

An aerial photograph of a park area. In the center, there is a large, dense cluster of green trees. Surrounding the trees are paved walkways and paths. Several people are visible walking on the paths. To the right, there is a grassy area with some people sitting on a bench. The overall scene is bright and sunny, with shadows cast by the trees and people.

Environmental, Social and Governance Strategy 2021

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Executive Summary

Stanhope is fully committed to carrying out business fairly, honestly and ethically across all business activities. In support of this aim we will consider, measure and report against Environmental, Social and Governance (ESG) factors and this strategy document sets out the way in which we will do this.

Stanhope's core ESG and sustainability documents comprise a **Policy** and **Strategy**. These are supported by a range of reporting tools and guidance notes. In addition we will produce an annual **ESG Report** to include appropriate disclosure of ESG performance data, report on benchmarking and research and show progress against our commitments.

We take a collaborative approach with our partners and peer group in the UK property and construction industry.

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



This framework document and the supporting reporting form template will be reviewed and updated as required to drive continual improvement.

For supporting tools and guidance - see Appendix D

Executive Summary Cont'd

ESG is a complex topic area. To rationalise our approach across our diverse range of business activities, this document is structured to cover each of our key areas of operation, across each component of the ESG framework.

	DESCRIPTION	ENVIRONMENT	SOCIAL	GOVERNANCE
CORPORATE	Our headquarters office and staff	Carbon footprint incl. waste and office energy consumption	Staff health and wellbeing, continuing professional development, contributing to society and ethical procurement	Our corporate policies, disclosure and corporate governance structure
DEVELOPMENTS	The projects that we design and deliver	The environmental impact of construction including responsible procurement, and the predicted impact of designed asset in operation	Site operative health and wellbeing, the social out-reach on construction projects and the wellbeing and social value of developments created once in use	The policies and guidance we apply to developments, our reporting and disclosure on their performance and our partners with common values
MANAGED ASSETS AND INVESTMENTS	The buildings and estates we manage and in some cases part-own	The actual environmental impact of the places we are involved in, including energy, waste and direct impact from our customers	Ensuring that managed assets continue to provide social value and improved wellbeing for their local communities	The policies, operating procedures and data stewardship relating to all ESG matters in operation

NB. When this document refers to 'carbon' it refers to carbon emissions e.g. all green house gases as defined by the Greenhouse Gas Protocol



Vision

To be recognised as a responsible industry leader in everything that we do, achieving our vision through:

- 1 Working with like-minded investors, partners and clients who share our core values and objectives
- 2 Ensuring our own business and owned developments are resilient to climate change and in-line with our pathway towards Net Zero
- 3 Empowering our experienced design and delivery supply chain to act responsibly and ethically to create long-term value of our projects
- 4 Identifying research opportunities and developing innovative solutions
- 5 Implementing a feedback loop of regular ESG monitoring and reporting to enable continual improvement

CORE OBJECTIVES

ENVIRONMENTAL



Minimise the impact of our own activities and supply chain, with a focus on carbon emissions reduction towards Net Zero

Encourage existing developments and assets on the path to Net Zero in construction and operation

Prioritise investment opportunities where we can add long-term value in a climate resilient manner

Produce developments that complement and enhance the environment throughout their entire life

SOCIAL



Support the physical and mental health and wellbeing of our staff and supply chain

Continue Stanhope's culture of giving back through the Foundation, pro-bono work and volunteering

Encourage continual professional learning and development across all aspects of the business

Prioritise and produce buildings that enhance the health and wellbeing of their occupants and the communities in which they are located to leave a lasting positive legacy throughout their whole life

GOVERNANCE



To continue to run the business in a participatory, consensus-oriented, accountable, transparent, responsive, efficient, equitable and inclusive way

To communicate our policies and strategy clearly to our supply chain

To make appropriate levels of monitoring and disclosure to display our robust approach

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.

As our level of control and influence varies from project to project so does our approach to delivering 'towards net-zero' solutions. For a detailed look at our Net Zero Pathway see Appendix B.


**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 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.

2 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.

3 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.

4 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.

5 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.

1 asset
1350 m² total floor area
66.5 tCO₂e portfolio carbon emissions
60 employees

STANHOPE
a member of UK Green Building Council

**CLIMATE GROUP
EP100**

www.worldgbc.org/commitment-signatories

Climate Risks and GHG Disclosure

We will measure and report Greenhouse Gas emissions (GHGs) to comply with the GHG Protocol.

Our annual Scope 1 and 2 emissions will be verified independently. Our Scope 3 emissions will be estimated through whole life carbon assessments on projects and operational energy monitoring of the assets that we manage and invest in.

We currently offset residual Scope 1 and 2 and business travel (Scope 3) emissions* through purchase of Gold Standard carbon credits enhanced with recognised alternative climate change mitigation schemes.

For accounting purposes we are setting our GHG accounting boundaries relating to our level of operational control as per the table shown opposite.

Emissions are broken down into three categories;

Scope 1 – All direct emissions from the activities of an organisation or under their control

Scope 2 – Indirect emissions from the generation of purchased electricity, steam, heating and cooling consumed by the reporting company

Scope 3 – All other indirect emissions from activities of the organisation, occurring from sources that they do not own or control

	2020-2021	2021 ONWARDS
FUELS	Scope 1 - nil	Scope 1 – nil anticipated
ENERGY USAGE IN OUR HQ OFFICE	Scope 2	Scope 2
CFC AND REFRIGERANT LEAKS HQ OFFICE	Scope 2	Scope 2
ASSETS UNDER MANAGEMENT – LANDLORD EMISSIONS	Scope 3	Scope 2
HOME WORKING EMISSIONS	Scope 3	Scope 3
STAFF COMMUTING	Scope 3	Scope 3
STAFF TRAVEL (I.E. BUSINESS)	Scope 3	Scope 3
PROJECT UP FRONT CARBON (A1-A5) AT PRACTICAL COMPLETION	Scope 3	Scope 3
PROJECT DOWNSTREAM PREDICTED OPERATIONAL AFTER PC	Scope 3	Scope 3
ASSETS UNDER MANAGEMENT - TENANT EMISSIONS	Scope 3	Scope 3

*Relating to our direct business activities only and excluding assets under management

Social Value

In order to demonstrate the positive contribution that Stanhope makes to society, and with the recognition of increasing statutory requirements arising from the Social Value Act (2012), we will commence reporting on the social value created through our business activities from 2021 onwards. This will be structured through a range of recognised metrics including financial equivalent value.

Our social value metrics are focused around the below areas across all our business activities:

- 1 Health and Wellbeing
- 2 Community and Charity Engagement
- 3 Employment, Education and Skills
- 4 Responsible Procurement

We variously resource, manage and measure the activities: shown in the table in Appendix F.

