

**STANHOPE**

# Environmental, Social and Governance Strategy 2023

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# Introduction

Stanhope is fully committed to carrying out business fairly, honestly and ethically across all its business activities. We take a collaborative approach with our partners and peer group in the UK property and construction industry to achieve this.

Stanhope is a UK Green Building Council founding and Gold Leaf Member, a NABERS UK Design for Performance Pioneer and made a Net Zero commitment with the World Green Building Council in December 2020.

We are an accredited Living Wage Employer and in 2022 submitted our application to become a certified B Corp, recognising our ambition to use business as a force for environmental and social good.

We measure and report against Environmental, Social and Governance (ESG) factors. This strategy document sets out the way in which we do this.

Stanhope's core ESG and sustainability documents comprise of our **Policies**, **Briefs** and **Strategy** which are all developed using a range of industry approved tools and guidance notes.

Our [ESG Report](#) is produced annually to include appropriate disclosure of ESG performance data, report on benchmarking and research and show progress against our commitments.

These documents and the supporting reporting forms are reviewed and updated as required to drive continual improvement.





## Vision

We want to leave a positive legacy of sustainable buildings and urban places, valued by their communities in a considered way that responds to the urgency of climate action.

To achieve this vision, we will:

- 1 Work with like-minded investors, partners and clients who share our core values and objectives
- 2 Ensure our own business and developments are resilient to climate change and in-line with our pathway towards net zero carbon
- 3 Empower our experienced design and delivery supply chain to act responsibly and ethically to create long-term value for our projects
- 4 Identify research opportunities and develop innovative solutions
- 5 Implement a feedback loop of regular ESG monitoring and reporting to enable continual improvement

Our ESG Framework featured in this section presents our key impact areas and core objectives.

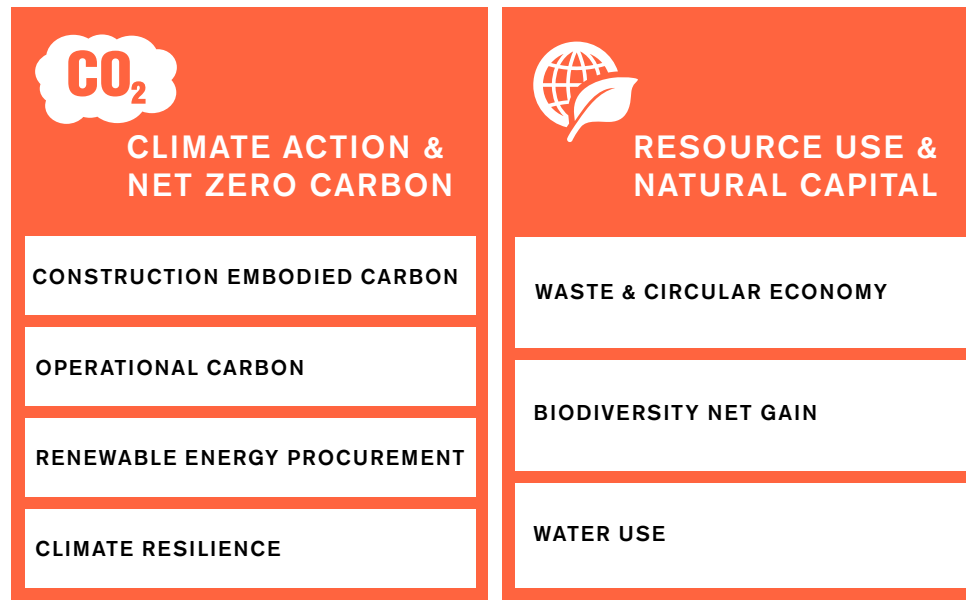


## Our ESG Framework

ESG is a complex topic area. To focus our approach, our ESG Strategy is focused around four themes which are reflected across our business streams, briefs, reporting and guidance. The themes and our targets are explained in further detail on the following pages.

### ENVIRONMENTAL

**HALVING CARBON INTENSITY ACROSS OUR VALUE CHAIN AND ABSOLUTE CORPORATE EMISSIONS BY 2030**

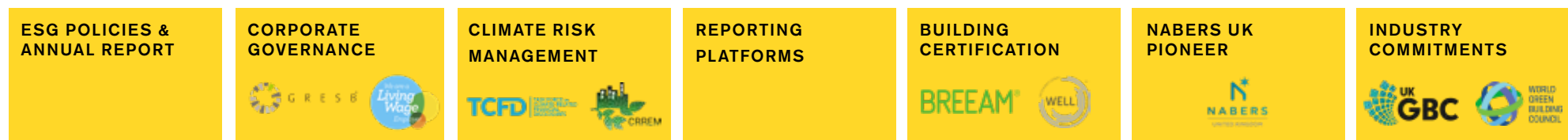


### SOCIAL

**DRIVING A BEST PRACTICE APPROACH TO SOCIAL PERFORMANCE ACROSS ALL AREAS OF OUR BUSINESS**






### GOVERNANCE



## Across the Business

Our ESG Strategy covers our diverse range of business activities.

	DESCRIPTION	ENVIRONMENT	SOCIAL	GOVERNANCE
<b>CORPORATE</b> 	Our headquarters office and staff.	Our direct carbon footprint incl. waste, water and energy consumption as well as business travel and procurement.	The social impact generated by and for our staff incl. their continuing professional development, ethical procurement and positive outreach through charitable activities incl. the Stanhope Foundation.	Our corporate policies, disclosure and governance structure.
<b>DEVELOPMENTS</b> 	The projects that we design and deliver.	The environmental impact of our projects when being designed and built incl. embodied carbon, climate resilience, responsible procurement, biodiversity, water use, waste and operational energy.	The social impact of our projects on local communities and future tenants when being designed and built incl. key health and wellbeing design aspects, fair and meaningful employment practices and the training and outreach on projects.	The policies and guidance we apply to developments and our reporting and disclosure on their performance.
<b>MANAGED ASSETS AND INVESTMENTS</b> 	The buildings and estates we manage and in some cases part-own.	The environmental impact of the places we are involved in when in-use, incl. energy, waste and water use, biodiversity, responsible procurement and climate resilience.	The social impact that our managed assets continue to provide for their occupiers and local communities when in use. This includes responsible procurement, educational outreach and fair employment.	The policies, operating procedures and reporting requirements we apply to all assets under management.

# Environmental - Climate Action & Net Zero Carbon



Our projects and spaces must respond to the imperative of the climate emergency and align with our strategic alignment to the 1.5°C goal of the Paris Agreement in order to remain relevant in a world in transition.

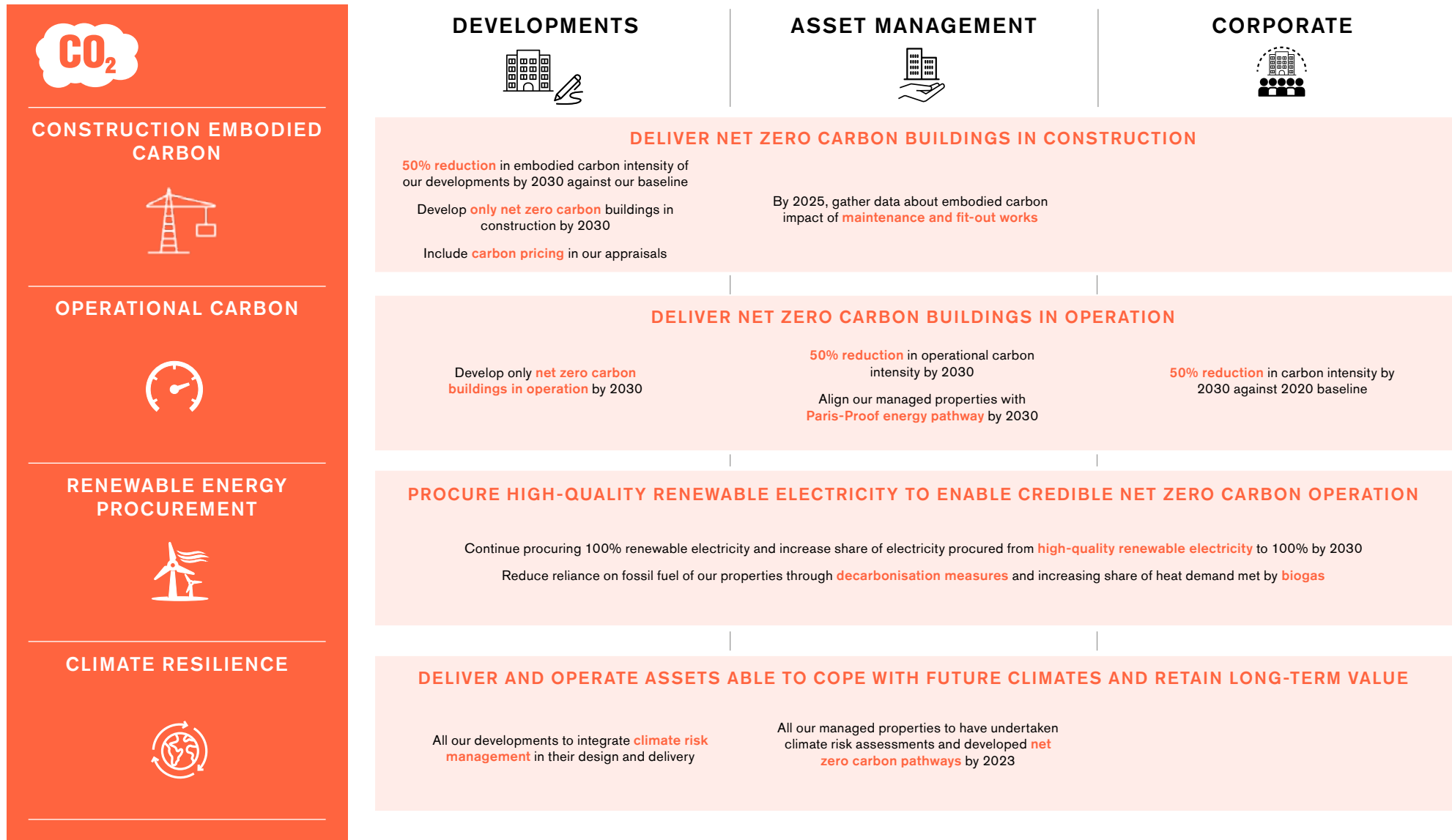
Not only must they be physically resilient to the effects of climate change, but their energy and carbon performance must align with expectations for net zero carbon buildings to deliver long-term value for our partners. This means designing our spaces efficiently to minimise embodied carbon in construction, and demonstrating that our spaces actually perform as intended by influencing aspects beyond completion to ensure our buildings are used responsibly by engaged occupiers. These two impact areas form the bulk of our carbon footprint.

