Diversity matters at Landsec

Including our gender and ethnicity pay gap data 2021



Foreword

We are living through a time of enormous change. Many of the communities and partners we work with have been negatively impacted by the Covid-19 pandemic. Social inequality has increased. And so there has never been a more important time for us to do everything we can to have a positive impact on people's lives.

I'm proud that we are once again leading the way by going beyond our statutory obligations to report our gender pay gap: we're also reporting on the ethnicity pay gap and looking at the horizontal pay gaps too. This is another milestone on our journey to become a leading inclusive organisation. By creating more career opportunities for people from every background, we want to forge the way towards a more inclusive and diverse industry. And we know that this positive change must start right here, with us.

Having a diverse workforce and being an inclusive employer is fundamentally important to us at Landsec. It's why we've strongly committed to looking closely at what is driving our existing pay gap and are doing everything we can to build a balanced workforce that will help us all to succeed in the future.

We know that to be successful we must have a workforce that reflects the diversity of the communities we serve. But more than that, building a diverse and inclusive culture will also help us to live up to our purpose as a company – 'Sustainable places. Connecting communities. Realising potential'.

In this year's report, we bring you up to date with how we're doing. We celebrate where we're doing well. But we're also realistic about what more needs to be done, and we lay out the practical, tangible steps we're taking to make sure we improve where we need to.

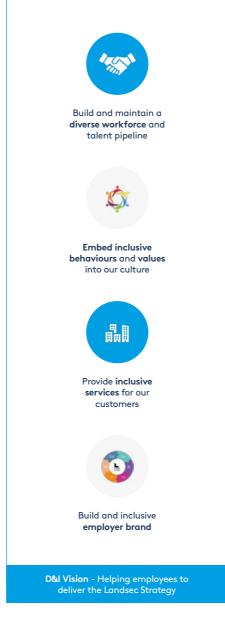
We're taking positive action across a range of areas, from steps towards improving our gender balance through to working towards becoming more ethnically diverse. Transparency throughout our recruitment process is key to this, and you can read more in this report about the work we're doing around tracking the gender and ethnicity of candidates.

Having a focus on diversity and inclusion isn't just the right thing to do, it's also a fundamental part of building the kind of culture we want here at Landsec. Creating a place where we all feel valued for our contribution is central to achieving the challenging targets we've set ourselves as a business.

Addressing our gender and ethnicity pay gap is vitally important to opening up opportunities to more people than ever before. And unlocking their potential has never been more important – for our business, for our industry and for our communities.

Barry Hoffman

MD, People & Corporate Services





Signature actions that help us deliver against our D&I strategy and vision

1

Positive action:

We're committed to improving our gender balance and becoming more ethnically diverse through our positive action approach.
This is centred on the attraction, development and retention of women and ethnic minority employees.

2

Attracting diverse talent:

We have been using diverse and gender balanced shortlists and gender neutral language on our job descriptions for external recruitment at senior levels over the past year which has helped us increase the number of women in senior management roles. This is why we are extending this approach to all our executive search firms.

3

Agile working:

Every role advertised internally and on our website is open to a conversation about flexible working. We know how important agile working is to support a positive work life balance, which can be a great benefit for women in particular, during and after periods of parental leave. We've underpinned our approach by developing a 'Smarter Working policy' which embeds more flexible principles for working in an office environment post lockdown.

4

Retaining and developing our people:

We've been using Thrive (a bespoke female development programme) for the past year and are pleased by the success we are seeing. That is why we extended our proactive development approach to support our ethnic minority employees with our partnership with Involve. Involve will support us with a tailored development programme targeted at our ethnic minority colleagues at all levels of our business. The programme is designed to build confidence, capability, and leadership skills to help emerging talent transition into more senior roles.

www.involvepeople.org

5

Supporting working parents:

We're committed to supporting working parents at Landsec and are taking proactive steps to remove barriers that parents can face with caring responsibilities. Last year we enhanced our parental leave allowances from 16 weeks to 26 weeks to help ease the financial pressures new and existing parents can often experience. This year we are expanding our support for employees and their partners inclusive of diverse family structures. No matter the type of family, we want all our people to get the support they need during life's biggest transitions.