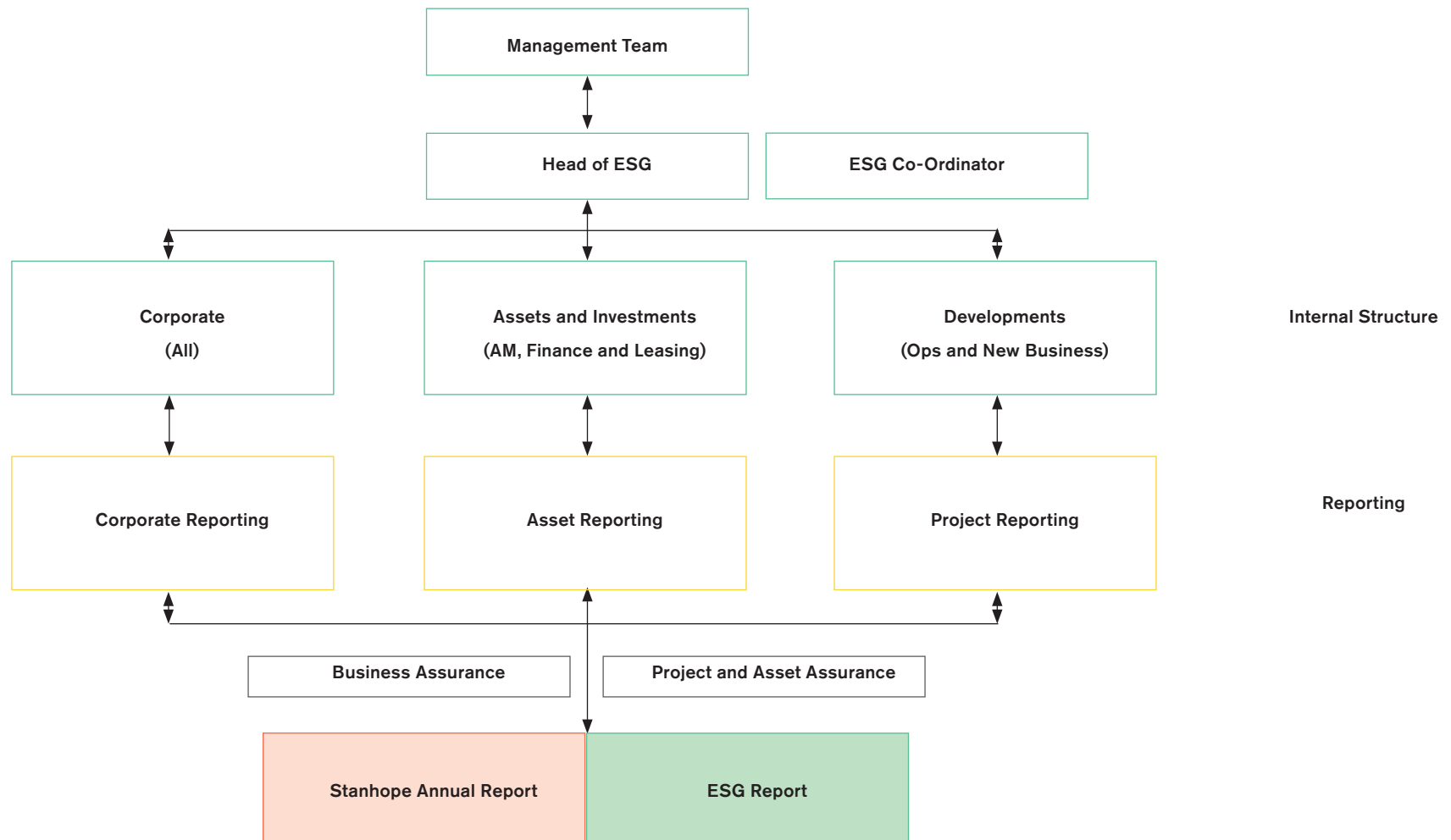




Framework

Our ESG Framework

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.

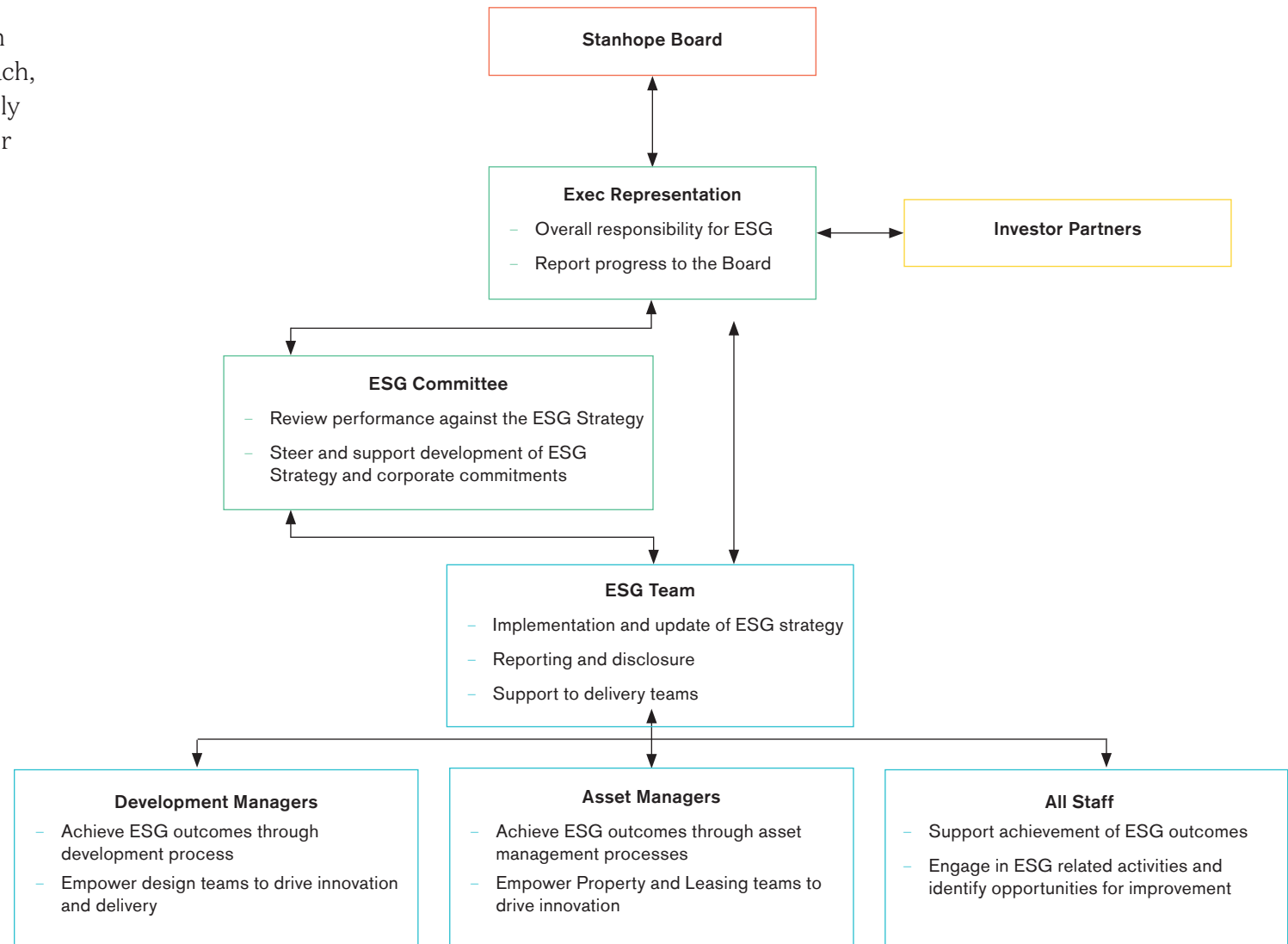


Our Governance Structure

In addition and in order to ensure an integrated and collaborative approach, the ESG committee meets bi-monthly to coordinate efforts across all of our departments including:

- 1 Finance
- 2 Operations and resourcing
- 3 Office management
- 4 Design
- 5 Construction
- 6 Leasing
- 7 Asset Management
- 8 Communications and Marketing

Our policies and guidance govern our business activities. These are summarised within Appendix D.





