

# **REALISING POSITIVE CHANGE.**

**AN INTEGRATED  
ESG APPROACH.**

## OUR ESG STRATEGY

We have done what we said we would do. As announced in our 2020 Annual Report, we engaged an external consultancy to carry out an extensive review of our ESG (environmental, social and governance) strategy and to refresh our approach to making a positive impact in the communities where we operate. They used a robust and evidence-based methodology to identify material issues the strategy needed to address and ensure our existing core pillars remained relevant.

Legislation and policy were reviewed on a national scale and policy at a regional scale to ensure that our targets and internal standards will anticipate the rapid changes ahead in both environmental and social impact measurement. The U+I team participated in interactive workshops to talk through the challenges and opportunities faced by those at the coal face of regeneration projects when addressing ESG. The opinions of our funders and investors were sought to understand their priorities and expectations. And our company and our peers were benchmarked against best practice to understand our current position, strengths, weaknesses and what we need to do to become leaders ourselves.

By mapping the priorities of all these different studies against each other – alongside U+I's wider corporate objectives and purpose to unlock value for all through regeneration – our key ESG issues were identified. From there our vision and a detailed ESG framework were created. The research showed that our existing development pillars – places, buildings and people – remained relevant but the headings have been updated to more clearly reflect what is meant by each. We have also added a fourth pillar 'a company fit for purpose' based on the results of our research. This highlights the importance of establishing U+I as a genuinely responsible business that cares about its people, the long-term impact of the work it does and recognises its environmental and social obligations.

"By using the strategy as a means of channelling the passion and knowledge of the U+I team into a system integrated with the Company's wider purpose and values, it can deliver on its promise to realise positive change."

Richard Upton  
Chief Executive Officer

### ESG VISION

## REALISING POSITIVE CHANGE

### FOCUS AREAS

Inclusive places

Inspiring buildings

Engaged communities

A company fit for purpose

## OBJECTIVES

To create thriving mixed-use places that support diverse communities, catalyse economic opportunity and enhance biodiversity.

To design buildings that deliver lasting benefits to those who use them and the environment within which they are built.

To build strong relationships and close partnerships that drive collaboration, encourage inclusivity and promote wellbeing.

To establish U+I as a genuinely responsible business that cares about its people, cares about the long-term impact of its work and recognises its environmental and social obligations.

## MATERIAL ISSUES

- Purposeful construction and placemaking.
- Biodiversity and green infrastructure.
- Affordable housing.
- Affordability of product and services.
- Inclusive economic development.

- Circular economy.
- Building labels and standards.
- Wellbeing and productivity.
- Energy and carbon.

- Community cohesion.
- Healthy and sustainable communities.
- Diversity and inclusivity.

- Employee engagement.
- Transparent disclosure.
- Responsible supply chain management.
- Corporate governance.
- Alternative capital raising/funding models.

## **Our priorities for FY2022**

In the coming year, we will roll out the ESG programme we spent the last year building. This will include developing detailed – and ambitious – targets across our four core focus areas listed in the table, reflecting key areas of the ESG agenda; creating capacity to deliver on these targets; and publishing an internal framework to guide our work. We will publish our first annual Positive Impact Report in FY2022, which will measure and report on progress against these targets, providing consistency and transparency across our business.

The purpose of our ESG programme is to ensure that U+I delivers a positive impact in everything that it does. We know we cannot do this on our own; we need the help of all our partners. So we will build up capacity through internal training for staff and our supply chain, as well as through thought leadership events on key challenges facing the real estate sector, such as the circular economy and biodiversity.

Our mantra ‘everything is connected’ will be borne out in the creation of a positive impact framework. This will consist of ambitious internal standards and guidelines for community engagement, design briefs, construction operations and asset management, delivered through a more consistent, measurable approach.

Delivering socio-economic benefits to the communities we work in is ingrained in our approach. For this reason we have undertaken a complete socio-economic audit of our entire portfolio which, for the first time, will allow us to confidently describe the quantum of impact our developments will have on the surrounding communities. We will publish the findings in Summer 2021. We will also publish some additional targets that are relevant to our business and the wider ESG agenda during FY2022. We will report on our progress each year in our Positive Impact Report.

Our ESG strategy needs to be able to evolve and grow in response to changes in our understanding of the impact of the built environment. To build on our tradition of thought leadership, we will set up forward-looking working groups focused on carbon, biodiversity, the circular economy and health and wellbeing. They will identify pilot practical solutions that we can test run at our current projects. This will embed a collaborative and innovative approach to ESG into all our projects and provide us with the means of demonstrating how we are realising positive change. We will also investigate possibilities for collaborating with academic institutions on all these topics.

Whilst there is still much to do in this priority area for our business, our longer-term ambition is to deliver market-leading ESG reporting.

### Environmental and social performance in FY2021

U+I is committed to delivering transparent reporting on its ESG approach and performance to its investors and stakeholders.