We can't get there alone, and so we work with like-minded partners through our value chain to achieve a common net zero carbon goal.

More detail in our approach to net zero carbon is given further down in this document.



# Environmental - Climate Action & Net Zero Carbon



## Environmental - Resource Use & Natural Capital



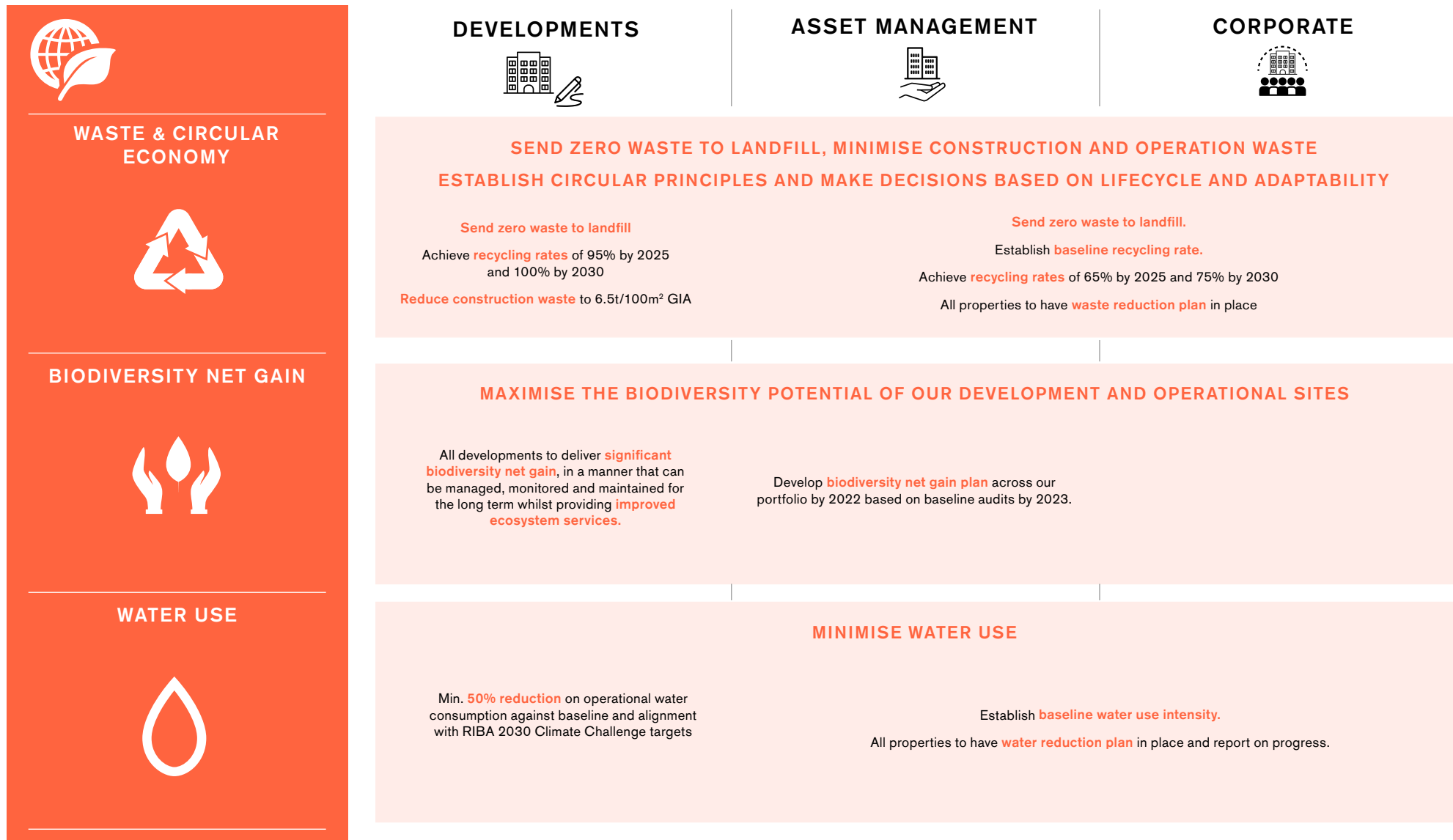
In our approach to development and asset management, our ambition is to play a role in delivering a sustainable built environment that eliminates waste, maximises resource efficiency and consistently delivers meaningful biodiversity improvements.

Resources on a finite planet must be treated carefully. We need to play our part in specifying and designing robust, adaptable buildings and so must adopt leading practices in the responsible use of materials and embrace the principles of circularity in design and operation to challenge the concept of waste. This is true of materials and products as of water.

Urban ecology is under pressure. Through green infrastructure, we deliver much-needed ecological enhancements and long-term ecosystem benefits such as improved air quality, water attenuation, climate resilience and the provision of an essential connection to nature to people experiencing our spaces.



# Environmental - Resource Use & Natural Capital



## Social - Inclusive Growth



We know there are large social and economic challenges in London and the UK where we operate. Through our activities and with our partners, we have the power to make a difference by generating meaningful and fair job opportunities, as well as routes into employment through apprenticeships, skills, and training.

We are an accredited Living Wage Employer and are committed to supporting responsible business and procurement practices. This is true not only in the communities in which we directly operate, but equally through our wide value chain and the products, materials, and services we procure where we work with our partners to make our supply chains more transparent. Across all our projects we are championing accessibility, diversity, and inclusivity to ensure that our teams and places we create reflect the needs of the customers and communities we support.



# Social - Inclusive Growth



## GOOD WORK & OPPORTUNITIES



## INCLUSION & DIVERSITY



## RESPONSIBLE PROCUREMENT



### DEVELOPMENTS



### ASSET MANAGEMENT



### CORPORATE



## CREATE GOOD JOBS & OPPORTUNITIES, PAY THE LIVING WAGE

Require 100% of direct and subcontracted staff working on our behalf are paid at least the [Living Wage](#)

Support [apprenticeships](#) and routes into [employment](#) for young people

Create jobs for [local](#) people

Deliver [skills](#), training & [mentoring](#) opportunities

## MAKE OUR TEAMS AND PLACES REFLECT THE DIVERSITY OF THE CUSTOMERS AND COMMUNITIES WE SUPPORT

Monitor the [diversity of our project and construction teams](#)

Monitor the [diversity of our building management teams](#)

Monitor and improve the [diversity of our workforce](#)

Design [inclusive and accessible places](#), and take steps to evidence it through operation

## ENSURE RESPONSIBLE PROCUREMENT OF ALL PRODUCTS, LABOUR AND MATERIALS

Require [100%](#) of our suppliers & materials sourced to meet our [responsible procurement standards](#)

## Social - Thriving Communities



Our projects and the properties we manage must have a lasting positive impact on the communities in which they operate, and deliver quality of life improvements for occupiers, guests and the wider public.

The satisfaction, health and wellbeing of these communities is paramount to a thriving society. We engage our communities early in our development and regeneration plans, to ensure that we understand local needs and can deliver targeted social value. Our spaces and places support healthy lifestyles and improved wellbeing through specific outcomes and we take steps to verify success with feedback.

