except at Leader and Senior Leader level. We are moving in the right direction at Leader level however, we are now at 24%, up from 19.5% last year.

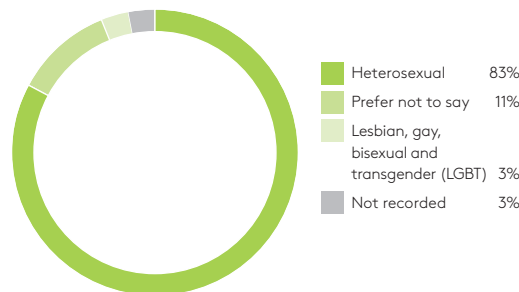
Whole organisation by ethnicity Chart 23



**17%**

17% of our employees disclose themselves to be from BAME ethnicity backgrounds. This compares favourably to the UK benchmark of 14% as a whole according to the 2011 UK census data. However, this reduces to 11% for Executive Committee, Senior Leader and Leader levels.

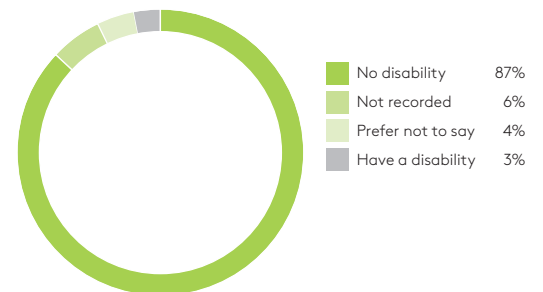
Whole organisation by sexual orientation Chart 24



**3%**

of Landsec employees have disclosed that they are LGBT. 11% of our employees prefer not to say, a figure that has reduced from 15% last year.

Whole organisation by disability Chart 25



**3%**

of Landsec employees have disclosed that they have a disability. However, 10% have not recorded their details or prefer not to say.

### Key targets

	Whole organisation	Board, Executive Committee and Senior Leaders	Leader level
<b>Female representation</b> (by 2025)	<b>50%</b>	<b>50%</b>	<b>40%</b>
<b>BAME representation</b> (by 2025)	<b>&gt;14%</b>	<b>14%</b>	<b>14%</b>

#### Sexual orientation

Achieve appropriate accreditation as a welcoming place to work for everyone irrespective of sexual orientation.

#### Disability

Achieve appropriate accreditation as a welcoming place to work for everyone irrespective of physical ability.

## Affinity networks

This year, our affinity networks have played a key role in continuing to establish an inclusive culture across Landsec. Our Women's network hosted a panel discussion to look at cultural and structural barriers women face in the workplace, as part of International Women's Day. The event was useful in educating employees about some of the intersectional challenges women face in the workplace, and the ways organisations have overcome them.

Working with our Disability forum this year, we took part in Purple Tuesday across the organisation, a campaign established to recognise the needs of consumers with disabilities. Many retail assets took part, promoting inclusive shopping with a purple theme in their lighting and promotional items for our customers, such as purple lanyards, flyers and T-shirts.

The Disability forum also supported Autism Awareness Week by co-ordinating with our assets to provide quiet periods and dimmed lights for autistic customers. Keen to ensure this support for autistic customers is ongoing, we signed a pledge to provide tailored support across all our properties.

The LGBT network reviewed our policies to help ensure they are inclusive of LGBT people, and they also supported London Pride this year, where our Piccadilly Lights were centre stage of the celebrations. The LGBT network also sponsored Freehold, a leading and unique networking forum for lesbian, gay, bisexual and transgender real estate professionals working within the real estate sector. The property sector considerably lags behind other industries in tackling sexual orientation issues; our support of Freehold enables us to take a leadership role in helping to address the equality gap for the LGBT community.

## Changing the way we work

We will do all we can to ensure diversity and inclusion are central to the way we work by 2025. To help, we've appointed a diversity and inclusion manager, a new role for Landsec, and an appointment we believe will enhance our efforts to meet our diversity goals.

We want to support people throughout their careers, and that means in life outside Landsec, too, removing traditional barriers for those with caring responsibilities. This year we've enhanced our parental leave allowances so employees can balance their home and work life more effectively. We now offer six months' fully paid parental leave to all employees – an increase of 10 weeks. It's important that people have the opportunities to spend more time with their children as their families grow, and that we can ease the financial pressures new and existing parents can often experience.