6

Creating opportunities:

We're supporting the government's Kickstart youth employment initiative in response to the pandemic, working with our Lewisham charity partner Circle Collective and our service partners in London. At Landsec, we'll be supporting a cohort of young people at risk of long-term unemployment into exciting roles in our business, helping them to gain valuable work experience and skills for their future careers. These young people will be from diverse and underrepresented backgrounds, facing a range of barriers to entering the workforce, so this means we can create meaningful opportunities within our organisation.

Our gender pay and ethnicity pay gap 2021 figures

We're sure that our pay gap isn't due to an equal pay issue. We take equal pay seriously and use a recognised job evaluation approach to ensure that our employees are paid fairly. Our independent equal pay audit, carried out by Eversheds LLP in 2018, which we repeated in 2020 did not reveal any equal pay issues. But we're not complacent and will continue to keep checking in regularly to make sure everyone is treated fairly.

The main reason for pay gaps across Landsec is still an imbalance of male and female and white and ethnic minority colleagues.

We've made progress here, but there are still fewer women and ethnic minority colleagues in senior roles than men and white employees. At the same time, there's also a higher proportion of women relative to men at lower levels.

Addressing this disparity in representation will take time, and we're working towards achieving our gender and ethnic minority targets. This work will have an impact on our pay gaps in future years.

Gender pay gap data 2021:

	Gap 2021	Gap 2020	Pay gap increase
Mean Gender Pay Gap	36.6%	37.7%	-1.1%
Median Gender Pay Gap	29.3%	34.3%	-5.0%

	Gap 2021	Gap 2020	Pay gap increase
Mean Gender Bonus Gap	68.3%	61.0%	7.3%
Median Gender Bonus Gap	52.2%	48.4%	3.8%

Quartile proportions			Quartile Split (Hourly Rate - Mean)				
	No.	Male	Female	Total Avg	Male	Female	% Gap
Lower Income Quartile	136	32%	68%	£16.47	£15.58	£16.88	-8.4%
Lower Middle Income Quartile	136	41%	59%	£25.10	£25.58	£24.77	3.2%
Upper Middle Income Quartile	136	55%	45%	£36.40	£36.46	£36.33	0.4%
Upper Income Quartile	136	73%	27%	£77.77	£82.44	£65.27	20.8%

Pay gap reporting encourages us to look even more closely at our D&I strategy and the actions were are taking to improve diversity at Landsec. And, to finding solutions that can help us build a balanced workforce for the long term.

Our median pay gap narrowed from 34.3% in 2020 to 29.3% in 2021 and our mean pay gap narrowed from 37.7% to 36.6% over the same period.

This reduction in the gender pay gap is due to the average earnings of female starters being higher than female leavers, as well as more women in the upper middle income quartile, up from 42% in 2020 to 45% in 2021.

At the same time, there has been a drop in the number of men in the upper middle income quartile from 58% in 2020 to 55% in 2021. If we adjust our gender pay gap data for new starters and leavers up to July 2021 the mean and median pay gap reduces to 32.7% and 28.4% respectively. The adjusted data included 18 new starters up to July 21 (8 females and 10 males). The higher average hourly pay of male leavers compared to female joiners reduces the overall mean gender pay gap.

Our mean bonus gap increased from 61% in 2020 to 68.3% in 2021. The main reason for the increase in our bonus gap is due to a one-off allotment of recruitment buyout awards related to Mark Allan's appointment as CEO, as well as a higher distribution of men in our two highest income quartiles. We also know that how our people choose to work influences our mean bonus gap. This is why we are proud to enable our people to work reduced hours if it suits their lifestyle. But this does impact our mean bonus gap.

This is because employees working on reduced hours or on parental leave receive a pro-rated bonus to reflect the time worked. As we have more women working part time and taking longer parental leave, female bonuses are lower compared to men. If the bonus gap was calculated based on full bonuses for all our people, our overall mean bonus gap would reduce by 2.2%.

