

Environmental performance results

Table 1: Environmental performance 2015 to 2017

Like For Like performance against baseline		Baseline performance*	2017 performance	2015 change	2016 change	2017 change	Comments
Intensities	Building electricity intensity (kWh/m ² NLA) – (Like for Like*)	14.4	11.0	-19%	-22%	-24%	Electricity and Carbon savings have exceeded target. Gas consumption remains a challenge due to the skill sets required to maintain multi-let offices.
	Building fuel intensity (kWh/m ² NLA) – (Like for Like*)	39.7	32.6	-16%	-18%	-18%	
	Greenhouse gas intensity from building energy (KgCO ₂ e/m ²) – (Like for Like*)	10.1	7.8	-18%	-22%	-22%	
	Building water intensity (l per m ²) – (Like for Like*)	409	333	-11%	-18%	-19%	
Absolute data		2010	2011	2015	2016	2017	Comments
Absolute-energy and CO2	Energy consumption from electricity (kWh) – absolute	32,142,080	37,896,842	88,781,898	61,867,940	73,435,630	Changes in absolute consumptions are due to changes in the size of our funds and the number of funds under management. In 2017 our Build to Rent (BTR) became operational for the first time.
	Energy consumption from district heating and cooling (kWh)	0	0	0	0	0	
	Energy consumption from fuels (kWh) – absolute	20,130,499	16,559,919	46,013,936	38,539,887	37,893,928	
	Direct greenhouse gas emissions (tonnes CO ₂ e) – absolute	3,696	3,040	8,448	7,076	8,728	
	Indirect greenhouse gas emissions (tonnes CO ₂ e) – absolute	18,871	21,891	46,575	32,456	39,905	
Water	Water withdrawal by source (m ³) - absolute			424,308	416,472	426,208	
Waste	Waste by disposal route (tonnes) (and %recycled) – absolute		4,775 (53%)	6,883 (90)	5,237 (91%)	4,852 (91%)	

* Baseline is 2010 of first 12 months of ownership

Key ■ Achieved ■ Partially achieved

Table 2: GRI INDEX 2017 (G4)

	Method	Performance	Comments on performance
Risk Management			
Acquisitions	Ensure all acquisitions have a detailed sustainability appraisal which highlights key risk areas and actions required.	Achieved	All acquisitions follow our comprehensive sustainability due diligence process.
EPC Improvement	Develop an action plan for each E, F&G rated EPC on how to manage the risk at the appropriate time in the building's life-cycle and continue to aim to reduce the number of F&G rated EPCs.	Achieved	The percentage of EPC's with an F and G rating are below 3%. This has decreased from 13% at the end of 2013. All E, F and G rated properties have an action plan and all funds are ready for the MEES legislation.
Resources and Environment			
Environmental Certification	Achieve BREEAM excellent on all new builds. Aspire for BREEAM excellent and achieve a minimum of BREEAM very good on all major refurbishments.	Achieved	BREEAM targets were achieved on all new buildings and major refurbishments.
Managing Agents	Include environmental KPI's in all managing agent contracts and review performance quarterly.	Achieved	KPI's in the managing agents' contracts were expanded in 2015 to cover more areas of sustainability.
Supply Chain	Include sustainability KPI's in all second tier supply contracts through our managing agents and receive quarterly reports on performance.	Partially achieved	KPI's for suppliers are included in all three managing agent's contracts. Quarterly reports were not achieved, although an annual report was produced. The focus for more detailed quarterly reporting on second tier suppliers will continue.
ISO 14001	Continue to maintain ISO 14001 accreditation on all managed buildings and other managed assets where applicable.	Achieved	ISO 14001 was maintained for all managed sites.
Leadership and Engagement			
Employee objectives	Ensure that every member of the property team has sustainability related objectives included in their formal Performance Objectives.	Achieved	All property management related employees had sustainability objectives in their appraisal criteria.
Training	Ensure that all new employees in LGP undertake sustainability training and the existing employees receive regular updates on sustainability.	Achieved	New employees completed the UKGBC on day 'step up' course on sustainability and an induction course from the Head of Sustainability. Bimonthly Sustainability 'top up' training is also provided in house.
Occupier Engagement	Engage with as many occupiers as possible to gather stakeholder feedback and implement Asset Sustainability Action Plans (ASAPs) to improve the sustainability of our assets. Publish and distribute guidance to occupiers on sustainability issues.	Partially achieved	Stakeholder feedback was received from approximately 60% of our tenants through our managing agents. It was also received from corporate tenants directly through our retail tenant key contacts. Guidance was provided with respect to general operation and refurbishment of tenant space.
Community Engagement & Social Value	Seek to have a positive impact on the communities around our assets and seek ways to measure social value. Report progress quarterly to the L&G Group CSR & Ethics committee.	Partially achieved	We completed a Social Value study with the British Council of Offices, based on our new, multi let office development at Hammersmith. A number of authorities are also looking at adopting this methodology in their planning process. The next steps are to use the methodology to measure a refurbishment project and ultimately a complete property fund. Progress was reported quarterly to the L&G Group CSR & Ethics committee.
Investor Engagement	Engage with investors and investment agents to gather stakeholder feedback and promote our belief that sustainability will enhance returns and minimise risk. Develop feedback on current reporting options and action any changes required.	Partially achieved	We engaged with a number of investors on sustainability issues. Our experience is still the number of investors who are interested in sustainability (ESG) performance is still in the minority across the platform.
Joint Venture partners	Seek to influence all joint venture partners in terms of the sustainability aspects of our joint investments.	Partially achieved	Meetings were held with a number of our JV partners in terms of sustainability but not all. This ambition will continue.
GRESB	Continue to submit data to the Global Real Estate Sustainability Benchmarking (GRESB) initiative on an annual basis to benchmark sustainability performance.	Achieved	All applicable funds were submitted to GRESB. In 2017 we received a minimum of 4 stars for all funds with five out of thirteen funds achieving five stars.
Operational ratings	Support all initiatives to create voluntary operational ratings in the commercial property sector and pilot a methodology for LGP assets.	Achieved	We continued to produce VolDecs for all our offices where we have some operational control. We are also supporting the Design 4 Performance (D4P) project which is looking at whether the Australian rating system, NABERS can be brought into the UK.
Benchmarks	Continue to submit data to legal and general corporate sustainability benchmarking initiatives i.e.: FTSE 4Good, UNPRI, BITC etc. and the Better Building Partnerships, Real Estate Environmental Benchmarking (REEB).	Achieved	Data was submitted to all requested corporate benchmarking initiatives. We also continued to participate in REEB and submitted all our applicable funds to the GRESB survey.
Industry Participation	Participate in industry groups to help further knowledge of sustainability issues and help promote best practise.	Achieved	We participated in the following groups and organisations: <ul style="list-style-type: none"> - UK Green Building Council (UKGBC) board of trustees - British Property Federation (BPF) sustainability committee - Better Building Partnership (BBP) board of directors - British Council for Offices (BCO) sustainability committee - Institution Investors Group on Climate Change (IIGCC) - Global Real Estate Sustainability Benchmark (GRESB) benchmarking committee