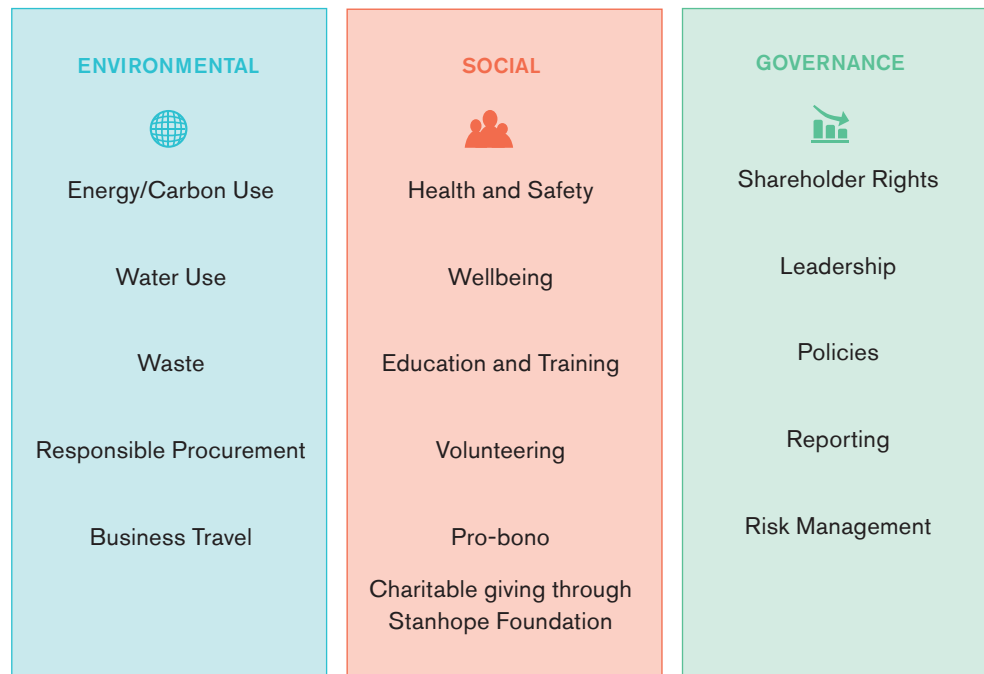
The Poppy Factory for the British Legion - one of our 'pro bono' initiatives

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.

Our key focus areas are as follows:



Staff Wellbeing

We operate a robust health and safety policy and have a wellbeing committee which oversees staff happiness and initiatives to promote staff wellness. Regular check-ins are undertaken with all staff members where an open dialogue around mental health issues are welcomed.

Free fruit is provided and staff are encouraged to exercise via subsidised gym memberships and the cycle to work scheme. We run regular fitness events to encourage our staff to exercise and have linked this with charitable giving.

Health and medical benefits are also provided and we conduct periodic health and safety reviews of the office environment to test air quality, daylighting and temperature control.

Emissions

As part of our strategic commitment, our corporate activities will be Net Zero from 2020 onwards. This will be achieved through a combination of carbon reduction initiatives and offsets. In the future, we will continue to reduce the impact of our operations related to Scope 1 and Scope 2 carbon emissions, even though those are relatively limited compared to emissions arising from our projects delivery and management operations.

Waste and Resources

We adopt a responsible approach to the procurement of office consumables and catering supplies: choosing FSC rated, recycled paper and cardboard products, recycling as much waste as possible and encouraging staff to minimise printing. We monitor the energy usage of our office space to seek continual improvement with our building manager.

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.

Pro Bono & Volunteering Activity

We regularly offer our time free of charge to charities, education and healthcare organisations. Recent and current affiliations include Coram, the Poppy Factory, Museum of London and the London School of Architecture.

Reporting and Benchmarking

Our corporate ESG initiatives will be measured via Planet Mark and reported through our ESG Report.

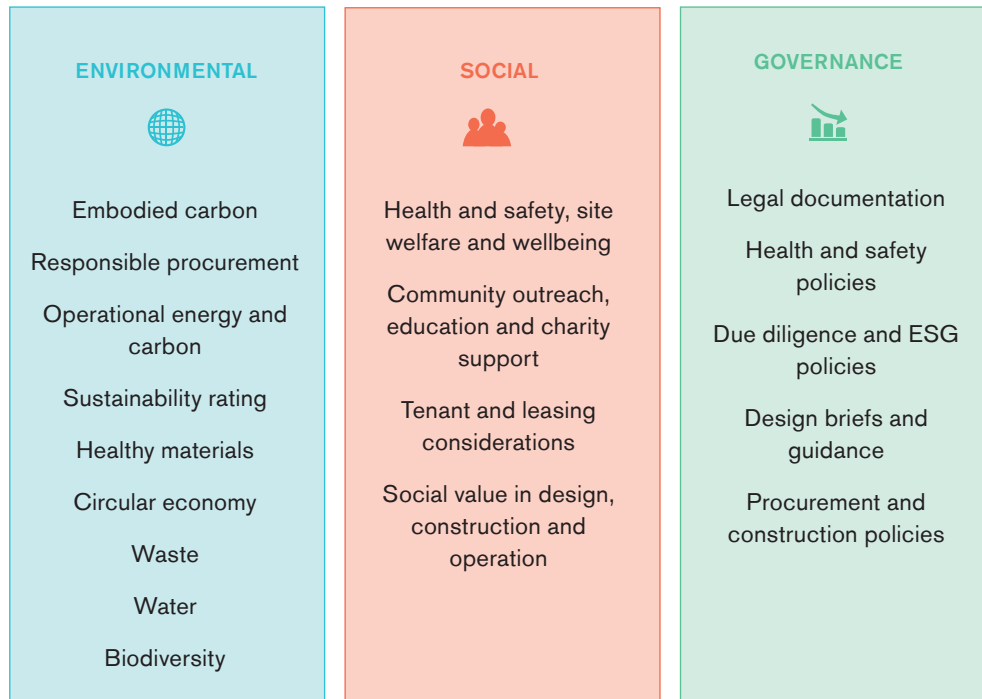


Development Approach

Our projects are required to set their own ESG Strategy and Delivery Targets and record progress against these in a project ESG Development Form which is a collaborative and cloud-based reporting tool, containing recommended minimum standards to be tailored to the specific project context.

Our supply chain partners are often better equipped to provide sustainable solutions. It is therefore incumbent upon us to empower our partners to make sustainability a key aspect of the service they provide.

Key activities at the various project stages include:



Investment and Project Inception

As part of a decision to work with investors, partners and clients, we will give consideration to whether their approach to ESG aligns sufficiently with our own via our Due Diligence Policy.

At project inception, each project shall consider: both the current and future context; whether the project has the potential to achieve performance in line with Stanhope's Core Objectives; whether there is an opportunity for Stanhope to improve the overall outcome through innovation or achieve exceptional performance in other areas; and aligning their vision with the United Nations Sustainability Goals where appropriate (see Appendix E).

Design

The design team will produce a Sustainability Strategy no later than Stage 2. 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 enabling developments to be Net Zero by 2030. Refer to the Towards Net Zero Methodology at Appendix B.

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

Construction

Workforce safety and wellbeing, healthy materials, waste elimination, commissioning for performance and reporting of hitting targets are all actively encouraged.

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.

Reporting and Benchmarking

A reporting form will be 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 forms are intended to complement the specific ESG requirements of our investment partners and clients and can be adapted to suit their specific requirements. Reporting forms follow a People, Place, Performance structure and are reviewed quarterly.

A summary of the data will be reported in our annual ESG Report.