Percentage of employees receiving a bonus payment in 2019/20:









Horizontal gender pay gap



This year we are moving beyond our statutory obligations and have chosen to voluntarily report our horizontal pay gap for the first time. The horizontal pay gap calculates the difference between the average (expressed as mean and median) hourly rate that male and female employees receive at each management level within the business. The horizontal gender pay gap shows us that at Executive and Senior Leader level the pay gap is in favour of women due to a broader range of male salaries which reduces their overall mean pay gap compared to women. At manager level where there is less disparity in the number of men and women, the pay gap is a moderate 4%, suggesting little disparity in pay at this level. At Support level while the pay gap is in favour of women the bonus pay gap is in favour of men. This is due to the impact that the bonus has on employees that work reduced hours or are on maternity leave (14% of women at Support level work part time).

Ethnicity pay gap data 2021:

	Gap 2021
Mean Ethnicity Pay Gap	32.7%
Median Ethnicity Pay Gap	27.6%

	Gap 2021
Mean Ethnicity Bonus Gap	59.2%
Median Ethnicity Bonus Gap	32.4%

Quartile proportions			Quartile Split (Hourly Rate - Mean)				
	No.	White	Ethnic Minority	Total Avg	White	Ethnic Minority	% Gap
Lower Income Quartile	134	75%	25%	£16.47	£16.44	£16.55	-0.6%
Lower Middle Income Quartile	134	76%	24%	£25.07	£25.05	£25.15	-0.4%
Upper Middle Income Quartile	134	85%	15%	£36.41	£36.63	£35.09	4.2%
Upper Income Quartile	134	93%	7%	£78.02	£79.04	£63.93	19.1%

For the first time, we're now looking at ethnicity pay gap reporting too.

Our median ethnicity pay gap is 32% and our mean ethnicity pay gap is 33%.

Our ethnicity pay gap is calculated as the difference between the average earnings received by ethnic minority employees compared to white employees. Our ethnicity pay gap tells us that we have an ethnic imbalance - having more ethnic minorities in junior roles and fewer ethnic minorities in senior roles relative to white employees.

Looking at our quartile proportions we see that ethnic minority employees are overrepresented in the two lowest income quartiles, which are 24% and 25% respectively. To make meaningful progress on our ethnicity pay gap we need to increase the proportions of ethnic minority employees in the two higher income quartiles. This is why we are committed to driving change through our signature actions as part of our D&I strategy. See page 3.

Horizontal ethnicity pay gap



At all levels the horizontal ethnicity pay gap is in favour of white employees but is lower at Support, Professional and at Leader levels. The lower mean pay gap at Support and Professional level is in part due to less disparity between white and ethnic minority employees, however at Leader level the pay gap is due to a broader range of salaries which reduces the overall mean pay gap for white employees. Ethnic minority representation at Executive and Senior Leader level is minimal therefore the pay gap automatically favours white employees.

Diversity at a glance



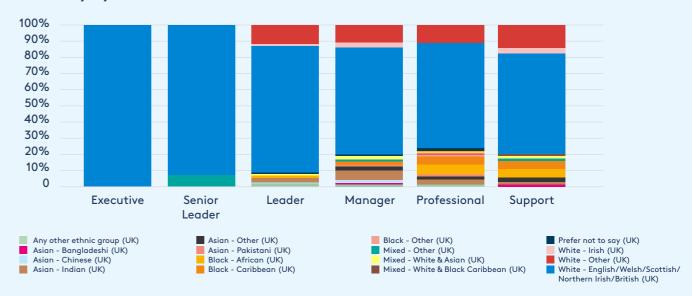


Gender by level



We also know that we need to support more women in their career progression, and we've set some long-term targets to help us focus on this as an organisation. These targets will encourage more women to join and progress their careers at Landsec, and provide an impetus to narrow the gender pay gap.

