

ENVIRONMENTAL AND SOCIAL GOVERNANCE

Preamble

Our Corporate and Social Responsibility Policy has developed and is now referred to as our Environmental and Social Governance (ESG) policy. Along with our Health and Safety policy this was most recently ratified by the principal shareholders of the business in **April 2020** and will be reviewed on an annual basis.

As a team, we have long recognised the importance of sustainable and socially responsible development and many of the projects that our management team have delivered demonstrate being at the forefront of the sustainable agenda. Schemes at Paddington Central, Cannon Place, Moor House and more recently 30 Moorgate and 7 Newgate have and will outperform statutory requirements and better the market norm for carbon reduction, sustainable design, and waste management.

However, consumer demand for more sustainable development, a cleaner way of living and socially responsible development is increasing. Reflecting this demand, it has become evident that the vast majority of our funding partners, stakeholders and targeted occupiers are fully focused on their own environmental responsibilities and the need for meaningful ESG policies with ambitious, credible, feasible and measurable targets.

However, this is a rapidly evolving area of policy and there can be significant conflicts between corporate policies, central Government direction and local policy. For example:-

- Conflict between a socially focused objectives and environmental objectives
- Conflict between the reality of embodied carbon and operating carbon
- Conflict between the agenda of local Government and central Government

We also recognise that our developments will have their own particular challenges, often requiring tailored solutions rather than satisfying check lists. For example:-

- The approach to refurbishment versus new build
- Considerations with a pre let versus a speculative development, where we have to anticipate the tenant's fit out, and make assumptions on their priorities for maintenance, management, occupational use, operations and their own ESG
- Age, history, and statutory protection afforded to the asset

- Different compatibilities, demands and priorities from the occupiers of residential units, commercial offices, retail store, industrial storage and leisure spaces
- Different locations and specific site constraints that may change the focus of the design team and reflect local demands

For these reasons, our ESG policy needs to show ambition and intent yet have the flexibility to allow LS Estates to satisfy both our and our investors' demands and tailor an ambitious sustainable solution to meet the ever increasing expectations of the end user.

Our Policy

Our overriding mission statement:-

“LS Estates is fully committed to all aspects of compliance in respect to ESG in the marketplace and workplace. We believe that ethical investing and development will play a large role in the future of the property world.

LS Estates is a property development and investment company whose principal objective is to carry out responsible development in a risk averse manner by fully evaluating project risk and entering into contracts with funding partners.

We are keen to ensure that our developments enrich their local communities and locations by delivering social benefits while simultaneously protecting and enhancing the natural and built environment. We are committed to the principles of sustainability, minimising the impact of development on the natural environment and occupants 'wellness'. Consideration of all these factors must be an integral part of our overall approach to property development as we recognise that social and environmental wellbeing have important and positive implications for both our corporate reputation and sustainable long-term financial stability.”

Our commitment in our daily working is for:-

- Responsible procurement of the consultant and design team, construction, and material sourcing throughout the development process.
- Appointing a specialist in matters of sustainable and environmental matters to work with the design team to develop a tailored ESG Project Policy for each of our projects with meaningful and ambitious targets. This would sit within an agreed Project Brief to satisfy the CSR and/or ESG ambitions of LS Estates, our funding partners and key stakeholders.
- Embracing social diversity, promoting social inclusion and awareness while encouraging youth experience and education.

- Enhancing and enriching the environment where we work and addressing any failure to uphold the objectives agreed.
- Incorporating art and public realm improvement into our projects.
- Monitoring and reducing construction waste.
- Responsibly procuring construction.
- Consider during design the lifetime of the development to reduce running costs, in particular energy consumption, and enable efficient maintenance practices to be adopted.
- Analysing the potential to outperform statutory guidance on carbon reduction and emissions.
- Encouraging innovation from our consultant team and support a convivial working environment.
- Encouraging participation of all our team in the whole project and reviewing performance in a structured manner with tolerance and respect.
- Satisfying the interests, objectives and obligations of the key stakeholders in our projects.