Through the Stanhope Foundation and our positive outreach, we leverage partnerships to raise awareness and address the pressing issues faced by the most vulnerable, and seek to inspire the future generation about our sector. We provide support to people in need through charitable donations, community investment and volunteering activities to create a meaningful and positive impact in the communities in which we work.



# Social - Thriving Communities



## ENGAGING WITH PEOPLE



## HEALTHY BUILDINGS AND COMMUNITIES



## POSITIVE OUTREACH



### DEVELOPMENTS



### ASSET MANAGEMENT



### CORPORATE



#### UNDERSTAND AND ENGAGE WITH THE NEEDS OF COMMUNITIES, CUSTOMERS & PARTNERS TO DELIVER TARGETED SOCIAL VALUE

Undertake regular and responsive community **engagement** and/or **consultation**

Deliver **meanwhile use** and **site activation** initiatives

#### DESIGN, BUILD & OPERATE PLACES THAT SUPPORT HEALTH, WELLBEING AND QUALITY OF LIFE

Design our buildings to meet **WELL Building Standard**

Measure **key health & wellbeing indicators** in our spaces to deliver best practice user experience

Undertake **Post Occupancy Evaluations** on our recently completed projects

Undertake **Occupier Satisfaction Surveys**

Deliver year-on-year improvements on **employee satisfaction survey**

#### DELIVER MEANINGFUL SOCIAL VALUE BY SUPPORTING AND INSPIRING THE MOST VULNERABLE GROUPS IN OUR COMMUNITY

Deliver **educational outreach** activities

Undertake **volunteering & pro-bono** work

Provide support to people in need through charitable donations & investment

# Governance

Stanhope's ethos is to be a good long-term partner, treating people fairly and with respect, across all aspects of the business. Our commitment to conducting our business ethically and responsibly is reflected and documented in Stanhope's policies, guidance documents and reporting process.

## DEVELOPMENTS



## ASSET MANAGEMENT



## CORPORATE



### ESG POLICIES, GUIDANCE & ANNUAL REPORT

### REPORTING PLATFORMS

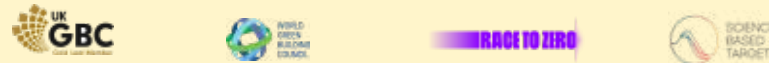
### EXTERNAL GUIDANCE AND INFLUENCE



### CLIMATE RISK MANAGEMENT



### INDUSTRY ENVIRONMENTAL COMMITMENTS



### INDUSTRY SOCIAL COMMITMENTS



### BUILDING CERTIFICATIONS

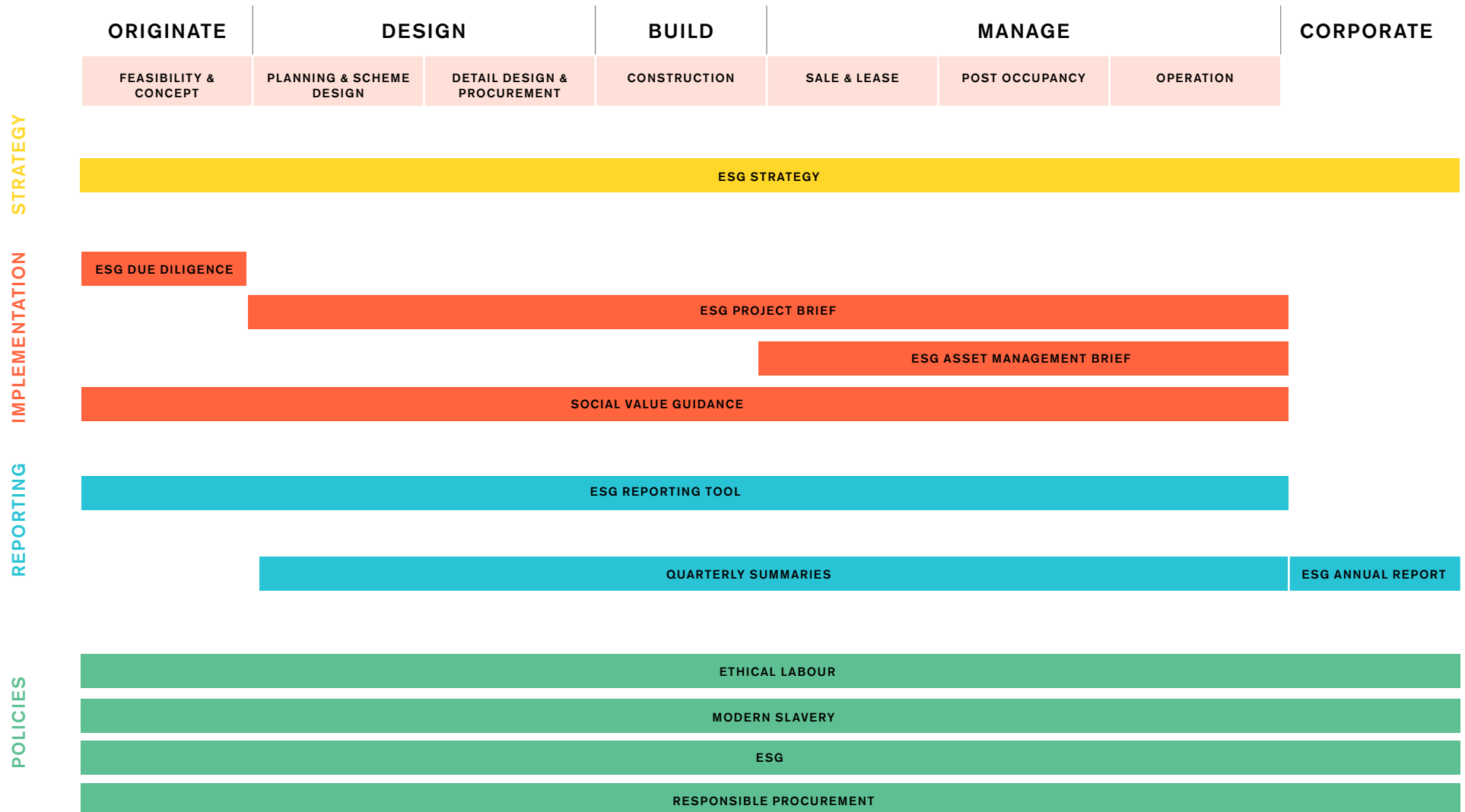


### CORPORATE CERTIFICATIONS



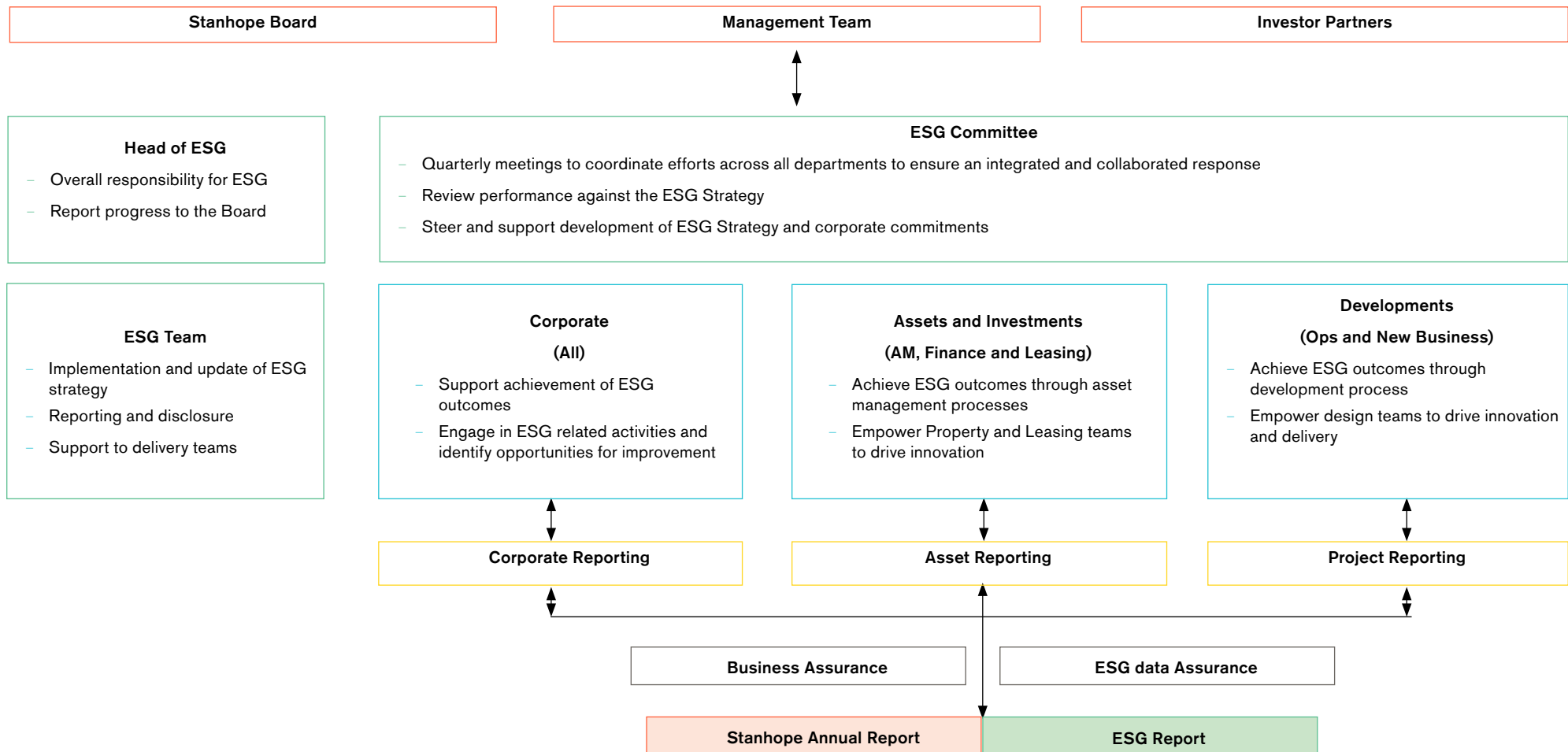
## Governance - Related Policies and Guidance

Stanhope policies, guidance documents and reporting proformas are outlined below. Project teams should ensure that they have access to all relevant documents from the project's feasibility stage.