With this in mind, we provide an account of our management approach with respect to the main environmental and social topics that align with the investor-led ESG frameworks that we prioritise.

We use a dashboard to establish a consistent framework to collect key environmental, employee and social data across the Company. This dashboard measures our performance on a quarterly basis so that we can track our progress and identify improvements and efficiencies across our business and our schemes. As we identify new ESG targets in the year ahead, we will add these to the dashboard allowing us to capture all the data in one place so we can analyse the findings in more detail, whilst improving the accuracy and transparency of our future reporting.



### Environmental management Highlights

**90%**  
of all waste recycled on average across our investment portfolio and corporate offices

**9.6**  
acres of green space delivered

**340**  
new trees planted

**8,200m<sup>2</sup>**  
of habitats protected, restored or created

As a major developer, our biggest environmental impacts are associated with energy use and GHG emissions during construction works, in the building materials we use and the lifetime energy consumption of a building once it is operational.

U+I's Environmental Policy (available on our website) sets out our commitment to run our business in a way that protects and enhances the environment. All contractors are expected to fulfil a list of requirements; we have procedures in place to monitor compliance and track our performance.

We take a lifecycle approach to our development projects, guided by the National Planning Policy Framework and other relevant legislation. We support our partners in achieving the most appropriate green building certification given the specific characteristics of each project. For future developments, we target certification to the BREEAM Excellent/LEED Gold standard, aiming for Outstanding. In FY2021, 46% of applicate projects were BREEAM 'Excellent', and 36% were 'Very Good'. We have expanded this target to only hold assets in our portfolio that have an EPC rating of 'B' or above going forward. Where appropriate, we include lease provisions requiring tenant fit outs and maintenance consistent with the level of certification achieved.

As the industry moves to a low-carbon model, our aim is for our existing portfolio and all new developments to become net zero carbon by 2030. Our focus mainly on mixed-use, brownfield sites located in the urban areas of London City Region, Manchester and Dublin, means we can take advantage of opportunities to redevelop and refurbish existing buildings that have lower embodied carbon, incorporate recycled materials and achieve high levels of energy, water and waste efficiency.

We are formalising our sustainable design principles to align with these significant low-carbon and circular economy shifts and we are expanding our approach to measure the whole-life carbon of our developments, identifying the carbon embodied not only in our materials, but through to building design and specification, construction and operation.

We are also looking at how new construction techniques, such as design for manufacture and assembly, can be applied to reduce the consumption of resources to prioritise low-carbon materials and those with recycled content. Such measures have the additional benefit of reducing construction waste and ensuring all unavoidable waste is, where possible, reused, recycled or disposed of responsibly.

Our investment portfolio is largely made up of commercial, retail, shopping centre or leisure assets that we have acquired or developed. We are currently targeting a 13% year-on-year reduction in our Scope 1 and 2 emissions across our investment portfolio, using FY2020 data as a baseline. In FY2021, Scope 1 and 2 emissions have decreased by 47% when compared to FY2020 emissions. This decrease can mainly be attributed to the disposal of three high consuming assets which do not feature in this year's reporting, coupled with the change in occupancy patterns of assets due to the Covid-19 pandemic.

We work with property managers and tenants to target practical improvements given each asset's needs, age and annual investment budgets. These range from energy efficiency initiatives, such as the roll out of LED lighting, to smart meters to facilitate the collection of more accurate energy consumption data. Much of this investment is directed towards our goal of only holding assets rated EPC 'B' or above.

Data covering energy, GHG emissions, water and waste is reported in line with EPRA's Sustainability Best Practice Recommendations (sBPR). The sBPR provide an industry-standard framework for reporting on the environmental impact of property, allowing us to be benchmarked against our peers. Tables detailing our performance can be found on our website. Our GHG performance can also be found in the Governance section on page 160.

## Health and safety

### Highlights

<p><b>0%</b></p> <p>lost time for accidents or incidents across U+I's sites</p>	<p><b>100%</b></p> <p>of health and safety impacts assessed or reviewed for compliance of improvement</p>
<p><b>0</b></p> <p>work-related fatalities</p>	<p><b>0</b></p> <p>incidents of non-compliance identified</p>

Protecting the health and safety of our employees, service partners, contractors and all people who visit or occupy our developments is an upmost priority for U+I. We aim for continual improvement in all areas of health and safety, and target a lost time for accidents/incidents rate of under 0.1% across our sites.

Our Group-wide Health and Safety Policy sets out our commitment to protect the health and safety of all our stakeholders and the processes, procedures and executive oversight we have in place to fulfil this commitment. It covers injury and ill-health risk prevention, training and the steps we take to encourage better health and wellbeing of building occupants.

