



SUSTAINABILITY UPDATE 2021

We're committed to being a purpose-led, sustainable business, listening to and responding to the needs of all our stakeholders. We strive to consider environmental, social and governance issues in all our decisions focusing our actions on the areas where we know we can have the biggest impact. To us this is simply the right way to run our business.

In a year like no other, we've focused on what matters most – prioritising the health, safety and wellbeing of our customers and colleagues, responding to the needs of our local communities and tackling climate change.

We continue to progress activity against our three core areas of our sustainability strategy: creating jobs and opportunities; using natural resources efficiently and embedding sustainable design and innovation into our developments.

ENSURING OUR BUILDINGS ARE COVID-SECURE AND ENHANCING WELLBEING

Health and safety considerations and improving the wellness and sustainability credentials of our assets have been central to our response to the pandemic. In March 2020, we established a taskforce to assess the impact of the virus on our operations, interpret government guidance, and co-ordinate the rollout of new ways of working. This enabled us to deliver Covid-secure destinations and workplaces for our people and customers.

As we recover from the pandemic and customers encourage their staff back to the office this focus will be ever more crucial. We've recently become a member of the WELL Portfolio programme whose vision is to collaborate with organisations to improve global health and wellbeing through the places we live and work.

Alongside applying the strategies contained within the WELL Building Standard across our development pipeline, we will also be implementing these strategies across our directly managed office assets improving human wellbeing at scale. WELL measures and monitors a range of features, including; light, noise, thermal comfort, movement, mind and community.

SUPPORTING OUR COMMUNITIES TO RESPOND TO COVID-19

Covid-19 has affected every part of society, but the young and those furthest from the job market have suffered disproportionately. We partner with charities and community groups in the areas we serve creating job opportunities and enhancing employability skills for young people, prison leavers and people who have no fixed abode or who are at risk of becoming homeless.

Our partners experienced a significant increase in demand for their support during the pandemic and we're proud that through our Covid-19 community support fund we've been able to give over £500,000 of financial support to these charities, including a £100,000 donation to LandAid, the property industry's youth homelessness charity. We've also supported 120 people get back into work bringing our total to 1,636 people supported since 2011.

“Our strategy is grounded in a clear purpose – Sustainable Places. Connecting Communities. Realising Potential – which aims to create sustainable value for all our stakeholders.”

MARK ALLAN
CHIEF EXECUTIVE

PROGRESSING TOWARDS OUR 2030 NET ZERO COMMITMENT

During 2020, through thought leadership and advocacy, we've been driving our industry forward in its response to the climate emergency. We published our net zero carbon pathway in line with the BBP Climate Change Commitment and through our net zero carbon strategy we're managing climate change risk and supporting the transition to a low carbon world.

We've reduced our carbon emissions by 55% and improved the energy efficiency of our operational portfolio,

achieving an energy intensity decrease of 43%. We're also mitigating our construction impacts, achieving nearly 16% reduction in embodied carbon intensity across our 6 live developments. We continue to invest in innovative on-site renewable technologies and starting with The Forge, the UK's first net zero building, all our future developments will be net zero. This includes Timber Square where we're using natural and recycled materials throughout and creating a lighter timber structure to reduce our carbon emissions.

Our sustainability efforts are recognised by key Environmental, Social and Governance (ESG) benchmarks where we're a sector leader in GRESB¹ and are on the A-list of the CDP² for the fourth consecutive year.

1. GRESB is the investor-driven global standard for Environmental, Social and Governance (ESG) benchmarking and reporting for the real estate sector.
2. CDP is a global non-profit that drives companies and governments to reduce their greenhouse gas emissions, safeguard water resources and protect forests.



SUSTAINABILITY PERFORMANCE AGAINST COMMITMENTS

CREATING JOBS AND OPPORTUNITIES

SOCIAL VALUE

Commitment: Create £25m of social value through our community programmes by 2025.

Performance: On Track

This year we've created over £6.5m of social value through our social sustainability programmes, achieving in-year outperformance. Over £11m of social value created since commitment launched in 2019/20.

FAIRNESS

Commitment: By 2020, ensure 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.

Performance: Not met

We continue to pay the Real Living Wage to all of our direct employees and partners across London office portfolio. We have not been able to meet our 2020 Living Wage commitment fully across our Retail Portfolio. Recognising the impact that the pandemic had on businesses, particularly the retail sector, The Living Wage Foundation is allowing businesses to pause their accreditation during the pandemic. We will review our accreditation by November this year when there will be more certainty on the reopening of the UK economy.