Ethnicity by level



Diversity matters at Landsec — 07

Our targets update

We have a long term commitment to diversity and inclusion and gender balance. It's why we've set the challenging targets that we're working to hit by 2025. Think of the targets we set for gender balance in the context of our wider programme of measures to make our organisation more diverse, more welcoming and ultimately more successful for our employees – as well as for our customers, communities and partners.

Key targets	Whole organisation	Board, Executive Committee and Senior Leaders	Leader level
Female representation (by 2025)	50%	50%	40%
Ethnic minority representation (by 2025)	>14%	14%	14%
Current status March 2021	Whole organisation	Board, Executive Committee and Senior Leaders	Leader level
Female representation	52%	33%	31%
Ethnic minority representation	17%	6%	8%

Sexual orientation

We will be taking part in benchmarking to measure our progress on LGBT+ inclusion in Q4 in 2021.

Disability

We have achieved accreditation as a Disability Confident employer level 2 and are working towards level 3 by the end of the year.

While we have made some progress towards our targets we will keep them under review and consider how we can improve our approach to setting diversity targets and measurements during 2021.

Taking action

Developing our culture

When we talk about creating a balanced, inclusive workplace, where everyone feels able to grow to be their best, the kind of culture we have here is key.

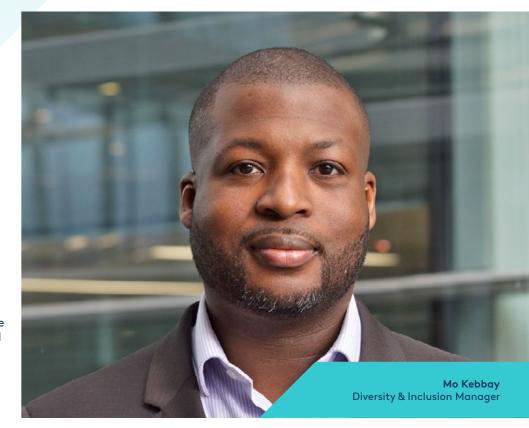
While our strategy, policies and procedures move us forwards in terms of what we do day-to-day, our culture is 'how' we actually do things at Landsec. As well as helping us to achieve our purpose and strategic goals, having the right culture is a fundamental part of creating a more diverse, inclusive workplace.

Over the last year, we've been running culture workshops across the organisation. They were a chance for many of us to explore both our purpose as a business, and the culture we need in order to live up to that purpose of 'Sustainable places. Connecting communities. Realising potential'.

From those sessions we've now developed both a cultural blueprint as well as individual, personal blueprints, that in turn help us to understand what we each need to do to contribute to building the right culture here.

We're regularly checking in against these blueprints at both an individual and organisational level, with regular insight and engagement sessions with our people throughout the year.

There is some great work that's already being done. Just one example is our Diaspora Benchmarking project, that's now helping us to understand what other organisations are doing and to assess best practices around inclusion. This has already led to a number of recommendations around policies and processes.



Attracting talent

We're committed to improving our gender balance and becoming more ethnically diverse through our positive action approach. This focuses on attracting, developing and retaining women and ethnic minority colleagues.

Over the last year, we've been using diverse and gender balanced shortlists, and gender neutral language on our job descriptions for external recruitment at senior levels. It has helped us increase the number of women in senior management roles, which is why we're extending this approach to all our executive search firms.

We know that one of the keys to embedding diversity and inclusion within Landsec is to ensure visibility across the whole recruitment process. It's why we track the gender and ethnicity of all candidates at each of the four main stages of recruitment: Applied, Telephone, Interview and Hired. Doing this helps us to understand how diverse our candidates are, and to see what else we need to do to promote more diversity across the recruitment process.

Last year, 126 employees were recruited externally. Of these, 40% were female and 18% were from ethnic minority backgrounds. And we're also seeing an improvement in our Leader population, growing the proportion of female leaders from 24% in 2020 to 31% this year. We're aiming to have 40% by 2025.

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Taking action

Retaining and developing female talent

At Landsec we have great female representation at our lower and mid levels, but less so at more senior levels. We've taken a proactive approach to dealing with this, with Thrive – a development programme to encourage our talented and capable mid-level women to drive their careers and achieve their aspirations with us.