## Governance - Our ESG Governance Structure

Our framework aims to provide an agile structure for our diverse projects, our asset managed portfolio and the overall corporate business. Our whole team are tasked to place ESG matters at the core of our business decision making and behaviour. This is to enable us to ensure best practice, report our performance accurately and therefore track our progress across the business.



## Governance - Our Carbon Scope

As a development and property manager, the vast majority of our environmental impact is indirect through our value chain but we recognise the great level of influence we have over the outcomes delivered by our projects, and therefore the magnitude of our footprint and our climate responsibility.

Our scope for our corporate footprint organisational boundary therefore considers all business activities carried out by Stanhope plc following the operational control approach. This includes property development and asset management activities where we can implement operational changes and influence decisions across the design and construction process; as well as other corporate office activities.

We report on this scope annually and our outcomes are externally assured.

A full detail of our scope, its boundaries and its calculation assumptions are detailed in our annual ESG report.

Our **SCOPE 1** is comprised of natural gas-based emissions from our corporate office and **SCOPE 2** is entirely comprised of purchased electricity from our corporate office. Refrigerants emissions are de minimis and data availability is poor so are emitted from our reporting scope.

Our **SCOPE 3** is our indirect emissions arising from our value chain, both upstream in our construction supply chain and downstream in the use of our buildings. Out of the 15 categories of the GHG Protocol, we've identified that only three cover 98% of our footprint. They are listed below and form the scope of our scope 3 reporting. The remaining categories are immaterial at less than 2% of our footprint and are excluded of our reporting scope.



### EMBODIED CARBON IN CONSTRUCTION

These are upfront embodied emissions from our construction activities, calculated for each development project through design and construction following the RICS guide Whole Life Carbon Assessment for the Built Environment.



### OPERATIONAL CARBON FROM COMPLETED PROJECTS

We recognise our level of influence over our projects' energy performance through design, delivery and commissioning. To capture this, we're including operational emissions energy usage of the buildings we developed but have no operational management responsibility of, for four years from completion date.



### OPERATIONAL CARBON FROM ASSETS UNDER MANAGEMENT

These are the operational emissions from assets under our management. They break down in emissions from landlord-controlled and tenant-controlled spaces. Due to the nature of our business as property managers, even landlord-controlled emissions from energy usage are part of our Scope 3.



# Our Approach

## Corporate Approach

Stanhope's corporate activities are defined as those relating directly to our headquarters office, staff and business operations. They do not include the impacts of the developments or assets which we manage which are described in later sections of the document.

We aim to support the health and wellbeing of our staff, make a direct contribution to local communities and to understand and continually reduce our resource use footprint.



### CLIMATE ACTION AND NET ZERO

Our direct emissions (scope 1 and 2) relate to the operation of our facilities. Due to the nature of our activities, they represent a very minor fraction of our total footprint, however, we measure and disclose these emissions, and have pledged to reduce our direct carbon intensity by 50% by 2030. We monitor the energy usage of our office space to seek continual improvement with our building manager and voluntarily offset the remaining emissions annually.

### RESOURCE USE AND NATURAL CAPITAL

We adopt a responsible approach to the procurement of office and catering supplies choosing FSC rated recycled paper, cardboard products, and researching the ESG credentials of office consumables. We recycle as much waste as possible and engage with our building manager to improve where we are able to.

### INCLUSIVE GROWTH

We encourage meaningful and fair employment through our support of the Living Wage Foundation, and promote skills and training opportunities for our staff. We are increasingly focused on championing diversity of thought and inclusivity and have an Inclusion & Diversity (I&D) working group which clarifies the issues we face and recommends next steps.

### THRIVING COMMUNITIES

We operate a robust health and safety policy and have a wellbeing committee which oversees staff happiness and initiatives to promote staff wellness. Check-ins are undertaken with all staff members annually through the health and medical benefits provided.

### POSITIVE OUTREACH

We have spent time and resource running the Stanhope Foundation, helping vulnerable people find hope and pride through meaningful employment. This is a donor advised fund that partners with charities with employment programmes in place. For the next three years this includes Maggie's, St Mungo's, The Prince's Trust and The Construction Youth Trust. Support charities include Mencap and Mayor's Fund for London.

We also regularly offer our time free of charge to other charities, education and healthcare organisations. Recent and current affiliations include Construction Youth Trust, BAFTA and Museum of London.

### INDUSTRY ADVOCACY

We will seek to continue and, if appropriate, expand our involvement in industry associations with the intent of sharing information and lobbying for positive change within the sector.

### REPORTING AND BENCHMARKING

Our corporate ESG initiatives are measured via Planet Mark and through the GRESB management Module and are reported through our ESG Annual Report. In 2022 we also submitted our application to become a certified B Corp, recognising our ambition to use business as a force for environmental and social good.

## Development Approach

Our projects are presented with our ESG Project Brief, which translates the ambition of this ESG Strategy into deliverables for our development schemes across each impact area. Each project is required to set their own ESG Plan and delivery targets based on this. Progress against these is recorded in the project's ESG Reporting Tool and reviewed quarterly through the ESG workshops.

It is incumbent upon us to empower our partners to make environmental and social sustainability a key aspect of the service they provide. The project's ESG workshops enable our supply chain partners to bring to the fore innovative sustainable solutions to push the performance of our buildings.



### INVESTMENT AND PROJECT INCEPTION

As part of a decision to work with investors, partners and clients, we give consideration to whether their approach to ESG aligns sufficiently with our own via our ESG Due Diligence checklist. We also evaluate key project environmental and social risks, including physical and transitional climate risk and impact on local community prior to acquisition of new sites or assets. Where sensitivities in relation to ESG are encountered, we review and discuss these with Senior Management before proceeding.

At project inception, each project considers both the current and future context; how the project achieves performance in line with Stanhope's ESG Objectives; whether there is an opportunity for Stanhope to improve the overall outcome through innovation or achieve exceptional performance in other areas.

### DESIGN

In line with our ESG Project Brief, the design team produces an ESG Plan for the project no later than Stage 2. This covers environmental outcomes as well as planning for the social value outcomes to be delivered in design and construction. We encourage our design and delivery teams to be proactive in pushing the performance of our buildings and therefore ask our project teams to set challenging project delivery targets which align with our strategic objectives. Stanhope is committed to delivering net zero carbon projects by 2030 (please see Net Zero Carbon section of the Strategy). To deliver on net zero aspirations, an offsetting strategy is developed for each development taking into account emerging taxation and taxonomy issues, and a carbon price is included in our development appraisal.

All projects are to consider responsible procurement throughout the project, e.g. procuring products locally where possible, mandating responsible sourcing certification and adhering to healthy materials requirements. Teams are encouraged to propose opportunities for design and construction to demonstrate or test innovative solutions and ideas.

### CONSTRUCTION

Our partners must adhere to our policies with regards to workforce safety, wellbeing and fair pay, as well as our sustainable procurement policies for materials and products. We aim to create an open collaborative culture, incentivising our supply chain partners to come to us with innovative low-carbon solutions. We want to work with like-minded partners with aligned science-based climate targets. Projects report quarterly on monthly environmental and social performance via our Project Reporting Tool.

### HANDOVER AND POST-COMPLETION

The success of our developments depends on how they perform in operation. To ensure our buildings perform as closely as possible to their design targets, we require all projects to develop a handover and feedback process to improve communication and handover between separate elements of the supply chain. Commercial projects must follow the NABERS Design for Performance process, whereby a robust commissioning process must be planned and protected. We encourage projects to develop case studies and share lessons learnt post completion. Once in occupation, we seek feedback on how our projects perform through Post-Occupancy Evaluations.

