

ESG Report

2020/21

Strategy Area	Target Area	Target	Progress
Being a Responsible Employer	Valuing Employees	We actively encourage employee input into how Clipstone is run. We are committed to being a Real Living Wage employer. We ensure that all directly employed staff are paid above the London Living Wage, as well as all contractors who work at Clipstone's offices or for Clipstone.	<p>During the past 12 months the Property Manager attained accreditation as a Living Wage employer from the Living Wage Foundation.</p> <p>We also audited the Company's suppliers to ensure that our key suppliers and those working frequently on our estates were paying their employees the Real Living Wage.</p>
Being a Responsible Employer	Training and Personal Objectives	Relevant staff will receive ESG training. More widely, we are committed to supporting staff's continued professional development, either through training provided by Clipstone or enabling staff to attend external courses and events.	Online ESG training has been rolled out and completed by all relevant staff, and we will continue to encourage staff to seek opportunities for further training.
Environmental	Landlord Energy Usage	1. In 2020/21 we will start collecting the data required to calculate the landlord-controlled energy usage on all our estates and provide a statistic for portfolio energy intensity and GHG emissions.	<p>During the year to 30 June 2021, landlord-controlled energy usage created an estimated 26.8 tonnes of CO₂ equivalent using a location-based method. To put this into some context, this is the equivalent of the 2020 CO₂e emissions of 4.3 people in the UK¹, or 6.9 economy seats on a flight from London to Sydney². Using a market-based method, which takes into account the fuel mix of each individual energy contract, the estimated CO₂e equivalent emissions were 16.8 tonnes thanks to our usage of renewable suppliers where feasible.</p> <p>Estimated energy intensity, expressed as tonnes of CO₂e per £m of turnover after administration costs was 1.98 using a location-based method and 1.24 using a market-based method.</p> <p>Further detail on the sources and</p>

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			<p>scope of emissions will be published on our website once we have been able to baseline our carbon footprint for the Group as a whole, which will include our tenant emissions. We aim to publish this in the first half of 2022.</p>
		<p>2. Using this baseline, we will aim to reduce our energy intensity and GHG emissions. We will set an ambitious but achievable goal for a percentage reduction over the next five years once we know our baseline usage.</p>	<p>This figure is already relatively low; however we will aim to reduce our intensity over the coming five years. A goal for reduction will be set alongside that for reduction in overall energy consumption, which will be informed by our tenant utility data collection and application of science-based targets to achieve our net zero goal.</p>

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		<p>3. We will formalise and begin working towards a Net Zero Carbon strategy.</p>	<p>In June 2021 the Property Manager appointed Professor John French to support us in developing a Net Zero Carbon Strategy. Professor French holds a Chair in Enterprise and Sustainability at the University of East Anglia (UEA), is a Fellow of the Cambridge Institute of Sustainability Leadership (CISL), and is a Professorial Fellow of Wolfson College, University of Cambridge. He is an expert in sustainability with a particular emphasis on the infrastructure and the built environment, new and retrofitted buildings, and heritage projects.</p> <p>His remit is to support and advise on our commitment to move towards a net zero strategy and create a road map that is both sensible and practical to implement at a portfolio level. We believe that his expertise will be vital in determining what investment needs to be made across the portfolio to achieve our aims, and vitally when to make the investment based on the current and likely future costs of both existing and future technologies and building solutions.</p>
		<p>4. We will aim to generate or purchase sufficient renewable electricity to cover over 95% of landlord-controlled electricity consumption.</p>	<p>During the year to 30 June 2021, the percentage of landlord-controlled electricity acquired from 100% renewable supplies was 55%. In addition, 16% was from suppliers using only renewable sources and nuclear power (i.e. no direct carbon emissions from power generation). This will form the baseline for future comparisons, and we will look to improve this percentage towards our target over the coming years.</p>