We piloted the programme in March 2020. Its objectives are to:

- Give talented women the confidence to put themselves forward for career opportunities and take control of their future
- Encourage internal networking and mentoring to raise the visibility of talented women and increase female role models
- Support and encourage proactive career conversations
- Identify any sources of gender disparity and inequality in the way we currently work

The initial pilot was so successful that we launched a second cohort in early 2021. 28 of our female colleagues have taken part or attended the programme to date.

And we're already seeing progress:

20% promotions

20% of individuals taking on a bigger/different role

100% retention of participants

We're encouraged by the success we're already seeing thanks to the programme. But of course we also know that only a finite number of people will have the chance to take part. Because of this, we're also working closely with our training partner to create a digital learning path that maps the topics that Thrive touches on. The idea is to make sure that it's applicable to all our colleagues, irrespective of their level or gender.

Ethnic Minority Development Programme

We're partnering with the team at Involve, who will support us with a bespoke development programme. It has been specifically designed to help drive cultural change and create inclusive workplaces where anyone can succeed.

The programme is targeted at our ethnic minority colleagues at all levels of our business. It's designed to build the confidence, capability and leadership skills that help emerging talent to move into more senior roles.

Our partnership with Involve also enables our ethnic minority colleagues to take part in their unique crossindustry mentoring programme. This helps develop the careers of diverse talent and provides a platform to help individuals navigate specific business and personal challenges. It's a way to actively foster diverse talent pipelines and Involve will also provide digital training and workshops for our senior managers that includes an educational piece on race, ethnicity and identity.



Lisa Reynolds-Jones Learning & Development Manager

Addressing wider societal issues

Over this year, Covid-19 has had a significant impact on all communities around the UK. But it has had a disproportionate effect on vulnerable people and has increased social inequalities.

Our work in the communities we're a part of through our social sustainability programmes has become more important than ever. They allow us to have a long-term positive impact, to create opportunities for people from all backgrounds, and work towards a more diverse and inclusive property industry.

In particular, our community employment and education programmes both aim to ensure we're bringing more diverse local talent into our industry, making it an inclusive place for everyone. This is all part of our commitment to create £25m worth of social value for our communities by 2025.

Community employment

Our community employment programme works with charities to support people facing significant barriers into sustainable employment. We focus on homelessness, reducing reoffending and young people, to create opportunities for local people who need them most.

This year, Covid-19 has had a huge impact on the numbers of people seeking employability support, with individuals and communities facing more complex barriers. We've expanded our investment into our community employment charity partners, including through our Covid-19 emergency fund, to ensure our support is sustainable. This year, we've been proud to support 120 people into work through our programmes around the UK, creating £1.7m worth of social value. We've adapted much of our delivery to be virtual, addressing issues of tech poverty and lack of access to support services, and closely involving our employee volunteers through careers sessions and mentoring.

This year, we've expanded our

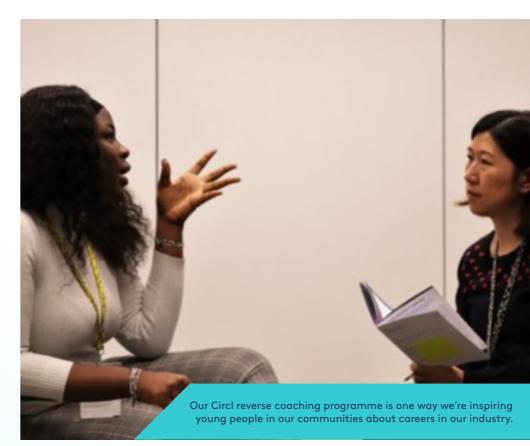
working at Landsec.

community employment programme into our own workforce, giving hiring managers This year, we've the opportunity been proud to support to recruit directly 120 people into work through our charity partners. through our programmes This allows us around the UK, creating to be even more £1.7m worth of inclusive in our hiring processes. social value. We've also provided virtual work experience to individuals looking for employment in our industry, giving them a chance to gain skills and insights into

We're supporting the government's Kickstart youth employment initiative in response to the pandemic, working with our Lewisham charity partner Circle Collective and our service partners in London.