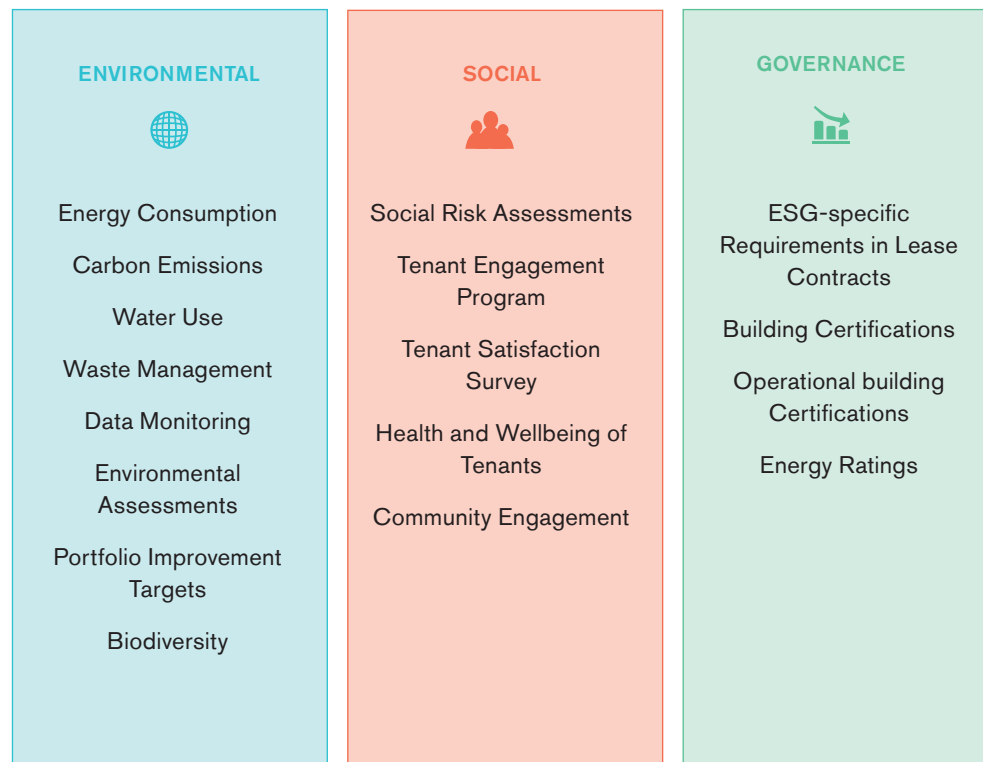
For a further breakdown of the Development ESG process please see Appendix C.

Asset Management

A photograph of a modern office reception area. Two staff members are seated at a long, dark desk. Each has a large, silver Dell monitor. The background is a wall with vertical wooden slats. Large, bold, yellow text "Asset Management" is overlaid on the image. On the left, there is a vase with flowers. Two people are blurred in motion, walking past the desk.

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 will 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.



For each asset, our property managers are required to set annual action plans. Furthermore, action plans will include minimum requirements around processes that support Stanhope's ESG objectives as appropriate. These action plans are recommend to cover:

- 1 Management meetings and processes (incl. trainings)
- 2 Healthy materials guidance
- 3 Biodiversity assessments
- 4 Energy audits and efficiency measures
- 5 Climate change risk assessments
- 6 Sustainability certification processes
- 7 Water audits and efficiency measures
- 8 Waste management audits and efficiency measures

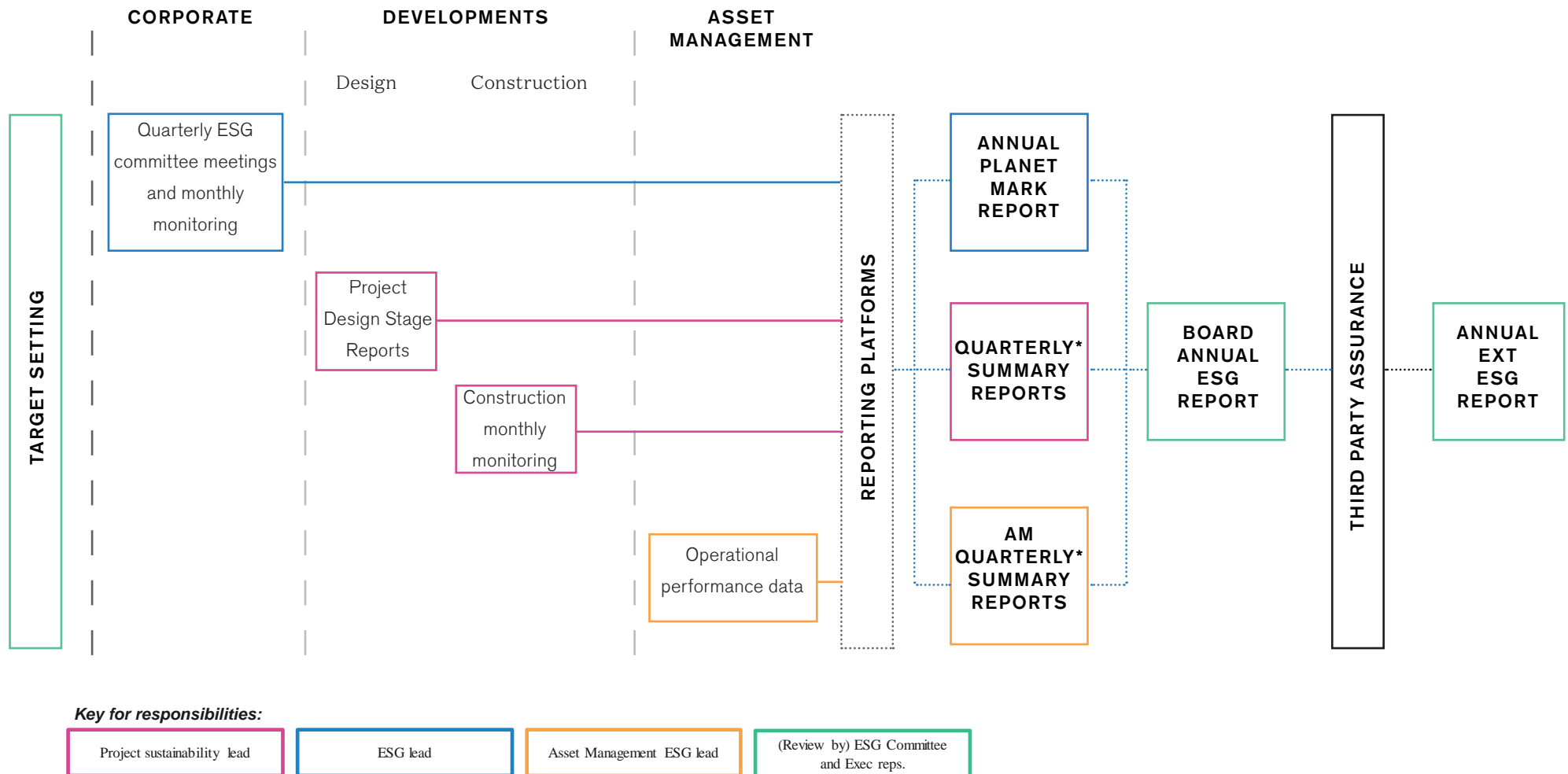
A photograph of a modern staircase with light-colored wood paneling and a perforated metal railing. The text 'Appendix A' and 'The Reporting Cycle' is overlaid on the image.

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.



* Quarterly Summary reports completed in March, June, September and December



Appendix B

Towards Net-Zero Methodology

Towards Net-Zero Methodology

DEFINITION AND APPLICATION

Stanhope is aligned with the UKGBC Net Zero Framework Definition and component definitions (right).

As our level of control and influence varies from project to project: so does our approach to delivering ‘towards net-zero’ solutions. Whilst we are unable to control or guarantee developments being fully ‘Net Zero’ for their whole life, we require our design teams and contractors to provide the client team with options and solutions which could contribute to a fully Net Zero outcome.