We also know how important flexible working is to a positive work-life balance, so we've invested in technology that can help, such as full Office 365, and lightweight Microsoft Surface Pros, that people can use to work anywhere.

## Recruitment and retention

During 2019 we consulted with our partners and employees and undertook a project to streamline certain services for the benefit of our customers. We also combined two of our business units into one. These changes to our business resulted in a number of Landsec employees transferring to partner organisations and an overall increase in employee turnover to 27% (2018: 15%). Our voluntary employee turnover this year is 12%, just 1% higher than last year. We continue to monitor the number of regretted leavers and to focus on the promotion of internal talent through our recruitment function.

To help us increase representation of women and BAME employees at Leader level and above, our recruitment agencies will look for candidates from the widest pool possible, and we hold them to account in providing diverse shortlists for all roles. In addition, to ensure our roles are attractive to a diverse mix of people, we are rewriting job descriptions and adverts to use universally neutral language. We also ensure all roles advertised internally and on our website are open to flexible working. We publish our family-friendly policies on our website, so everyone can learn how we support parents and carers.

We've also introduced a development programme, Thrive, designed to help more women attain promotion and develop into leadership roles, and also to help men support aspiring female leaders. We are testing the programme with 14 women of high potential at manager level and below, representing a range of ages, experience, background, ethnicities and tenure.

We've configured Workday, our HR system, to collect and report on data to help our decisions about promotions, pay, internal moves and recruitment more powerful and insightful, and helping us continue to build diversity into our processes.

## People and culture

### Creating opportunity



**22**

people promoted in the last year

**438**

Above and Beyond award recognitions in the last year



### Developing skills

**253**

Landsec employees have volunteered to support our community programmes this year



**8,527**

hours volunteered by our employees

### Valuing difference

**611**

people across the UK



Disability forum target to double membership

### Being heard



**75%**

engagement rate in our employee engagement survey

All new employees invited to attend lunch with our Executive Committee



### Enabling health and wellbeing

**>40**

mental health first aiders across the business



**130**

people signed up to our cycle to work scheme



Read more online at [landsec.com](https://www.landsec.com)



## Social review

continued

### Employee Forum

Our Employee Forum has continued to evolve and play a growing role in employee life and company culture at Landsec. It now has 15 members, to ensure it speaks for all parts of our business. Over the last year, we have invested in external training for members, which has clarified our engagement model and ways of working, for both them and the colleagues they represent.

With the Board's desire to build closer ties with employees, the Forum met Edward Bonham Carter, Chair of the Remuneration Committee, to better understand Landsec's approach to executive remuneration and to let the Board know its views. The discussion was very informative, and a summary on our staff intranet was well received, opening the topic up to a wider number of colleagues. The Forum also met our Chairman in private to discuss various employee-related topics, which all parties found valuable.

#### The Employee Forum has three simple aims:

- 1 Represent our colleagues
- 2 Support the business with communication
- 3 Be a sounding board for management

### Gender pay gap

Although the gender split of our business is almost even – 48% male, 52% female – our gender pay gap worsened slightly during the year. We're confident that our pay gap is not caused by our approach to setting pay levels. We use an industry standard Job Evaluation methodology and we voluntarily undertake regular independent equal pay audits to confirm that our approach to pay operates fairly and within the law.

We believe that our pay gap is driven by the structure of our workforce because we have significantly more women (66%) than men (34%) in non-management roles (our support and professional roles) and a higher number of men (73%) than women (27%) in leadership and senior leadership roles.

We have put measures in place to support women in their career progression but we recognise that we need to do more. To focus the organisation, we have set some long-term targets to provide an impetus to narrow the gender pay gap over time.

Targets are not enough; these targets will require the organisation to mobilise behind the changes necessary to achieve them. We continue to work hard to provide a welcoming and supportive environment for women, with a strong focus on removing any potential barriers to progression. We have recently reviewed and improved our family-friendly policies to enhance the flexibility that many employees with caring responsibilities need to help them work productively and flexibly. We have also introduced a female coaching programme to support all of our women through their career at Landsec. And we are introducing ways to remove bias when making decisions on hiring people. Although there is much work still to be done to remedy the pay gap, we remain proud of the diverse nature of our teams at senior levels.