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		<p>5. We aim to increase the percentage of our portfolio with smart meters. This will help us closely monitor our energy usage.</p>	<p>We have initiated an audit of our estates to determine how many units currently have smart meters. We are also investigating the possibility of fitting sub-meters so that we can collect data from landlord and tenant-controlled data without needing to have smart meters in every property, or letters of authority from tenants to collect data from their utility providers. We have decided to amend this target to be to increase the level direct data acquisition from tenants using a range of methods, including smart meters, sub-meters and direct data links with utility suppliers.</p>
Environmental	Tenant Energy Usage	<p>1. We aim to increase our level of collection of energy usage data from our tenants.</p> <p>2. We will aim to increase the proportion of our tenants using 100% renewable electricity.</p>	<p>In September 2021 we appointed Evora Global to help us with the collection and analysis of tenant and landlord utility data, which will enable us to inform and track our progress towards achieving net zero. We are aiming to baseline our carbon emissions, including tenant emissions, by July 2022.</p> <p>This is a challenging goal as we have no ability to force tenants to make the decision to use 100% renewable electricity. What we have started doing this year is switching vacant units over to 100% renewable suppliers, and when those units are let informing the incoming tenant that the existing supplier provides 100% renewable electricity and is good value for money.</p> <p>As part of our net zero strategy we will look at ways to influence tenants into choosing 100% renewable electricity. We expect the baselining part of this work to be completed by the end of the current financial year.</p>

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Environmental	CIML Carbon Footprint	1. In 2020/21 we will collect data on energy, water, waste at our head office, and other metrics such as staff travel, to enable us to calculate the carbon footprint at a corporate level.	The carbon footprint from CIML for 2020/21 can be found on our website
		2. We will offset our carbon footprint to become a carbon neutral business.	Our carbon offsetting strategy can be found on our website. From 1 July 2020 CIML is a carbon neutral business.
		3. We will ensure that 100% of our purchased energy comes from 100% renewable sources.	During the past year we switched our electricity provider at our head office to one providing 100% green electricity across all its tariffs.
		4. We will put in place incentive schemes for staff to promote greener travel choices, and to achieve ESG targets for our business.	During the year we put in place a scheme for staff who receive a car allowance, which will provide a financial incentive to choose a fully electric or plug in hybrid vehicle when the time comes to replacing their existing car.
Environmental	Building Credentials	<p>We will continue to assess sustainability risks and opportunities of our portfolio (including new investments) to ensure assets are future proofed and environmental risks are mitigated and properly priced in by:</p> <ol style="list-style-type: none"> 1. Reducing the percentage of our portfolio where EPC rating is below D, with a view to increasing this target to at least a C or B where economically viable in advance of changes in Minimum Energy Efficiency Standards (MEES) legislation. 	<p>As at 30 June 2020 16.05% of the portfolio had an EPC rating below D, of this 0.36% were rated F. There were no G ratings.</p> <p>As at 30 June 2021 12.33% of the portfolio had an EPC rating below D with all of these being E rated.</p> <p>We continue to review EPC on an ongoing basis seeking improvements when opportunities arise.</p>

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		<p>2. Risk rating all assets, including an assessment of the risks of climate change.</p>	<p>Working with Professor John French and third party consultants we will review the portfolio over time to assess the assets and their risk rating.</p>
		<p>3. For estates at risk, create improvement plans and implement strategies to mitigate risks.</p>	<p>We are developing a revised specification for the refurbishment of units to minimise carbon expenditure in materials and to reduce embodied carbon over the building lifecycle. In addition, we will review the options to move away from materials where the supply chain or manufacture have negative environmental consequences.</p>
		<p>4. For new investments, identify ESG risks (and opportunities) and associated future actions and costs potentially required to mitigate risks.</p>	<p>When seeking to acquire new assets we undertake environmental and building surveys. Any risks identified will be assessed to determine if they can be managed, if so, they will be costed and factored into the price. If we consider the risks too great, we would not proceed with the potential acquisition.</p>
		<p>5. Target at least BREEAM Very Good on any large development projects and greater consideration of biodiversity, embodied carbon and potential positive environmental impacts at developments.</p>	<p>In March 2021 our Oakcroft Road, Chessington development was awarded a BREEAM Very Good rating. The scheme scored particularly well on health and wellbeing, energy, water, pollution and materials. The development included renewable energy from solar panels, energy efficient heating and lighting, no gas, and new landscaping scheme. The development has an EPC rating of A, the old building had a D rating.</p> <p>We will update this target and include an aim to assess and follow UKGBC guidance on whole life carbon in buildings. We will also set an embodied carbon target alongside our operational carbon target once we have been able to assess what is a realistic target and transition period, to support our</p>