	Our approach
Construction (A1-A5)	Through design optioneering we will aim to minimise the embodied carbon intensity (per square metre GIA) and provide the owners and investors with a minimised residual carbon bill for offsetting if so required.
Operational (B6)	Our buildings will exceed statutory compliance to minimise energy intensity (per square metre GIA) of a development and its carbon emissions through the elimination of fossil fuels and integration of renewable energy sources.
Whole life (A - C)	Iteratively during design and at handover we will estimate the whole life carbon of all buildings and suggest strategies or upgrades to achieve net-zero by 2050.



UKGBC - NET ZERO DEFINITIONS

Net zero carbon – construction

“When the amount of carbon emissions associated with a building’s product and construction stages up to practical completion is zero or negative, through the use of offsets or the net export of on-site renewable energy.”

Net zero carbon – operational energy

“When the amount of carbon emissions associated with the building’s operational energy on an annual basis is zero or negative. A net zero carbon building is highly energy efficient and powered from on-site and/or off-site renewable energy sources, with any remaining carbon balance offset.”

Net zero carbon – whole life

“When the amount of carbon emissions associated with a building’s embodied and operational impacts over the life of the building, including its disposal, are zero or negative.”

Our approach to Life Cycle Analysis of Green House Gas emissions is aligned with UKGBC guidance , the RICS assessment methodology and the BBP’s Design for Performance scheme. We reference existing guidance on Net Zero Carbon, including from UKGBC and LETI. We are committed to working collaboratively across industry to improve clarity around pathways to Net Zero Carbon for the industry as a whole.

PROJECT APPROACH

Our projects will adopt a 'carbon-conscious' approach

- 1 Inception.** At project inception we will consider the most appropriate course of action in order to balance life-cycle carbon efficiency, financial viability and responsible intensification of the urban core: complimenting maximum adoption of non-fossil fuel reliant modes of transport. We will also agree the scope and boundaries for carbon assessment of the project.
- 2 Demolish or refurbish.** We will consider carbon emissions relating to demolition and new build elements as part of early due diligence and viability testing.
- 3 Keeping perspective.** Project design teams must take a holistic and detailed approach to minimising both embodied and operational carbon emissions, early in the design and to develop a credible means of achieving the required carbon emission reductions.
- 4 Measure, assess, decide.** All projects are required to undertake detailed Whole Life Carbon assessments (EN15978 modules A-C) at each project stage and to set targets to be matched or beaten in delivery. All Life-cycle Carbon Assessments is to be carried out in compliance with RICS assessment methodology and utilising OneClick LCA software for consistency across our projects. Consultants will provide OCLCA with permission to give Stanhope on-going direct access to model files to allow us to monitor performance across projects. The professional team is encouraged to use supplementary tools as well as OCLCA to improve accuracy where appropriate.
- 5 Design for Performance (not just compliance).** All projects are recommended to follow the Design for Performance methodology, which

includes scenario modelling following the NABERS guidance at design stages 1-4 and post occupancy reviews and recommissioning support at 12 and 24 months after buildings reach 75% occupancy.

- 6 A-typical typologies.** For buildings where there is a lack of industry benchmarking and net-zero definitions for operational and embodied carbon intensities (such as life science typologies) we will employ an energy efficiency approach equivalent in principle to that which we would apply for offices. This will include targeting all electric HVAC, focus on façade performance, system efficiencies and effective control. We will carry out advanced energy modelling in line with the principles of Design for Performance and use this to set a target for operational energy intensity. Where possible we will benchmark energy performance with a view to demonstrating that improvements achieved over typical benchmarks are consistent with the overall objective for the UK to be Net Zero Carbon by 2050.

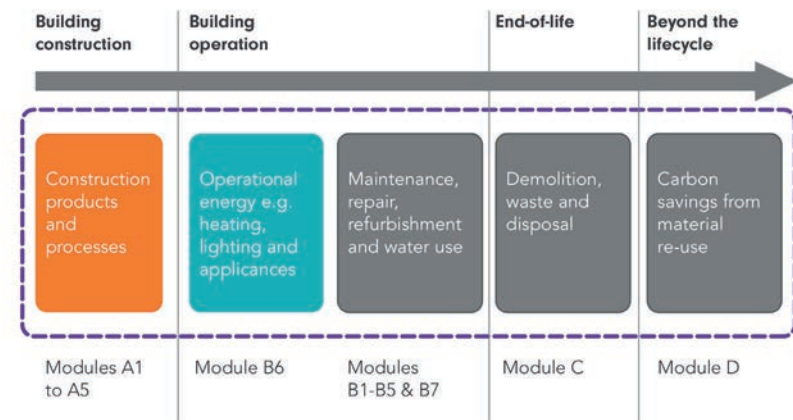


Diagram © UKGBC - EN15978 Sustainability of construction works – Assessment of environmental performance of buildings – Calculation method.

REDUCING EMBODIED CARBON

Whilst our greatest influence as a developer is during the product 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.

All projects will report both Construction Embodied Carbon (A1-A5) and Whole Life Cycle emissions (A-C), following the RICS 2017 Professional Statement, and including all elements as scheduled in Table 3 of that document. Calculations will include the impact of future decarbonisation of construction activity (optional within the RICS methodology). We benchmark whole life embodied carbon outcomes in kgCO₂/m²GIA for lifecycle stages A-C excluding B6 and B7. This definition allows direct comparison with published benchmarks including from the GLA and RIBA.

Whilst emerging industry-wide benchmarks provide useful points of reference, due to the often complex and mixed-use nature of our projects, we anticipate a project specific target to be set through relevant benchmarking. This approach is intended to ensure that we set challenging but achievable targets across all our projects including those of an atypical nature.

Between the initial LCA assessment early in RIBA 2 and the final design assessment at the end of RIBA 4, projects should target and quantify substantial improvement through optimisation of both design approach and material specification. This optimisation process is particularly important where we are involved in developing what might be termed 'atypical' typologies such as life-science and healthcare buildings which are less easy to benchmark against generic targets.

Our targets are informed by data and analysis obtained from our own projects and the wider market. We also note the GLA Whole Life Carbon aspirational benchmarks (GLA Whole Life Carbon Assessments guidance, April 2020). There is a need to differentiate between low rise and high-rise developments. We believe that high rise development, whilst higher embodied carbon intensity, can be justified for developments in the urban core, where there are benefits of intensification such as sustainable transport solutions for example.

Our embodied carbon targets, both A1-A5 and A-C, are illustrated on the graphs shown opposite. The year represented on the graph is the year in which the LCA analysis is undertaken. The upper lines demonstrate maximum values for embodied carbon delivered through design improvements whilst the lower line acknowledges an aspirational level which we hope through decarbonisation of the supply chain will become achievable, and projects should work towards through innovation and supplier engagement.

During procurement, Environmental Performance Declaration (EPD) certificates should be requested for the top 80% of materials (by weight) and the ability of tendering parties to provide such information should be taken into account in the scoring criteria in selection.

Going forwards we recommend that projects undertake an 'as-built' LCA to compare with the RIBA estimate and to provide useful benchmark data for future projects to Stanhope and the client entity.

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 separately from the LCA outcome, in line with the methodology in the RICS Professional Statement (Module D).