### Female representation at Landsec

**52%**  
of our employees

**24%**  
of our leaders

**53%**  
of our managers

**30%**  
of our senior leaders

 [Read more online at landsec.com](https://www.landsec.com)

#### As at April 2020

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Pay element	April 2020			April 2019			Pay gap year-on-year change (% points)
	Male	Female	% difference	Male	Female	% difference	
Mean hourly salary	£47.19	£29.38	(37.7)	£48.02	£30.36	(36.8)	0.9
Median hourly salary	£36.25	£23.80	(34.3)	£36.99	£23.28	(37.1)	(2.8)
Proportion of employees receiving a bonus	82.9%	78.7%	n/a	78.2%	74.5%	n/a	n/a
Mean bonus	£23,382	£9,108	(61.0)	£28,419	£10,053	(64.6)	(3.6)
Median bonus	£11,332	£5,850	(48.4)	£11,236	£4,803	(57.3)	(8.9)

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	Number	% Male	% Female	Male mean hourly rate	Female mean hourly rate	% difference in hourly rate
Lower quartile	133	30.1	69.9	£15.02	£16.25	8.2
Lower middle	133	36.1	63.9	£24.87	£24.11	(3.0)
Upper middle	132	58.3	41.7	£36.27	£35.92	(0.9)
Upper quartile	132	71.2	28.8	£81.24	£63.84	(21.4)

## Fairness

### The Real Living Wage

In 2015 we committed to ensuring that everyone working on our behalf, in an environment we control, is given equal opportunities, protected from discrimination and paid at least the Real Living Wage by 2020. Over the past few years we've worked closely with our supply chain partners to achieve this.

We're an official Living Wage Employer, accredited by the Living Wage Foundation. This recognises that everyone in our business is paid at least the Real Living Wage (£10.75 an hour in London; £9.30 outside London), except interns and apprentices who are exempt from the rates. We are on track to meet our 2020 commitment to ensure everyone working on our behalf, in an environment we control, will be paid the Real Living Wage by the end of 2020.

### Working with our supply chain

We work alongside our suppliers to prevent modern slavery and to promote fair, ethical treatment of everyone working at our sites, on our behalf.

During 2019, for a second year, we carried out due diligence to assess workforce-related risks on our sites and to understand how our corporate commitments and policies work in practice. We looked at high-risk areas of our supply chain, focusing on cleaning, security and construction labour in the UK. An accredited third party held anonymous interviews with 247 workers from 31 partner organisations at eight of our retail, office and construction sites. This year, for the first time, we also visited two of our suppliers' own sites, including a UK-based steel manufacturer.

The surveys covered a range of issues, including labour exploitation, fair payment, health and safety, right to work and discrimination. We found no cases of modern slavery in this process, but we did identify areas for improvement, including the need for increased guidance on right-to-work checks.

We've extended our due diligence activities for the coming year, to increase our focus on the modern slavery risk across our construction activity, and to include partners outside the UK.



Our Circl leadership programme engages and educates young people on the property industry

## Health and safety

We provide healthy, safe and secure places for our customers to live, work, shop and relax, recognising that we can only achieve this through close collaboration with our partners, including our supply chain, investors and enforcing authorities.

In February 2020 we successfully migrated to the international H&S standard ISO 45001, from the British Standard OHSAS 18001.

We've embarked upon an ambitious programme of mandatory health, safety and security training for all our employees, including contingent workers. The training is designed to reduce our organisational risks and comply with local or national policies and government guidelines, while encouraging our people to be risk-aware rather than risk-averse. Our new standards and systems ensure consistent competence for the safe and efficient provision of services.

In response to the Grenfell fire in 2017, we reviewed fire safety across our entire portfolio, prioritising occupancy, height, means of escape and life-safety systems. We have since invested over £7m rectifying approximately 125,000 firestopping defects in our buildings, and £4.3m in resolving cladding risks. We continue to enhance fire safety across the portfolio and ensure we are aligned with new Government initiatives and legislation.

This year, we completed the integration of our online compliance reporting system RiskWise. This tool provides a single accessible platform for all aspects of asset compliance data, incident statistics, development projects, permits to work and environmental management. It allows us to provide rigorous and efficient reporting to the business, as well as offering a consistent approach for managing compliance across the portfolio.

We have also taken the opportunity to embrace innovative construction methods, to realise the full potential of health and safety benefits. This relates to both key design principles and on-site construction risks. We are working with design teams to ensure developments maximise desired operational outcomes while achieving our vision of providing healthy, safe and secure places for our customers to live, work, shop and relax.