We collaborated with modern slavery specialist Stronger Together to perform a gap analysis, develop an action plan, and launched a Modern Slavery Working Group to improve our approach in identifying and managing modern slavery risk.

DIVERSITY

Commitment: Make measurable improvements to the profile – in terms of gender, ethnicity and disability – of our employee mix.

Performance: On Track

Across the whole organisation 52% of our employees are female, exceeding our 2025 target of 50%. We continue to maintain good female representation at all levels of our organisation, increasing our female representation to 31% at leader level (2020: 24%) and 38% at senior leader level (2020: 30%).

HEALTH AND SAFETY

Commitment: Maintain an exceptional standard of health, safety and security in all the working environments we control.

Performance: On Track

To establish and maintain Covid-secure destinations and workplaces we launched a taskforce to assess the impact of the virus on our operations, to interpret government guidance, and co-ordinate the rollout of new ways of working. We continue to enhance fire safety across the business and ensure we meet new government initiatives and legislation.

EFFICIENT USE OF NATURAL RESOURCES

CARBON

Commitment: Reduce carbon emissions (tCO₂e) by 70% by 2030 compared with a 2013/14 baseline, for property under our management for at least two years.

Performance: On Track

Reduced carbon emissions by 55% since 2013/14 against our science-based carbon reduction target. Significant reduction in carbon emissions as a result of lower occupancy and operational hours due to Covid-19 restrictions.

RENEWABLE ENERGY

Commitment: Ensure 100% of our electricity supplies through our corporate contract are from REGO-backed renewable sources.

Performance: Complete

We continue to procure 100% renewable electricity across our portfolio. We are currently exploring opportunities to move our procurement towards direct purchasing from renewable projects through Power Purchase Agreements (PPA).

Commitment: Achieve 3MW of renewable electricity capacity by 2030.

Performance: On Track

Our current on-site renewable electricity capacity is 1.4 MW. We have continued to progress our feasibility studies for on-site renewable technologies, assessing the value this would deliver to Landsec and our customers and how these could be incorporated as part of future redevelopment works.

ENERGY

Commitment: Reduce energy intensity (kWh/m²) by 40% by 2030 compared with a 2013/14 baseline, for property under our management for at least two years.

Performance: On Track

We have reduced energy intensity by 43% compared to 2013/14. Although this figure suggests that we've already achieved our target to reduce energy intensity by 40% by 2030, we recognise that energy consumption has been significantly impacted by lower occupancy and operational hours due to Covid-19 restrictions and doesn't reflect portfolio energy performance in normal conditions. For that reason, we'll continue tracking our performance against this 2030 target.

WASTE

Commitment: Send zero waste to landfill.

Performance: Complete

We continue to divert 100% from landfill across our operational activities.

Commitment: At least 75% waste recycled across all our operational activities by 2020.

Performance: Not met

This year we recycled 65% of operational waste. The decrease in recycling rate from last year (2020:73%) reflects the reduction of recyclable materials such as packaging in retail as a result of Covid-19. Landsec has seen a 63% reduction in total waste produced due Covid-19.

SUSTAINABLE DESIGN AND INNOVATION

RESILIENCE

Commitment: Assess and mitigate physical and financial climate change adaptation risks that are material across our portfolio.

Performance: On Track

To continue aligning our disclosures with the TCFD recommendations, this year we've again worked with Willis Towers Watson in assessing and quantifying climate-related risks to inform our approach to managing climate risks across our portfolio, including new developments.

In our development pipeline we continue undertaking climate change adaptation risk reviews, addressing structural and fabric resilience as well as building services.

MATERIALS

Commitment: Source core construction products and materials from ethical and sustainable sources.

Performance: On Track

Our developments continue to make good progress against this target.

All our live developments are targeting 100% of core construction materials to be manufactured within UK and Europe, to reduce emissions from transportation and reduce risk of ethical issues in manufacture and extraction.

This year we published our prohibited materials brief to guide our supply partners and mitigate human rights risks and 100% of key construction materials responsibly sourced.

BIODIVERSITY

Commitment: Maximise the biodiversity potential of all our development and operational sites and achieve a 25% biodiversity net gain across our five operational sites currently offering the greatest potential, by 2030.

Performance: On Track

We continued our partnership with The Wildlife Trusts to enhance biodiversity net gain at our five operational sites and we're on track to deliver significant net gain on our developments and created a new Biodiversity Brief for developments.

WELLBEING

Commitment: Ensure our buildings are designed and managed to maximise wellbeing and productivity.

Performance: On Track

This year we committed to pursuing the WELL Portfolio Programme across our existing managed office portfolio, in addition to our new schemes. All of our live developments are successfully registered and pre-assessed against WELL Core rating.