(Midrise = 6-19 storeys)

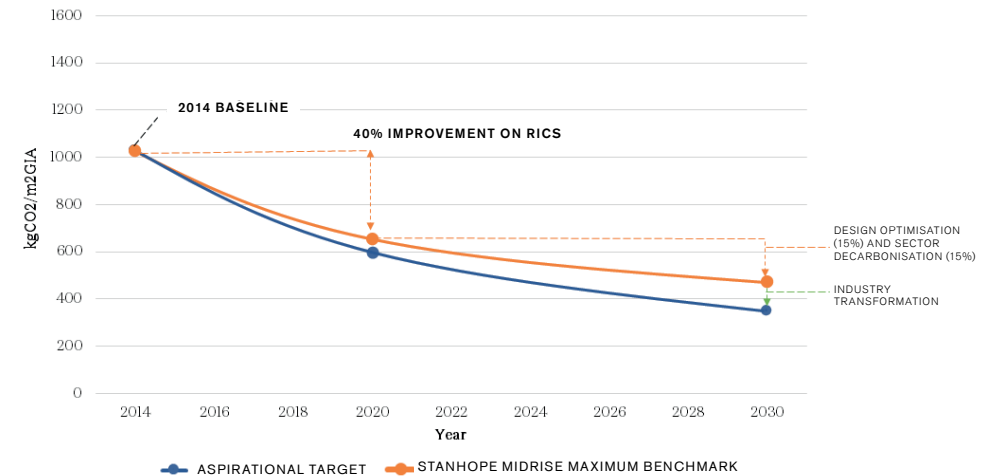


FIGURE 1 - EMBODIED CARBON BENCHMARKS AND TARGETS: CONSTRUCTION STAGE (A1-A5)

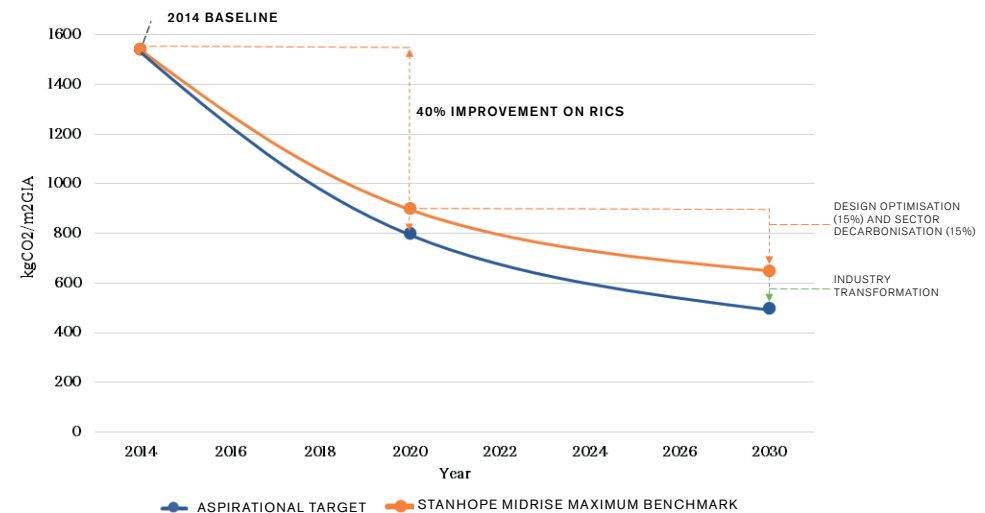


FIGURE 2 - EMBODIED CARBON BENCHMARKS AND TARGETS: WHOLE LIFE CARBON (A-C)

STEPS TO OPERATIONAL NET ZERO (B6)

It is not be possible for Stanhope to fully control and deliver Operational Net Zero immediately across all projects due to our limited involvement during use and occupation. Below we define a series of steps towards the ultimate goal of Net Zero Carbon in operation:

Net Zero Ready: A building that is demonstrably capable of achieving an operating energy intensity consistent with Net Zero Carbon (e.g. DfP 6* rating verified through advanced energy modelling).

Asset Path to Net Zero: for buildings not yet capable of operating at Net Zero Carbon, a defined package of upgrade works to systems and/or façade to enable operation at this level in the future.

Net Zero Tenancy: An individual tenancy operating at an energy intensity compatible with Net Zero Carbon, demonstrated through apportionment of landlord energy.

Net Zero Asset: a building achieving target energy intensity across the asset as a whole.

The defined approach to Operational Net Zero recognises that all current and future projects will still exist in 2050, so need to contribute to the Government's target to be Net Zero Carbon by that date. Projects delivered before 2030 may reasonably be expected to undergo one cycle of refurbishment before 2050, which will present the opportunity to implement an upgrade pathway.

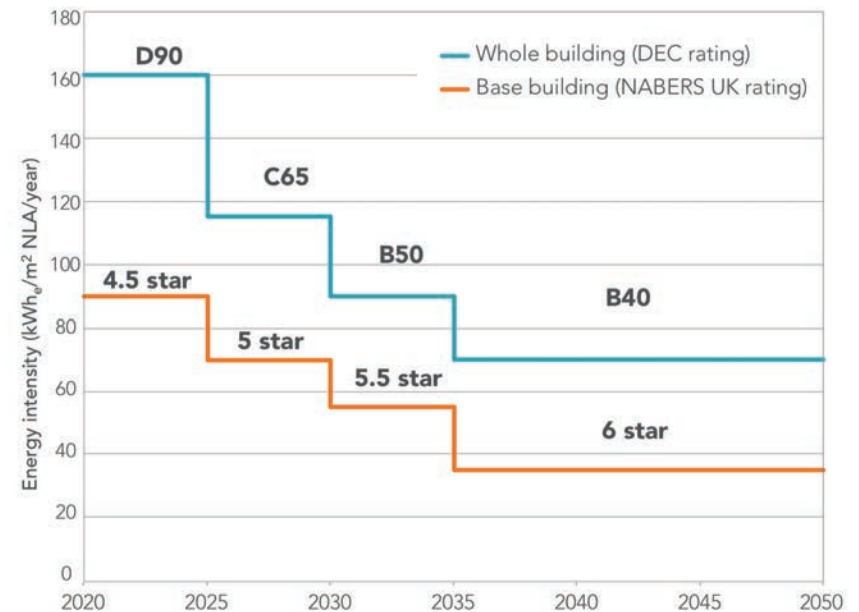


Diagram © UKGBC - Net zero carbon: energy performance targets for offices.
Trajectory diagram of required DEC and NABERS/DfP ratings to achieve Net Zero.

For all projects entering construction between 2020-25 we recommend that a minimum target of DfP 4.5 star or DEC rating D90 is set.

NET ZERO STAKEHOLDERS

We recognise that there are a number of stakeholders who will need to contribute to a Net Zero Carbon outcome. In order to achieve Net Zero Carbon targets, all the below will need to be in place, and we will seek to secure the below outcomes through a combination of contractual mechanisms (leases, Facility Management and maintenance contracts), 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.

Facility 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

NET-ZERO ASSET APPROACH

With our asset management portfolio we will constantly monitor building performance, resource use and waste in order to inform quarterly and annual reporting and to work with facilities managers and tenants to minimise emissions. We will also seek to capture embodied carbon data in relation to maintenance and refurbishment works (B1-B5), to help inform future whole life carbon modelling.



CARBON EMISSION OFFSETTING

Our approach to Net Zero Carbon is consistent with the UKGBC Framework, and prioritises reduction of both embodied and operational emissions in the first instance, before offsetting is considered. Once emissions have been reduced to the minimum achievable level, it will be required to offset the residual emissions in order to achieve Net Zero.

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 off-setting as soon as practical in the pre-development phase.

Offsetting of operational emissions will be managed on a day-to-day basis by our managing agents through procurement of 100% certified green electricity, offsetting gas emissions through either purchase of green gas bonds or another recognised offsetting mechanism and agreeing a strategy for the offsetting of any residual emissions through wider asset portfolio activities or payment mechanisms.