### REPORTING AND BENCHMARKING

A Project Reporting Tool is set up for each project no later than the commencement of RIBA Stage 2 in order to capture key strategic due diligence, aspirations and delivery targets prior to design commencing. Our form captures delivery metrics from our ESG Project Brief. They are also intended to complement the specific ESG requirements of our investment partners and clients and can be adapted to suit their specific requirements. Reporting forms are reviewed quarterly with the design and delivery teams. A summary of the data is reported in our annual [ESG Report](#).

## Asset Management Approach

The operational impact of a building in use exceeds that of the construction process over its life cycle. Increasingly the owners and entities on whose behalf we manage are required to report on ESG matters to shareholders, governments and to the public. We therefore target and collect appropriate data, analyse it and engage with the property managers and tenants to constantly reduce the impact of assets in use.



Our ESG Asset Management Brief details the objectives set for our assets under management and expected actions to demonstrate success. The document is provided to our property managers and sets out targets and objectives for each of the impact areas in our ESG Strategy. It highlights reporting requirements and proposed frequency for each theme and topic.

For each asset, we expect the development of an Asset ESG Action Plan, curated to the design capabilities of the building. This document captures building-specific information, alongside an asset-level sustainability action plan to demonstrate progress against the objectives and reporting metrics laid out in our Brief.

The accountability of delivering operationally on Plan sits with the Asset Manager, noting that responsibility will be delegated to the relevant Property Management partner. Asset Managers are expected to report regularly on progress against the themes set out in the ESG strategy, including, but not limited to, those listed opposite.

The **embodied carbon intensity** of major fit out works undertaken.

Asset **energy use** intensity and **carbon intensity** against benchmarks, and **performance against Paris-Proof targets** set.

**NABERS UK energy rating** and actions undertaken to improve energy management.

**Renewable energy procurement** and generation.

**Physical climate risk** assessments and remediation.

**Water and waste performance** alongside efficiency measures.

**Biodiversity** surveys, management and improvement plans.

Assurance that 100% of direct and contracted staff working in the asset is paid at least the **Living Wage**.

**Engagement** with asset occupiers and local communities to **deliver social value**.



## Our Statement of Intent

**BY 2030, WE WILL ONLY DELIVER NET ZERO CARBON BUILDINGS IN CONSTRUCTION AND OPERATION; AND BRING OUR OPERATIONAL PORTFOLIO UNDER MANAGEMENT IN LINE WITH A PARIS-PROOF TRAJECTORY.**

Our objective is to halve the carbon intensity across our value chain and absolute corporate emissions by 2030 in line with our science-based carbon reduction pathway.

We align with industry consensus targets and frameworks set by bodies such as the UK Green Building Council (UK GBC) and the Carbon Risk Real Estate Monitor (CRREM).

Operationally, this means targeting a step-change in energy efficiency for our projects in line with net zero carbon thresholds, demonstrating that our spaces actually perform as intended, developing decarbonisation plans for existing assets and putting energy performance as a focus of facility management. Where we can't achieve long-term Paris-proof goals from day one, our projects must have a defined roadmap to meet them over the course of their life cycle.

To get there meaningfully, we know that net zero carbon in operation can only be reached with credible high-quality renewable electricity. In addition to continuing to procure 100% renewable electricity, we will actively work at increasing our share of high-quality renewable power from specific sources demonstrating additionality. To have better conversations about renewable power, we also must be more transparent in showing how our demand is matched in real time by renewable assets.

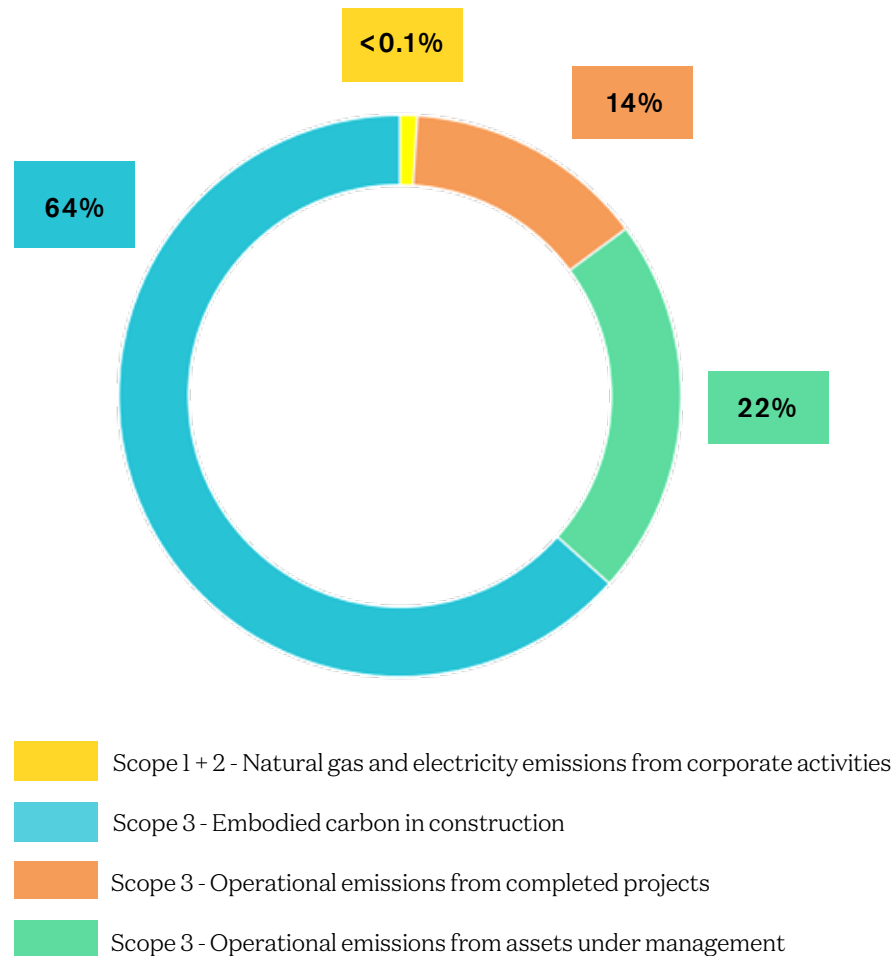
In construction, this means addressing our supply chain construction emissions which form the bulk of our carbon footprint by reducing the upfront embodied carbon intensity of our pipeline by half against our baseline. This will mean a carbon-conscious approach to the types of projects we get involved with, such as a greater emphasis on retrofit projects; and pushing further our focus on low-carbon design, specification, and procurement of materials.

To support our objective of delivering net zero carbon buildings in construction, we include a Paris-aligned carbon price within our development appraisals. This is so that the costs of the climate impacts and the opportunities for low-carbon options are clearer to our partners, and to drive positive behaviours within our teams to reduce upfront carbon and minimise offsetting. We will engage our funding partners on this journey to align expectations towards 2030.

Net zero carbon is not only the right thing to do from our climate responsibility; it is also responding to market expectations from occupiers and climate risk management from financiers. We believe that assets that fail to align with this transition will run the risk of carbon stranding; those who do will secure long-term value.

## Our Carbon Footprint and Reduction Pathway

### OUR BASELINE CARBON FOOTPRINT BREAKDOWN



We have calculated our baseline carbon footprint across all our scopes – directly controlled (scope 1 and 2) and indirect through our value chain (scope 3). We have chosen a base year of 2020 (year ending 31st March 2020) to calculate this baseline.

We have learned that, for our baseline year 2020, our corporate carbon footprint is approximately 70,000 tonnes CO<sub>2</sub> – over 99% of which is indirect. The construction materials and products we source to build our projects are the largest source of our emissions (c. two-thirds); followed by operational emissions from the assets we have developed and those under our operational management.

Knowing where we start from allows us to set a credible reduction pathway. Our goal is to halve our carbon emissions by 2030: the carbon intensity of our indirect value chain, and the absolute emissions of our directly managed activities.

This follows the methodology and criteria of the Science-Based Targets initiative (SBTi), and we will formally lodge our target in 2022. Due to the size of our business, SBTi only allows us to lodge a carbon reduction target on our scope 1 & 2. To make a difference where our impact is most material, we are focusing on our indirect scope 3 emissions arising from our value chain.

Achieving these targets will come through delivering on our net zero carbon objectives in this strategy.