Table 3: 2018 Targets

Environmental Footprint	
Carbon	20% saving against baseline* by 2010
Electricity	20% saving against baseline* by 2010
Gas	20% saving against baseline* by 2010
Water	20% saving against baseline* by 2010
Waste	90% diverted from landfill by 2020
Risk Management	
Acquisitions	Ensure all acquisitions have a detailed sustainability appraisal which highlights key risk areas and actions required.
EPC Improvement	Develop an action plan for each E, F&G rated EPC on how to manage the risk at the appropriate time in the building's life-cycle and continue to aim to reduce the number of F&G rated EPCs.
Resources and Environment	
Environmental Certification	Achieve BREEAM excellent on all new builds. Aspire for BREEAM excellent and achieve a minimum of BREEAM very good on all major refurbishments.
Managing Agents	Include environmental KPI's in all managing agent contracts and review performance quarterly.
Supply Chain	Include sustainability KPI's in all second tier supply contracts through our managing agents and receive quarterly reports on performance.
ISO 14001	Continue to maintain ISO 14001 accreditation on all managed buildings and other managed assets where applicable.
Leadership and Engagement	
Employee objectives	Ensure that every member of the property team has sustainability related objectives included in their formal Performance Objectives.
Training	Ensure that all new employees in LGP undertake sustainability training and the existing employees receive regular updates on sustainability.
Occupier Engagement	Engage with as many occupiers as possible to gather stakeholder feedback and implement Asset Sustainability Action Plans (ASAPs) to improve the sustainability of our assets. Publish and distribute guidance to occupiers on sustainability issues.
Community Engagement & Social Value	Seek to have a positive impact on the communities around our assets and seek ways to measure social value. Report progress quarterly to the L&G Group CSR & Ethics committee.
Investor Engagement	Engage with investors and investment agents to gather stakeholder feedback and promote our belief that sustainability will enhance returns and minimise risk. Develop feedback on current reporting options and action any changes required.
Joint Venture partners	Seek to influence all joint venture partners in terms of the sustainability aspects of our joint investments.
GRESB	Continue to submit data to the Global Real Estate Sustainability Benchmarking (GRESB) initiative on an annual basis to benchmark sustainability performance.
Operational ratings	Support all initiatives to create voluntary operational ratings in the commercial property sector and pilot a methodology for LGP assets.
Benchmarks	Continue to submit data to legal and general corporate sustainability benchmarking initiatives i.e.: FTSE 4Good, UNPRI, BITC etc. and the Better Building Partnerships, Real Estate Environmental Benchmarking (REEB).
Industry Participation	Participate in industry groups to help further knowledge of sustainability issues and help promote best practise.

* Baseline is 2010 of first 12 months of ownership