Development - ESG process

Our projects are required to set their own ESG Delivery Targets similar to RIBA Plan of Work 2020's 'Sustainability Outcomes' and record progress against these in a project ESG Development Form which is a collaborative cloud-based reporting form.

A reporting form will be 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 forms are intended to compliment the specific ESG requirements of our investment partners and clients and can be adapted to suit their specific requirements.

Our projects are required to update their project form at each design stage, and these shall be reviewed quarterly by the ESG champion who will report progress to the ESG committee.

Project ESG forms are stored centrally on the Stanhope Sharepoint site and will be reviewed quarterly.

Due Diligence and Project Inception

Project Details		
Stanhope Development Manager	J. S. S. S.	
Architect	STANTHOPE	
Sustainability Consultant	STANTHOPE	
Programme		

Icon	Sustainability Rating	Question	Answer
	SUSTAINABILITY RATING	Could the development achieve an excellent sustainability rating?	INSERT NARRATIVE HERE
	RESOURCE EFFICIENCY	Is the project capable of achieving operational energy intensity consistent with the UKGBC's energy intensity targets for net zero?	INSERT NARRATIVE HERE
	EMBEDDED CARBON	Could the proposed development support a low-carbon future? (e.g. consider embodied carbon, carbon footprint, carbon intensity, etc.)	INSERT NARRATIVE HERE
	DESIGN FOR PERFORMANCE	Is the project consistently suitable for the objectives of the RIBA Plan of Work 2020's 'Sustainability Outcomes'?	INSERT NARRATIVE HERE
	TRANSPORT	Has the development achieved a high level of sustainable transport?	INSERT NARRATIVE HERE
	HERITAGE	Has the development achieved a high level of sustainable transport?	INSERT NARRATIVE HERE
	BIOLOGY	Has the development achieved a high level of sustainable transport?	INSERT NARRATIVE HERE
	LAND USE	Has the development achieved a high level of sustainable transport?	INSERT NARRATIVE HERE
	FLOODING	Has the development achieved a high level of sustainable transport?	INSERT NARRATIVE HERE
	NOISE AND AIR QUALITY	Has the development achieved a high level of sustainable transport?	INSERT NARRATIVE HERE
	ECONOMIC IMPACT POTENTIAL	Has the development achieved a high level of sustainable transport?	INSERT NARRATIVE HERE
	COMMUNITY	Has the development achieved a high level of sustainable transport?	INSERT NARRATIVE HERE

Notes:
1. The project is a new development and the project is a new development.
2. The project is a new development and the project is a new development.

The Project Reporting Form extracts:

Due diligence and project inception (above) and Design and Delivery (right)

STANTHOPE 2020 ESG PROJECT REPORTING FORM

Version 1.0 | 1st Edition

Project Details

Project Name	STANTHOPE 2020 ESG PROJECT REPORTING FORM
Stanhope Development Manager	J. S. S. S.
Architect	STANTHOPE
Sustainability Consultant	STANTHOPE

Icon	Category	Target / Metric	Value	Unit	Frequency	Reporting Period	Reporting Status	Reporting Date
	EMBEDDED CARBON	Embodied Carbon Intensity	100 kg CO ₂ e/m ²	kg CO ₂ e/m ²	Quarterly	Q1 2020	Not Reported	Q1 2020
	MATERIALS IMPACT	Material Carbon Footprint	100 kg CO ₂ e/m ²	kg CO ₂ e/m ²	Quarterly	Q1 2020	Not Reported	Q1 2020
	OPERATIONAL ENERGY AND EMISSIONS	Operational Energy Intensity	100 kWh/m ² /year	kWh/m ² /year	Quarterly	Q1 2020	Not Reported	Q1 2020
	WASTE	Waste Generated	100 kg/m ²	kg/m ²	Quarterly	Q1 2020	Not Reported	Q1 2020
	WATER	Water Consumption	100 litres/m ²	litres/m ²	Quarterly	Q1 2020	Not Reported	Q1 2020
	LAND USE	Land Use Change	100 m ²	m ²	Quarterly	Q1 2020	Not Reported	Q1 2020
	TRANSPORT	Transport Mode	100 m	m	Quarterly	Q1 2020	Not Reported	Q1 2020
	HERITAGE	Heritage Impact	100 m	m	Quarterly	Q1 2020	Not Reported	Q1 2020
	BIOLOGY	Biology Impact	100 m	m	Quarterly	Q1 2020	Not Reported	Q1 2020
	LAND USE	Land Use Change	100 m ²	m ²	Quarterly	Q1 2020	Not Reported	Q1 2020
	WASTE	Waste Generated	100 kg/m ²	kg/m ²	Quarterly	Q1 2020	Not Reported	Q1 2020
	WATER	Water Consumption	100 litres/m ²	litres/m ²	Quarterly	Q1 2020	Not Reported	Q1 2020
	ECONOMIC IMPACT POTENTIAL	Economic Impact	100 m	m	Quarterly	Q1 2020	Not Reported	Q1 2020
	COMMUNITY	Community Impact	100 m	m	Quarterly	Q1 2020	Not Reported	Q1 2020

Notes:
1. The project is a new development and the project is a new development.
2. The project is a new development and the project is a new development.

Investment and Project Inception



ENVIRONMENTAL

Does the site have the potential to be positively improved in terms of urban greening and biodiversity?

Is the site in a flood plain?

How well served is the site for public transport, walking and cycling?

Does the site have any inherent constraints which will hamper the delivery or operation of buildings and infrastructure?

The ethical integrity of the investors and partners we work with is a key component of our holistic approach to ESG.

INVESTOR PARTNER DUE DILIGENCE

As part of a decision to work with investors, partners and clients, we will give consideration to whether their approach to ESG aligns sufficiently with our own.

Stanhope's **Due Diligence Policy** includes a series of criteria in relation to ESG.

This process will be integrated into our existing due diligence procedure, which includes a zero tolerance approach towards bribery and corruption.

Where sensitivities in relation to ESG are encountered, these will be reviewed and discussed with Senior Management before proceeding. The Development Manager will seek the input of senior Stanhope management to come to a view as to whether to proceed.

CARBON EMISSIONS

Increasingly developments will seek to provide auditable data to inform Science Based Targets for investors, owners and occupiers.

To meet Net Zero aspirations, an offsetting strategy will be developed for each development taking into account emerging taxation and taxonomy issues.

PROJECT INCEPTION

At project inception, each project shall consider:

- 1 Both the current and future context i.e. local area planning, planned infrastructure works, surrounding developments.
- 2 Whether the project has the potential to achieve performance in line with Stanhope's Core Objectives, and whether other major investors share Stanhope's objectives for the project.
- 3 Where a project is significantly constrained, whether there is an opportunity for Stanhope to improve the overall outcome through innovation or achieve exceptional performance in other areas.



SOCIAL

Does the site have the potential to have a positive impact on the local community and economy?



GOVERNANCE

Updating of ESG Reporting Forms

Design



ENVIRONMENTAL

- Constantly look for opportunities to improve biodiversity
- Create places that will last the test of time or can be adapted easily in the future
- Prioritise ease of access for sustainable forms of transport
- Design for operational energy performance in use, not just compliance at practical completion
- Ensure a simple and robust metering and resource use infrastructure and display
- Minimise embodied carbon



SOCIAL

- Put health and wellbeing of end user at the centre of our design considerations.
- Consider how the project can have social impact beyond its boundaries
- Constantly look for opportunities to improve inclusivity



GOVERNANCE

- Updating of ESG Reporting Forms

SUSTAINABILITY STRATEGY

The design team will produce a Sustainability Strategy during the Stage 2 design process to clarify key opportunities and aspirations to be achieved by the development.