# Our Net Zero Carbon Pathway

## REDUCE CONSTRUCTION CARBON



**Need less:** Prioritise retrofit and retention where appropriate; maximise potential for future adaptability and re-use (long life, loose fit)

**Use less:** Design and assemble our buildings more efficiently, using less materials and minimising waste

**Use better:** Specify and procure low-carbon materials; increase transparency of carbon impacts

## REDUCE ENERGY CONSUMPTION



**Understand better:** Improve understanding of assets operation and energy consumption drivers

**Need less:** Optimise building operation to avoid energy wastage and save costs

**Plan ahead:** Put our assets on a Paris-proof decarbonisation pathway to secure asset value

## INCREASE RENEWABLE ENERGY SUPPLY



**Procure** 100% renewable electricity through REGO-backed contracts

**Improve** our procurement towards high-quality renewable electricity, demonstrating additionality and transparency

**Reduce** reliance on fossil fuels by replacing equipment at the end of its life and increasing share of heat demand met by biogas

## INVEST IN CARBON REMOVAL AND STORAGE



**Budget for it:** Include a Paris-aligned carbon price in our development appraisals

**Procure** verified carbon offsets delivering additional carbon removal and credible storage for residual emissions

**Be transparent:** Disclose credits procured, cost and projects supported

50% reduction in carbon intensity v. 2020 baseline (band F → B)

50% reduction in carbon intensity v. 2020 baseline  
New buildings to operate at net zero carbon (UK GBC)

100% renewable electricity procurement

Offset construction emissions at completion to deliver net-zero carbon in construction

SCIENCE BASED TARGET

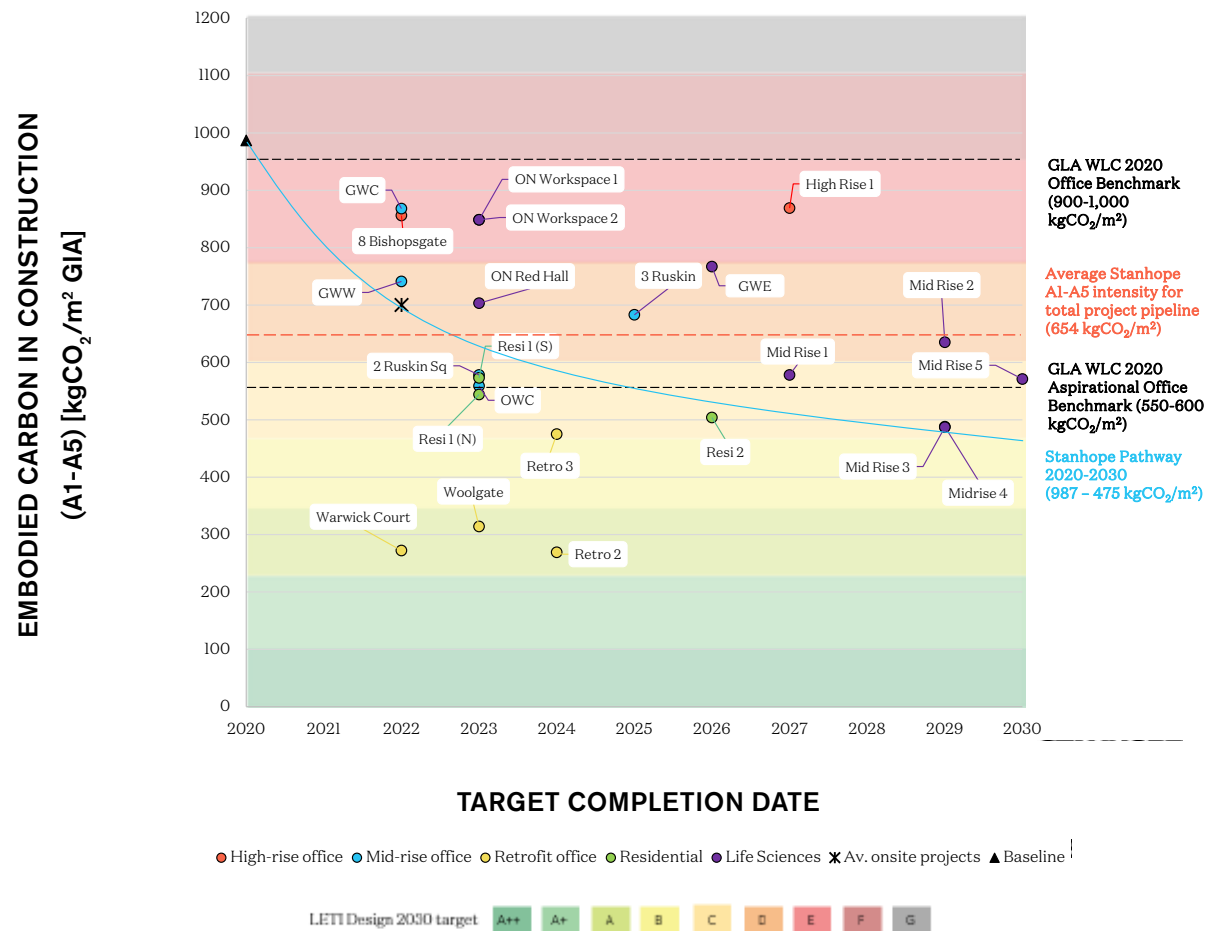
# Reduce Construction Embodied Carbon

## TARGET

Our overall target is to reduce our upfront embodied carbon intensity by 50% by 2030 against our 2020 baseline, i.e. moving from an average intensity of band F to a band B on the RIBA-LETI scale.

Our upfront embodied carbon pathway is illustrated on the graph shown opposite. The horizontal axis represents completion year of a project.

## STANHOPE'S A1-A5 EMBODIED CARBON EMISSIONS\* AGAINST EMERGING INDUSTRY TARGETS



\*AS OF OCTOBER 2022

## Approach

### INCEPTION

At project inception we will consider the most appropriate course of action in order to balance life-cycle carbon, financial viability and responsible intensification of the urban core. In our project acquisition, we will consider the carbon implications of the asset types we choose to get involved with to achieve our long-term carbon reduction goals.

We will consider carbon emissions relating to demolition and new build elements as part of early due diligence and viability testing, seeking the best whole life carbon outcome between retention of existing resource and improved performance. We will seek to maximise potential for future adaptability and re-use (long life, loose fit).

### MEASURE, ASSESS, DECIDE

Whilst our greatest influence as a developer is during the product and construction stage (A1-A5), we recognise that design decisions impact on embodied carbon emissions throughout the lifecycle. Our targets are therefore expressed in terms of both construction stage and whole life impacts, taking into account operational maintenance and replacements. In our managed assets, we require the evaluation and sharing of embodied carbon intensity of major fit-out works from occupiers.

All projects are required to undertake detailed Whole Life Carbon assessments at each project stage and through construction and to set targets to be matched or beaten in delivery by construction partners.

### RECOGNISE DIVERSITY OF TYPOLOGIES

Different building typologies require different targets: mid-rise office, high-rise office, life sciences, residential and retrofits projects are

compared to their own. Our project-specific targets are based on data obtained from our own projects and the wider market and are intended to be challenging whilst cognisant of each project typology.

### USE LESS, USE BETTER

We work to design and assemble our buildings more efficiently, using less materials and minimising waste. Our teams must be mindful of design implications to enable low-carbon procurement (e.g. standard sizes, understanding manufacturing implications of design choices for elements with high carbon in manufacturing such as certain steel types).

Working with like-minded partners, we want to minimise material impacts through innovation in material specification, optimising the impact of conventional materials and exploring lower carbon and bio-sourced alternatives where possible.

### TRANSPARENCY AND ACCURACY

We integrate carbon into our decision-making in design and procurement. For this, we must increase the transparency of the carbon impacts of our products and materials. During procurement, Environmental Performance Declaration (EPD) certificates should be requested for the top 80% of materials (by value).