At Landsec, we'll be supporting a cohort of young people at risk of long-term unemployment into exciting roles in our business, helping them to gain valuable work experience and skills for their future careers.

These young people will be from diverse and underrepresented backgrounds, facing a range of barriers to entering the workforce, so this means we can create meaningful opportunities within our organisation.



— Diversity matters at Landsec

Taking action

Education

Our education programmes aim to inspire young people in our communities about careers in the real estate sector. We focus in particular on students from diverse and lower socio-economic backgrounds who are underrepresented at senior levels of our industry.

We partner with education charities, youth clubs and schools in our communities around the UK to deliver industry projects, mentoring and coaching, and careers sessions, closely supported by our volunteers. In the last year, we have supported 92 young people through our formal education programmes, and engaged a further 710 students in careers sessions and virtual work experience.

This has a positive impact on our objective to create more diversity in our industry, especially to attract more young talent from our communities as our future leaders.

Over this year, we've been more committed than ever to supporting young people through our education programmes, with Covid-19 having a significant impact on students out of school for extended periods.

Young people have experienced issues like tech poverty, worsening mental health and lack of engagement in all areas of the UK, so we've been proud to continue many of our activities virtually.

We ran our Future Property School programme in Victoria with Construction Youth Trust, remotely for the first time.

This engaged ten students over three months through weekly workshops with our volunteers and industry partners, inspiring them about the different areas of our industry.

We're also supporting Construction Youth Trust's careers sessions across London, working with schools in our communities to increase awareness of the different roles in our industry. We've also continued our reverse coaching programme with Circl, with over 30 Landsec employees now having worked with young people from underrepresented backgrounds in our communities. Circl gives a unique opportunity for our employees to coach, and be coached by, a young person over several months, building both of their leadership skills and inclusive behaviours.

From our most recent programme, which ended in February:

90%

of young people felt they developed useful professional contacts through Circl.

All

young people felt more confident about meeting new people.

75%

of young people were interested in working at Landsec after learning about the exciting range of career opportunities in our business.

We're pleased to be starting a third cohort of Circl in May. Circl is an important part of our work increasing careers awareness, while building our industry's future leaders from diverse backgrounds in our communities. We're pleased to have launched a new mentoring project for students too. It's a collaboration between our social sustainability team and two of our diversity networks. Working with social enterprise Diverse Leaders Network, a group of 16 Landsec mentors will support students over 12 weeks, developing their confidence, careers awareness and transferable skills. This project is targeting female and ethnic minority students at a school in Southwark.

Our mentors are primarily members of our Diaspora, Women's and allies networks. This is important for us to showcase not only the diversity of roles in our organisation, but also the diversity of our people. This project will help change students' preconceptions of who our industry's leaders are, making sure they can aspire to leadership roles in their future careers.

More widely, we've continued projects across London, Leeds, Portsmouth and Kent to engage young people in our communities through engaging virtual projects. By giving exciting opportunities for students from all backgrounds to meet volunteers from our business and industry partners, we can inspire more young people to join our industry in their future career.



Supporting working parents

We're committed to supporting working parents at Landsec and are taking proactive steps to remove barriers that parents can face with caring responsibilities. Last year we increased our parental leave allowances from 16 weeks to 26 weeks to help ease the financial pressures new and existing parents can often experience. This year we're expanding our support for employees and their partners, inclusive of diverse family structures. No matter the type of family, we want all our people to get the support they need during life's biggest transitions.

Research carried out by PwC and 30% Club shows that women often report that their transition back to work is difficult. Many feel disconnected and disengaged when they come back. Programmes which support people during key moments in life help prevent talented people leaving the business. This is why we've partnered with Peppy Health, a digital healthcare benefit that supports employees during some of life's biggest transitions: fertility, pregnancy, early parenthood and menopause.

