

Environmental performance results

Table 1: Environmental performance 2010 to 2018

		Like For Like performance against baseline	Baseline intensity*	2018	2012 change	2013 change	2014 change	2015 change	2016 change	2017 change	2018 change	Comments
Intensities	Building electricity intensity (kWh/m ² NLA) – (Like for Like*)	23.3	18.2	-6%	-11%	-15%	-19%	-22%	-24%	-21%	In 2018 we have included our tenants electricity within our reporting for all multi-let offices. This helps us report internally at asset level against the Real Estate Environmental Benchmarks (REEB best practise standard).	
	Building fuel intensity (kWh/m ² NLA) – (Like for Like*)	52.3	40.0	-5%	-8%	-23%	-16%	-18%	-18%	-23%	The reduction in gas use in 2018 is due to our programme to retune our Building Management Systems across our largest multi-let offices.	
	Greenhouse gas intensity from building energy (KgCO ₂ e/m ²) – (Like for Like*)	14.83	11.57	-6%	-11%	-17%	-18%	-22%	-22%	-22%	Overall carbon savings remain similar to last year due to our reduction in gas consumption being offset by a slight increase in electricity consumption, now that occupiers energy in our multi-let offices is included. This begins to align our reporting with the methodology associated with Science Based Targets.	
	Building water intensity (l per m ²) – (Like for Like*)	259.0	203.0	N/A	-2%	-7%	-11%	-18%	-18%	-21%		
Water consumption was materially improved due to the improvements in cooling lower controls at our largest asset, Central St Giles												
Absolute data		2010	2011	2012	2013	2014	2015	2016	2017	2018		
Absolute-energy and CO2	Energy consumption from electricity (kWh) – absolute	32,142,080	37,896,842	48,146,131	47,070,018	49,902,458	88,781,898	61,867,940	73,435,630	73,782,395	During 2018 the size of our property funds have remained fairly constant with only a few acquisitions and disposals compared to previous years. The reduction in gas (fuel) consumption was due to our programme to re-tune our Building Management Systems across our largest multi-let offices.	
	Energy consumption from district heating and cooling (kWh)	0	0	0	0	0	0	0	0	0		
	Energy consumption from fuels (kWh) – absolute	20,130,499	16,559,919	18,500,025	17,325,318	25,784,305	46,013,936	38,539,887	37,893,928	28,730,794		
	Direct greenhouse gas emissions (tonnes CO ₂ e) – absolute	3,696	3,040	3,397	3,158	4,708	8,448	7,076	8,728	5,132		
	Indirect greenhouse gas emissions (tonnes CO ₂ e) – absolute	18,871	21,891	27,268	24,692	26,179	46,575	32,456	39,905	40,115		
Waste Water	Water withdrawal by source (m ³) - absolute			231,217	213,996	353,169	424,308	416,472	426,208	528,535	In 2018 we have included our tenants water consumption at two of our largest offices (Central St Giles and 110 Fetter Lane) due to a change of managing agents with different measurement methods.	
	Waste by disposal route (tonnes) (and %recycled) – absolute		4,775 (53%)	2,224(72%)	4,833 (79%)	4,730 (87%)	6,883(90%)	5,237 (91%)	4852 (91%)	N/A	Due to issues with our largest managing agents's ability to report data we are unable to report on waste in 2018	

* Baseline is 2010 of first 12 months of ownership

Table 2: GRI INDEX 2017 (G4)

Key ■ Achieved ■ Partially achieved

	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 buildings lifecycle 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 at the end of 2018 had reduced to 21% by area. This has decreased from 13% at the end of 2013. In addition the percentage of EPC's with an E rating was only 6.4%, which helps ensure that our property portfolio's are future proofed from containing any 'stranded assets' as Carbon Emissions gather importance with investors.
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.	Partially Achieved	BREEAM targets were achieved on the majority new buildings and major refurbishments.
Managing Agents	Include environmental KPI's in all managing agent contracts and review performance quarterly.	Achieved	KPI's were included in all managing agents contracts in 2018, and the performance of the majority of managing agents continued to be poor in terms of ESG and technical operation of assets. Hence in 2019 we are re-inventing the way we undertake property management and re-tendering our managing agent contracts on a different basis ,as well as bringing the operational control of most of our multi-let assets back 'in house' under a technical team of engineers.
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 continue to be included in all managing agents supply chains and our own supply chain.. However performance through the majority of managing agents continued to be poor in 2018 and hence we are re-inventing the way we undertake property management in 2019. This involves re-tendering managing agent contracts on a different basis and bringing the operational control of most of our multi-let assets back 'in house' under a technical team of engineers.
ISO 14001	Continue to maintain ISO 14001 accreditation on all managed buildings and other managed assets where applicable.	Achieved	ISO 14001 accreditation was maintained for all managed assets.
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 a bespoke, in-house, induction course on sustainability and and all asset managers attend 'bi-monthly sustainability' workshops to keep up to date with latest developments and to review achievements which can be replicated throughout the portfolio.
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 through our managing agents but no reports of follow up actions or results was received. Hence in 2019 we are changing the way we undertake property management and those responsible for stakeholder engagement throughout our supply chain, will be identified, monitored and the results used to improve our occupier relationships.
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	Progress was reported quarterly to the L&G Group CSR & Ethics committee. Having completed the successfully pilot with the British Council of Offices and embedded social value measurement in all our new build and major refurbishment projects, we piloted a methodology to measure social value across an operational property fund. This proved successful and the method will be rolled out across all funds during 2019 , in order to establish a baseline upon which to set future targets for our new supply chain in 2019.
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 that 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 some of our JV partners in terms of sustainability but not all.
GRESB	Continue to submit data to the Global Real Estate Sustainability Benchmarking (GRESB) imitative on an annual basis to benchmark sustainability performance.	Achieved	All 14 applicable funds were submitted to GRESB. In 2018 (based on 2017 performance) 3 funds received the highest accolade of 3 green stars, 9 funds received 4 stars and the remaining 2 funds received 3 green stars. We also received 2 sector leaders for our Build to Rent and Leisure funds.
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 use the Better Building Partnerships , Real Estate Environmental Benchmarks (REEB) to measure the operational performance of all our assets.. 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 sustainably issues and help promote best practise.	Achieved	We participated in the following groups and organisations: <ul style="list-style-type: none"> - UKGreen 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