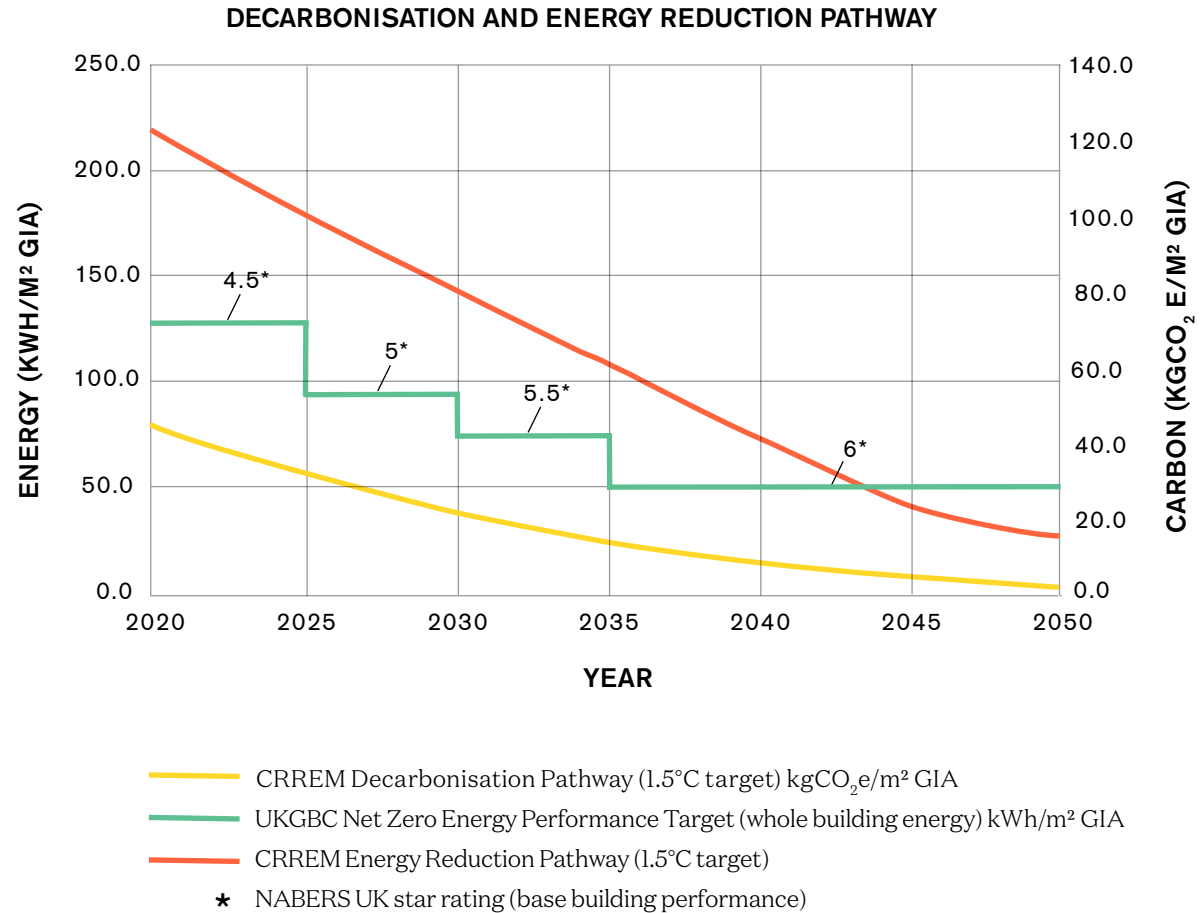
Whilst demolition activity is not captured within the scope of LCA analysis as defined by the RICS Professional Statement, we expect that design teams will work to find opportunities where appropriate for the material re-use and recycling opportunities from any demolition works. The carbon savings achieved should be calculated and reported in the Project ESG Reporting Tool.

## Reduce Energy Consumption

### TARGET

Our overall target is to reduce our operational carbon intensity by 50% by 2030 against our 2020 baseline. Our primary route to achieving this target is by reducing the energy use intensity of the projects we design, deliver, and operate.

In our developments, our goal is for projects to operate at net zero carbon as defined by the UKGBC. In our portfolio of managed assets, our goal is to align assets with the CRREM 1.5°C Paris-proof decarbonisation pathway for energy and carbon intensity by 2030.



# Approach

## INCEPTION

In our development schemes, we target industry-leading levels of operational energy and carbon performance in line with net zero carbon targets defined by the UKGBC where such targets exist (offices).

We define net zero operational carbon as a building operating at the level of energy performance defined by the UK GBC for the asset completion date. This provides our assets with an improvement pathway over time, in the lead-up to 2050. For a-typical typologies (such as life sciences) where energy performance targets do not yet exist, we develop bespoke targets based on appropriate benchmarking.

Our ESG Project Brief and ESG Asset Management Brief detail our approach to delivering net zero operational carbon on development schemes, our approach to assessing and reducing operational energy and carbon operationally, our targets and measures of success.

## START WITH USING LESS

Our new buildings must be designed to be all-electric with zero fossil fuels operation – unless specifically tied to district energy sources from previous legal arrangements in place. We brief our teams to develop a passive-led approach to energy efficiency, with façade designs that effectively balance daylight and solar gain and the incorporation of natural ventilation where possible. Where we can't achieve long-term (2050) Paris-proof goals from day one, our projects must have a defined roadmap to meet them over the course of their life cycle.

## MAKE INFORMED DESIGN DECISIONS AND VERIFY OUTCOMES

All commercial projects must follow the NABERS UK Design for Performance methodology, which includes advanced energy modelling and scenario testing through design stages, independent review of claims and post-occupancy verification of outcomes 12 months after buildings reach 75% occupancy. In our residential schemes, we evaluate energy performance in-use via the PassivHaus protocol and will seek to verify outcomes in-use.

The metering must support operational performance evaluation and building performance fine-tuning; and we will focus on delivering robust commissioning and handover to demonstrate the targeted outcomes. We will seek post-occupancy evaluation on completed projects to gather feedback and optimise performance.

In our assets under management, we put in place energy optimisation programmes to identify energy reduction opportunities and cost savings. We will use the NABERS UK Energy rating to evaluate operational performance of the assets and continual improvement plan through better operational management. We also develop net zero carbon pathways to improve and replace equipment where needed to reach decarbonisation goals.

## Increase Renewable Energy Supply

### TARGET

Our target is to procure 100% renewable energy by 2030.

### APPROACH

We know that net zero carbon in operation can only be reached with credible high-quality renewable electricity. In addition to continuing to procure 100% renewable electricity from renewable certificates with guarantee of origin, we will actively work at increasing our share of high-quality renewable power from specific sources demonstrating additionality. To have better conversations about renewable power, we also must be more transparent in showing how our demand is matched in real time by renewable assets.

As we transition towards credible zero-carbon electrification of buildings, we must in parallel reduce our reliance on fossil fuels by replacing equipment at the end of its life and increasing our share of heat demand met by biogas in existing assets.



## Invest in Carbon Removal and Storage

### TARGET

Our target is to offset construction emissions of our development projects at completion to deliver net-zero carbon in construction.

### APPROACH

Reaching net zero carbon for development projects will require an offsetting component of the upfront embodied carbon in construction. Whilst we set clear targets to meaningfully reduce the embodied carbon of our projects in line with industry best-practice benchmarks and targets, we cannot build a zero carbon building today – so offsets are needed to reach net zero carbon.

Through design optioneering and supply chain engagement, we work to minimise the upfront embodied carbon intensity of our projects and provide owners and investors with a minimised residual carbon bill for offsetting. We include a Paris-aligned carbon price in our development appraisals, proportional to the scheme upfront embodied carbon. Any commitment to offsetting of embodied carbon emissions from construction will need to be agreed with owners and investors early in the project process. We will provide a strategy and financial model for such offsetting as soon as practical in the pre-development phase. Our goal is to work with our clients so that by 2030 all development projects offset their construction emissions.

Our approach is to invest in carbon removal offsetting, i.e. projects leading to carbon being removed from the atmosphere – not just avoiding more from being emitted. A wide range of carbon removal methods can be employed. They are often categorised as either nature-based solutions (biological sequestration, such as tree planting, creation or restoration of habitats or soil

carbon sequestration), technological solutions (accelerating natural reactions or chemical processes), or hybrid solutions (bridging natural and engineered approaches) such as biochar or carbon mineralisation. We will review this approach annually as knowledge of this field increases.

We are transparent about what we buy as we believe greater transparency is needed to support the market for high-quality carbon offsets needed to reach net zero carbon.

For nature-based projects, we select carbon credits verified by accreditations such as the Verified Carbon Standard or the UN Gold Standard, for the third-party due diligence they offer on projects. More innovative technology-based carbon removal credits are typically not covered by these accreditations. Therefore, the projects we select will all be evaluated by our procurement partners on their effectiveness of carbon mitigation, social and environmental co-benefits, and integrity (including quality of carbon accounting and verification).

The final piece of the carbon removal puzzle is permanence of the carbon removed: the likely timeframe for which carbon will remain stored. A shift to long-lived storage is crucial to credible net zero claims, to ensure the carbon remains out of the atmosphere. For instance, if a restored forest is cut down or destroyed by fire or pests, carbon is reversed in the atmosphere – invalidating the outcome.

Our goal is, over the years, to increase the proportion of our carbon removal offsetting with long-lived storage as they have a lower risk of reversal and therefore are the more credible option to meet the objectives of the Paris Agreement.

# Net Zero Stakeholders and Enablers

## NET ZERO STAKEHOLDERS

We recognise that there are a number of stakeholders who will need to contribute to a net zero carbon outcome. Here are enablers that will need to be in place to achieve the outcome.

We will seek to secure them through a combination of contractual mechanisms (construction, building management and maintenance contracts, leases), and collaboration with all stakeholders.

### Developer/Landlord (and the project delivery team)

- Design and construction of building envelope, landlord systems and fit-outs to a standard compatible with Net Zero Carbon (e.g. DfP 6\*)
- Additional focus on commissioning and handover.
- Support during initial 12-18 month operational period to optimise performance (continuous commissioning).
- Responsibility for management and financing offsetting of embodied carbon emissions associated with construction.