TARGET SETTING

We encourage our design and delivery teams to be pro-active in pushing the performance of our buildings. We therefore ask our project teams to set challenging project delivery targets which align with our strategic objectives. Those delivery targets, process requirements and associated metrics are incorporated in our reporting platform which allows us to monitor and compare projects.

Targets should be benchmarked against industry norms, rating schemes and in general BREEAM Excellent is the minimum certification required. On certain aspects, a minimum performance level expected by Stanhope is provided within the reporting forms. Projects are expected to meet and preferably exceed this level of performance.

CARBON EMISSION MINIMISATION

Stanhope is committed to enabling developments to be Net Zero by 2030. Refer to the Towards Net Zero Methodology at Appendix C.

- 1 Establish Net Zero Carbon Scope
- 2 Reduce Construction Impacts
- 3 Reduce Operational Energy Use
- 4 Increase Renewable Energy Supply
- 5 Offset Any Remaining Carbon

RESEARCH INNOVATION

Innovation and research is a key objective for Stanhope. All projects are encouraged to propose opportunities for design and construction to demonstrate or test innovative solutions and ideas. We are committed to sharing the outcomes of these endeavours primarily through our key memberships and affiliations.

Construction



ENVIRONMENTAL

Follow our healthy materials guidance

Monitor water usage, fuel consumption and waste on-site

Commissioning of metering systems ready for in-use optimisation, not just compliance and completion.



SOCIAL

Exemplar approach to health and safety and site welfare and wellbeing

Social impact through project links with the community, outreach education and charity support

An integrated approach to public realm installation in relation to existing and adjacent habitats.

Care and consideration towards neighbours and local businesses



GOVERNANCE

Updating of ESG Reporting Forms

WORKFORCE SAFETY AND WELLBEING

The safety and wellbeing of our site operatives and management team is top priority.

HEALTHY MATERIALS

To protect the environment, operatives on site and early occupants of the building, our healthy materials guidance shall be adhered to on all projects.

WASTE ELIMINATION

Our Circular Economy approach requires zero waste to land fill.

COMMISSIONING FOR PERFORMANCE

A robust commissioning process must be planned and protected in order to achieve Design for Performance aims in use.

REPORTING HITTING TARGETS

The Project Reporting Form previously explained will be updated and reviewed monthly during construction in order to ensure that targets are tracked and met.

RESPONSIBLE PROCUREMENT

Projects should identify the risks and opportunities of local procurement against a broad range of social, environmental and economic issues.



Handover and Post Completion



ENVIRONMENTAL

Undertake landscape reviews to check that soft landscaping, biodiversity and SUDs features are performing as planned

Check that air quality is not compromised through poor ventilation or harmful materials and substances used in fitout

Support the tenant fitout process where appropriate to minimise wastage and to influence energy and water use minimisation.

PERFORMANCE AND FEEDBACK

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.

Furthermore, as each project's performance provides an opportunity to learn and refine our ESG approach, regular monitoring and reporting on our projects is required to track progress and inform decision-making. Our Reporting Proformas support this process. In addition, we require all projects to develop case studies at the end of construction and share lessons learnt. Post-occupation, we seek to obtain feedback on how our developments perform to improve their operation and inform our future projects.



SOCIAL

Where possible conduct occupant wellbeing and satisfaction surveys.

Provide soft landings processes to assist the building manager and FM teams in operating the building



GOVERNANCE

Support design for performance resolution and/or post occupancy evaluations and re-commissioning where appropriate





Appendix D

Related Policies and Guidance

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.

INVESTMENT		PROJECT INCEPTION	PROJECT DELIVERY					
		FEASIBILITY & CONCEPT	PLANNING & SCHEME DESIGN	DETAIL DESIGN & PROCUREMENT	CONSTRUCTION	SALE & LEASE	POST OCCUPANCY	OPERATION
POLICY	ESG Policy							
	Anti-Bribery and Professional Conduct Policy							
	Modern Slavery Act Statement							
	Fire Health & Safety Policy							
	Due Diligence Policy							
	Healthy Materials Policy							
STRATEGY	ESG Strategy							
	Projects Health and Safety Manual & CDM Strategy							
IMPLEMENTATION					Training, Employment & Working Arrangements – Main Contractor			
					Training, Employment & Working Arrangements – Construction Management			
		Office Brief						
		Residential Brief						
		Retail Brief						
		Infrastructure Brief						
							Handover and Feedback Guidance	
		Sustainability Reporting Proforma and Stage Checklist						

Core sustainability document



Appendix E

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.



Social Value Metrics

	CORPORATE	PROJECTS	ASSETS AND INVESTMENTS
HEALTH AND SAFETY	Staff Health and Safety, occupational health & medical cover	Health and Safety KPIs	Health and Safety KPIs
WELLBEING	Gym memberships, wellbeing and social events	A high standard of site welfare including occupational health and counselling services.	Tenant satisfaction surveys
TRAINING AND EDUCATION	Staff training. Work placements. Pro bono support to education	School and college visits. Apprenticeship and training to meet S106 requirements and our minimum targets.	Asset specific opportunities
COMMUNITY	Staff involvement in community projects	Construction site outreach projects	Asset outreach projects
JOBS	Diversity and inclusion policy	Total jobs on site and new starts	Asset specific recruitment
CHARITY DONATIONS AND WORK IN KIND	Stanhope Foundation. Donations and pro bono advice to charities	Monies contributed by projects and raised by project teams.	Asset outreach projects
VOLUNTEERING	Staff volunteering days	Construction site outreach projects	Asset outreach projects
GREEN SPACES	Staff volunteering days and donations to local projects	Construction site outreach projects	Asset outreach projects
PROCUREMENT	Careful consideration when procuring items for Stanhope HQ including office supplies, food and drink etc	Healthy Materials Policy Ethical Labour Policy	Careful consideration when procuring items and feedback from tenant satisfaction surveys



Appendix G

ESG Influence and Guidance

External Guidance and Influence



PARIS AGREEMENT & COP 26

Restrict warming to 1.5°C
Entered into force on November 4, 2016
Ratified by the UK health & medical cover



UK GOV LEGISLATION

Climate Change Act
Environment Bill 2020
COP26 – 12th Nov 2021



GLA PUBLICATION LONDON PLAN

Social Value
Performance in Use
Biodiversity Net Gain



BUILDING REGULATIONS

(Part L Update – conservation of fuel and power)



SOCIAL VALUE ACT 2012

Requires people who commission public services to think about how they can also secure wider social, economic and environmental benefits.



WORLD GREEN BUILDING COUNCIL

The World Green Building Council is a non-profit organisation and global network of national Green Building Councils.



UK GREEN BUILDING COUNCIL

Originally established to offer clarity, cohesion and leadership to a disparate sector, and to campaign for a sustainable built environment.



GRESB

GRESB provides access to comparable and reliable data on the ESG performance of investments. It is the leading ESG benchmark for real estate and infrastructure investments across the world.



BRITISH COUNCIL FOR OFFICES

The BCO is Britain's leading forum for the discussion and debate of issues affecting the office sector



TCFD

The FSB Task Force on Climate-related Financial Disclosures (TCFD) will develop voluntary, consistent climate-related financial risk disclosures for use by companies in providing information to investors, lenders, insurers, and other stakeholders.



BETTER BUILDING PARTNERSHIPS

The BBP is a collaboration of the UK's leading commercial property owners who are working together to improve the sustainability of existing commercial building stock

Contact

For information or questions please contact
alice.reid@stanhopeplc.com