ESG Project Policy

LS Estates will seek the active co-operation of designers, contractors, occupiers and other interested parties. We will implement this policy by identifying a set of key environmental objectives relevant to its activities, setting appropriate targets and conducting regular reviews of progress as part of a tailored ESG Project Policy.

Each ESG Project Policy shall:-

- ✓ Appoint a specialist to lead the agenda on ESG on all major projects.
- ✓ Produce an initial brief setting out our policy and those of our partners.
- ✓ Conduct a series of benchmarking exercises throughout the project to establish where the market is with ESG and assess the commitment of our competitors on similar projects.
- ✓ Consider consultants, designers and contractors experience and approach to ESG during the selection process.
- ✓ As a minimum, agree a set of ESG Targets for the scheme that address the following:-

Energy

- i. Exceed Part L of the Building Regulations.
- ii. All commercial new build properties LS Estates develop to target an 'Excellent' BREEAM rating.
- iii. All commercial properties that we comprehensively refurbish to target an 'Excellent' BREEAM rating and achieve no less than 'very good'
- iv. Set targets for CO2 reductions that exceed Building Regulations and Local Authority guidance. Consider embodied carbon and operating carbon and complete measurement in kg/CO2e/m2/year to develop benchmarks and internal standards.

Materials and resources

- i. We shall monitor all energy consumption (kWh/£100,000) and water usage (m3/£100,000 contract) of construction activity and look to be in the upper quartile of relevant competition where benchmarking data is available.

- ii. Where it is within our control, and available, we shall source power from green and/or renewable sources.
- iii. Develop a policy with the design team to specify responsibly sourced materials and determine that prohibited and deleterious materials are not used.
- iv. Monitor % of recycled goods used in construction.
- v. To embrace the CoL's initiative for a circular economy on all our projects.

Waste Management

- i. Look to reuse material from demolished structures.
- ii. Look to reduce removal of below ground materials from site.
- iii. We shall divert at least 80% of construction waste from landfill and specify recyclable materials and packaging where viable to do so.
- iv. Not pollute the environment where we are working.

Wellness

- i. Produce buildings that enhance the health and wellbeing of the occupants and perform for their intended life.
- ii. Look to incorporate 'wellness' accreditation, or other similarly recognised accreditation in all relevant developments.
- iii. Seek to protect existing bio diversity and ecology where feasibly practical to do so. Where not feasible, actively pursue measures to mitigate any loss.
- iv. Secure 'considerate contractor' accreditation on each site with over £5m spend.

Develop with responsibility and integrity

- i. Encourage our partners to embrace sustainable and responsible development
- ii. See that all new sites are assessed for flood risk, contamination, and bio diversity

- iii. Develop a sustainable strategy for transportation to and from the site early in the design process
- iv. Benchmark ourselves throughout the process
- v. Review the ESG Project Policy at completion and review our policy and targets on completion of each project

HEALTH & SAFETY POLICY

Our policy is to consider the health, mental health, safety and welfare of our employees and others who may be affected by our activities. This is critical to the success of the Company.

We recognise that a safe and healthy conscious approach is as important to long term strength and stability as other key aspects such as cost management, quality and productivity. All of these elements are considered to be closely interrelated and mutually dependent. Consequently, employees' contributions to the continual improvement of the Company's health and safety performance are recognised as being of equal importance to other aspects of our business performance.

It is the Company's belief that all work related incidents and ill health can be prevented. The Company aims to eliminate all unnecessary and unacceptable risks from the work environment and reduce all remaining risk to a tolerable level. The correct way to do any job is the safe way, and we aim to ensure that our staff are provided with the resources they need to carry out every job safely.

Whilst meeting UK legislative requirements, we will endeavour to surpass the minimal standards of compliance and strive towards achieving the standards of health and safety best practice on our development projects.

LS Estates

April 2020