### Asset Manager

- Pro-active energy monitoring and targeting process
- Performance-based maintenance contract with energy performance-related incentives
- Responsible for management of offsetting of operational residual carbon emissions associated with operation (e.g. through procurement of green energy tariffs)

### Tenant

- Design of tenant fit-out (e.g. retail or office Cat-B) to be compatible with Net Zero Carbon
- Acceptance of comfort conditions compatible with Net Zero Carbon (natural ventilation / higher summer temperatures for example)
- Operating energy intensity (e.g. office small power) compatible with Net Zero Carbon

### Our Enablers

- Clear Project Brief
- Net zero carbon design primer
- NABERS certification
- Carbon price in appraisals
- Regular performance reporting

### Our Enablers

- Clear Asset Management Brief
- Energy optimisation programmes
- NABERS certification
- Net zero carbon pathway for assets
- Regular performance reporting

### Our Enablers

- ESG provisions in leasing documents
- ESG fit-out guide
- Regular engagement with ESG site teams

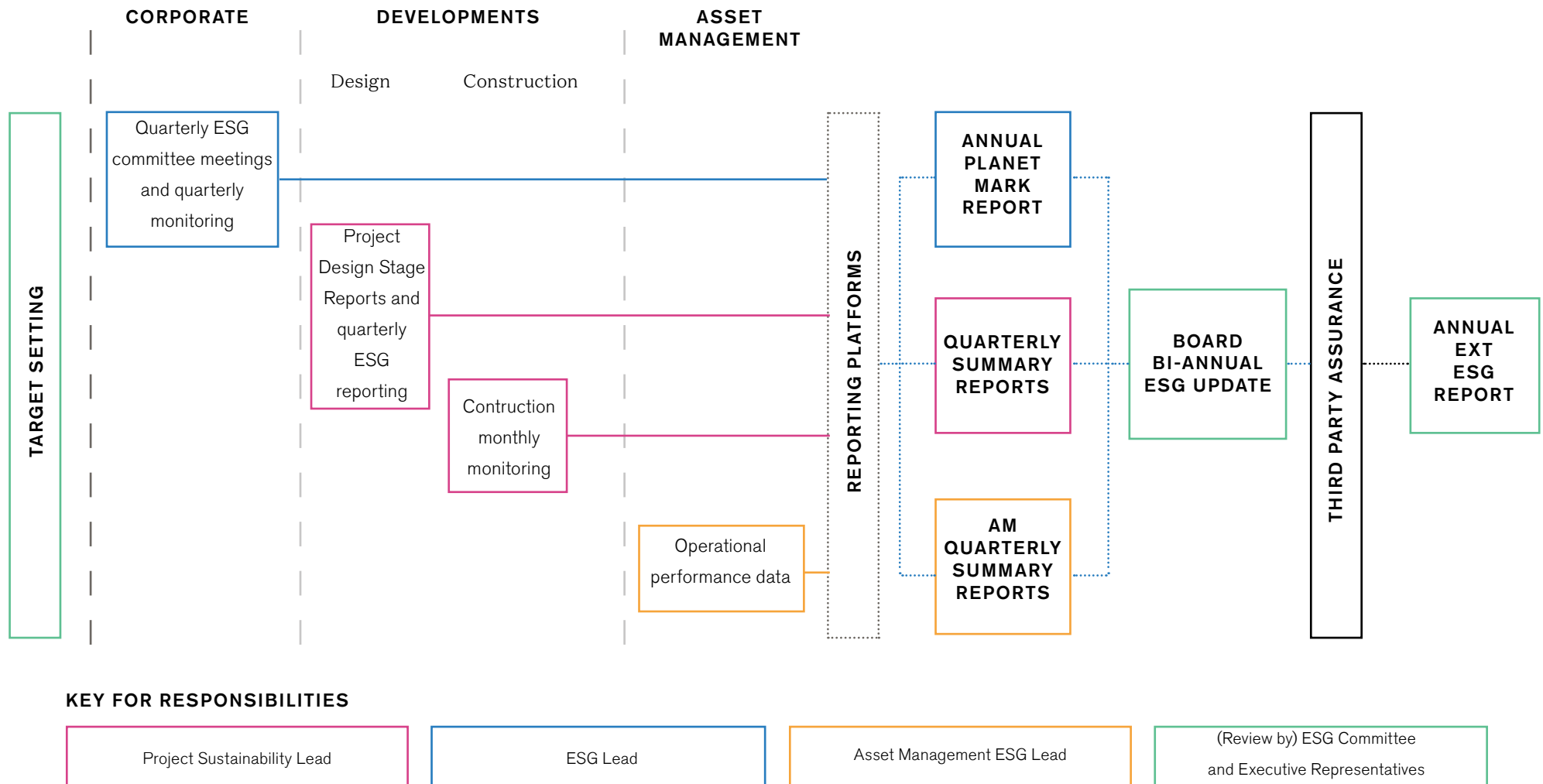
A photograph of a modern interior staircase with light-colored wood paneling and glass railings. The text 'Appendix A' and 'The Reporting Cycle' is overlaid on the image.

# Appendix A

## The Reporting Cycle

## Reporting cycle

Our reporting cycle is illustrated below and is intended to provide a regular pattern for internal peer reviews and to support our quarterly and annual reporting requirements across our financial year running from April to March.





# Appendix B

## UN Sustainable Development Goals

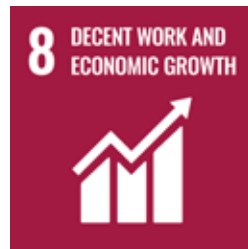
## UN Sustainable Development Goals

Stanhope intends to align business and project activities with the UN Sustainable Development Goals (SDGs). We have identified key SDGs which we feel as most relevant to the delivery and management of our buildings and infrastructure and the way that we behave as a business.

Whilst we do not undertake measurement or reporting against these goals, our wider approach, policies and more detailed ESG objectives all underpin our support for this international endeavour. Moreover it can be helpful to use the SDG framework as a tool to develop a project specific sustainability vision and strategy through early consultation between design teams, investors and other stakeholders.



We will target a 50% reduction in operational energy usage between 2018 and 2030.



Our anti modern slavery and labour pay conditions apply and appropriate due diligence on overseas goods and materials shall be undertaken



In developments which include public realm we will place an emphasis on greening, biodiversity and inclusive access.



We will continually seek improvement in this area and plan to increase the ratio of re-use to new build schemes.

We continue to report on sustainability issues internally quarterly, and within our annual report and will be doing so on an enhanced basis.



We will demonstrate climate resilience in our business planning, building development and asset management.



# Appendix C

## WGBC Net Zero Commitment

## Our Net Zero Buildings Commitment

Property and construction contribute around 40 per cent of the UK's total Carbon Footprint. The Paris Climate Change Agreement and UK Legislation require a transition to a low carbon economy culminating in all greenhouse gas emissions to be net zero by 2050.

In December 2020, Stanhope signed up to the World Green Building Council's (WGBC) Net Zero Carbon Buildings Commitment.

Our commitment is bespoke to our role and intended to focus on those areas where we can materially make a difference. In line with the requirements of the WGBC initiative our commitment is summarised as shown opposite.

We will update this commitment in 2022 in line with the updated requirements to include embodied carbon alongside operational carbon in line with our net zero carbon pathway.


**ADVANCING  
NET ZERO**

Business | City | States & Regions

**STANHOPE**  
Developer

Tenant Developer

Stanhope is a developer and professional services company providing management and advice to investors and owner-occupiers. This includes the origination, design and delivery of construction projects, some of which Stanhope goes on to manage as assets. Stanhope is focused on creating sustainable places and working collaboratively with their partners.





1 asset

1350 m<sup>2</sup> total floor area

66.5 tCO<sub>2</sub>e portfolio carbon emissions

60 employees

- Commit**  
Commit to only occupying net zero operational assets from 2021 and develop only assets that will be capable of operating at net zero by 2030.
- Disclose**  
Measure and disclose energy demand and predicted carbon emissions for all designed assets at point of completion. Business scope 1 & 2 emissions, and (where possible) the estimated scope 3 emissions of projects and asset management portfolio will be disclosed in the annual report and published on the corporate website from 2021.
- Act**  
Define a decarbonisation roadmap for each aspect of the business by 2022 and consequently implement it. As a tenant, minimise energy usage and purchase only renewable energy. As a developer and development manager, utilise a design for performance approach on all projects.
- Verify**  
Verify energy consumption and scope 1 & 2 carbon emissions annually by an independent body. Verify predicted performance of developed assets through appropriate asset verification (including certification) methods.
- Advocate**  
Advocate for industry transformation by advising clients and shareholders that all new buildings and existing buildings should be capable of operating at net zero operational carbon by 2030. As an asset manager engage with tenants and implement energy reduction initiatives. As a pioneer member of the BBP's Design for Performance initiative and having endorsed WorldGBC's 'Bringing Embodied Carbon Upfront' report, Stanhope is committed to assessing whole life carbon on all projects to inform decision making with partners.

**STANHOPE**  
a member of UK Green Building Council

**CLIMATE GROUP  
EP100**

[www.worldgbc.org/commitment-signatories](http://www.worldgbc.org/commitment-signatories)

# Contact

For information or questions please contact  
[nils.rage@stanhopeplc.com](mailto:nils.rage@stanhopeplc.com)