Landsec Women

Landsec Women is our affinity network that represents our employees, customers and communities. It exists to celebrate gender diversity within our organisation and to promote gender related issues. The network is open to all Landsec employees, however they identify, including our allies. We aim to deliver positive change across Landsec, celebrating our intersectionalities to create an inclusive sense of community.

We do this by:

- Supporting the development and retention of female staff, including championing training and mentoring opportunities;
- Engaging our employees, customers and partners through events;
- Working with charities to raise awareness of important issues affecting women;
- Collaborating with the wider business through our network Data Champions, who work with our HR team and senior leadership to support efforts to improve our gender pay gap;
- Mentoring female students from diverse backgrounds to inspire them about careers in our industry.

Case study: International Women's Day 2021

This year's International Women's Day theme was #ChooseToChallenge, prompting women and allies to proactively champion the fight for gender equality. To mark the start of the week, our Senior Leaders and allies spoke about what this means to them.

Landsec Women collaborated with our diversity networks for a week of virtual events to celebrate gender diversity and our overlapping identities, and to raise awareness of gender inequalities that persist in the workplace and society as a whole. At the start of the week, we hosted an internal event for our employees to hear about the work of Landsec Women and to discuss the #ChoosetoChallenge theme. This was followed by a mental health awareness session with Landsec Chairman Cressida Hogg and our Hand in Hand network, a workshop on the science of sex and gender with our LGBT+ network, and a podcast with our Diaspora network who support our ethnic minority colleagues.



Our week of engaging events was a chance for us to celebrate all women at Landsec and our allies. They provided a safe space for everyone to feel supported, reflect, provide constructive challenge and learn in an inclusive environment, giving ways for colleagues to build their allyship in support of all colleagues at Landsec.



Diversity matters at Landsec

Taking action

Diversity and inclusion journey

Our vision is for Landsec to be an inclusive workplace - one where all employees can thrive and have a rewarding career. This is critical, because the diversity of our employees reflects the communities we serve. It means we can provide inclusive and accessible services for our customers, and build inclusive relationships with suppliers.

Last year we established our D&I strategy and our 4 key pillars:

- Build and maintain a diverse workforce & talent pipeline
- **Embed inclusive behaviours** & values into our culture
- Provide inclusive services for our customers
- Build an inclusive employer brand. Events that promote Landsec as an inclusive employer and customer brand

Over the past year we focussed on the first two pillars. We've successfully reinforced our commitment to become more gender and ethnically diverse, by introducing formal targets with our recruitment agencies.

From a cultural perspective, we've supported our people managers to understand what inclusive leadership looks and feels like through training, coaching and role models. We've also helped them to become more aware of unconscious bias, in order to improve and promote more consistent decision making. And, we've educated our employees through targeted inclusion events from our affinity networks. So far, our approach to embedding inclusive behaviours seems to be working. In the last 12 months 55% of promotions were female and 18% were from ethnic minority backgrounds.

With a solid platform to build on and shared values that unite us and help us to become more inclusive in all we do, our plans continue to evolve.

We'll continue to build on what we have done and in addition:

- Reinforce our ethnicity and gender positive action plans
- Continue to shift mindsets through a focus on behavioural change
- Explore how we support a multigenerational workforce, recognising the differences/needs
- Raise awareness and educate through learning, celebrating key dates and targeted campaigns
- Move the focus of disability to more complex and specific areas, e.g. neurodiversity
- Continue to learn and leverage from others, including colleagues and external thought leaders.

But there is still more for us to do.

Highlights of the impact of our **Diversity and Inclusion and Social Sustainability Programme**



people promoted in the last year



weeks paid maternity, shared parental and adoption leave



Values: Determined, Inclusive, Driven and United



since 2014



of colleagues have one or more diverse characteristics



total young people engaged in our education programmes including industry projects, mentoring, coaching and careers sessions

Promotions in the last 12 months:



were female



Female representation:

of our Board members



minorities



of our Executive **Directors**

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landsec.com