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			wider net-zero aspiration.
		6. Include relevant environmental and social information into occupier marketing materials.	<p>The energy performance and utility information are incorporated into our marketing literature allowing potential tenants to compare properties. Our literature also identifies travel information such as distances to major junctions etc.</p> <p>By 2025, for tenants that do not have a published sustainability strategy, we will provide tenants contact with business support programmes such as CISL's Sustainability Business Hub and Accelerator where they can obtain free advice on energy and carbon transition and how to adopt their own strategy.</p>
		7. We aim to decrease the number of properties using gas heated boilers in favour of renewable sourced heating.	As part of our refurbishment programme, we are removing gas heaters/boilers or upgrading to more energy efficient options where alternatives are not viable. Our work with Professor John French will incorporate identification of suitable alternatives to gas or mitigating strategies for unheated spaces.
		8. The above goals will be amended as necessary to enable the implementation of our net zero strategy.	Over the coming year we will be working with Professor John French to design and begin the implementation of a net zero strategy.
Social Responsibility	Contractors and Suppliers	We will require all contractors and regular suppliers to adhere to our Modern Slavery and Supplier Code of Conduct.	This code of conduct was developed during the year and is available to view on our website. It has been shared with and acknowledged by our key suppliers.
		We will monitor compliance with this Code of Conduct and our Responsible Procurement Policy.	Spot checks will be carried out on suppliers on a random basis.
		We will establish sustainability criteria for refurbishments and developments to include within procurement tenders.	This will be developed in consultation with Professor John French. We are currently incorporating elements into our tender documents based on

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			projected EPC objectives or lessons learnt from previous projects where relevant.
		Despite not being required to by law, we will produce a Modern Slavery Annual Statement, setting out the steps we have taken to ensure our business and our portfolios are free from Modern Slavery.	This Statement can be found on our website.
Good Governance	Diversity and Inclusion	We require all staff to abide by our Diversity and Inclusion Policy.	This policy is available on our website and all staff have been made aware of it and of their responsibility to abide by it. There have been no instances of breaches of the policy.
		We acknowledge that CIML is currently not a diverse company and commit to improving this. We will maintain statistics on our diversity in terms of gender, ethnicity, and socio-economic background. We aim to improve these statistics and will build this into our hiring process.	During the year the Property Manager undertook one hiring process, to find a Financial Controller for the Property Manager. The search was conducted by a recruiter, who was provided with a copy of our Diversity and Inclusion Policy and asked to use their best endeavours to ensure as diverse a candidate list as possible, with at least 50% of suitable candidates being female and at least 2 from BAME backgrounds. We were pleased with the response from the recruiter and they were successful in meeting these targets. The successful candidate was female, which has improved the gender balance of the team.
		We will also aim to do our bit to improve diversity within the property industry by undertaking outreach and educational and work experience programs with local underrepresented groups of young people.	COVID-19 has prevented us undertaking some of the outreach work we'd like to do, such as offering work experience. Some members of staff have started mentoring real estate students remotely and we are encouraging more staff to take up mentoring roles. We have signed up to the Worshipful Company of Chartered Surveyors' bursary

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			and mentoring programme, which will give us the chance to support disadvantaged students pursue a career in Real Estate via financial, practical and professional support. This programme is only available to students who best meet the criteria, which are designed to ensure support is given to those who are currently underrepresented in the property industry and who cannot afford to support themselves.
Good Governance	Reporting and Benchmarking	We will aim by 2025 to report in line with EPRA in our REIT annual report.	This is ongoing. We need to start collecting more data to be able to meet this target.
		We will look to join UKGBC to gain knowledge and help with our ambitions to be a more sustainable real estate business.	Based on the fees required to join, our decision to appoint an external expert, and the fact that much of UKGBC's resources are available for free, we have decided not to join at this stage and will drop this target for now.