Significantly, our sub-contractors are expected to co-operate in implementing this policy and must ensure that their own work, so far as is reasonably practicable, is carried out without risk to themselves or others. Evidence of this is required as part of the tendering process for major contractors. We take into consideration contractor ISO 45001 certified health and safety management systems during the selection process, relative to the size of the project we are tendering for.

Regular health and safety audits are conducted across our sites by NEBOSH certified external parties. We also commission independent advice on best practice health and safety application, risk mitigation and current legislation, supported by performance monitoring and spot checks to ensure compliance.

We have been proactive throughout the Covid-19 pandemic, working with our team and suppliers to ensure the safety and wellbeing of our stakeholders and places. The government’s guidance has helped inform our approach, as we put measures in place – including temporarily closing our offices – to protect our team and the people we work with.



**Responsible procurement**  
Highlights

**157**  
new local jobs created

**51%**  
of procurement spend within a 25-mile radius of our core regions (on average per development)

**39**  
average Considerate Construction Scheme score

**100%**  
of suppliers signed up to U+I’s anti-bribery and corruption policy

Our policies require that anti-slavery, anti-bribery and corruption measures are in place across our operations and embedded in our dealings with suppliers. The Company’s Anti-Bribery and Corruption Policy (available on our website, alongside our other policies) sets out the standards we expect our employees to uphold with regard to third parties.

As well as working with our suppliers to ensure high standards of contractor health and safety, we also seek to extend the economic and social benefits of our regeneration activities through the supply chain. From the outset, we encourage our partners to identify suitable, sustainable employment and training opportunities, and aim to ensure that at least three local people are employed for every £1 million of development spend.

We prioritise local suppliers within a 25-mile radius of our core regions and target at least 20% of our procurement spend with these suppliers. This way we reduce procurement risk, support local businesses and boost local economies. 51% of procurement spend was within a 25-mile radius in FY2021.

**Employees**  
Highlights

**95%**

of employees satisfied with U+I as a place to work

**82%**

of employees enrolled in private medical insurance

**98%**

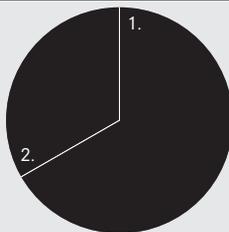
of employees agree their fellow employees are committed to doing quality work

**100%**

of employees signed up to U+I's anti-bribery and corruption policy

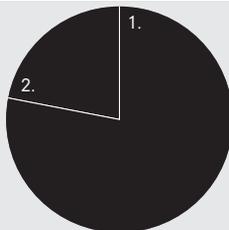
**Board gender diversity**

- 1. Male 6
- 2. Female 3



**Senior management (excluding Board)\***

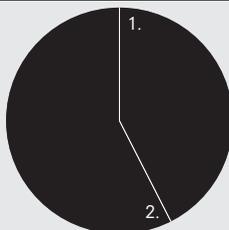
- 1. Male 18
- 2. Female 5



\* The Senior Management Team comprises 4 males. They have 14 male and 5 female direct reports.

**Remaining team**

- 1. Male 17
- 2. Female 23



2020 was an unquestionably tough year for our people. Throughout the Covid-19 pandemic our priority has been to keep our employees safe and healthy. We closed our offices to all but essential work in line with the government's advice and home working has become normal for most of the Company.

It is natural that these rapid and unprecedented changes to the way we work and live, coupled with two redundancy programmes during the year, have had an unsettling effect on employees. With this in mind, we were pleased to see 95% satisfaction with U+I as a place to work in the annual employee engagement survey, an improvement on the prior year. However there is more we can do. As we emerge from the Covid-19 pandemic, we recognise that we need to refocus on our people and our culture and prepare our offices for changed working practices.

While the speed of change has been abrupt, the pandemic has accelerated trends towards flexible and remote working that were already underway. We have taken the opportunity to launch our Future of Work at U+I programme which includes a comprehensive review of our employment policies and practices to make them more supportive of how and where our people work. An employee consultation was launched in early 2021 and we expect to publish internally the findings and recommendations later in the year.

A second focus area has been wellbeing. We have appointed an employee wellness co-ordinator who has created a working group to lead our wellbeing efforts and act as a shared resource for the Company. The group hosts virtual learning, social and support events and publishes a regular newsletter, featuring advice on the steps employees can take to improve their physical and mental wellbeing.

Finally, the whole property industry needs to work harder to attract and nurture people from a diverse range of backgrounds. We create the places where people live, work and socialise and we are acutely aware that we have a responsibility to create diverse and inclusive places that reflect the needs of the businesses, communities and people who call them home. Our role is to provide the inspiration to embed this thinking into the consultation and planning process and our ability to achieve this begins with ourselves. Under the direction of our Diversity and Inclusion Committee, in 2021 we will update our Diversity and Inclusion policy and publish a roadmap to deliver this change within our Company. We will then cascade this commitment through to our partners and suppliers to ensure this becomes an integrated part of the way we design and deliver our projects.