

Chief Executive's statement

Landsec's Chief Executive, Robert Noel, talks sustainability – challenges, actions and partnerships

As one of the UK's leading real estate companies, our purpose is to create long-term financial, physical and social value. We do this by providing the right space for our customers and communities so that businesses and people can thrive.

For us, sustainability is about the actions we take to fulfil our purpose so Landsec prospers far into the future. We want customers to prefer our spaces. We want communities to be pleased it's us operating in their area. We want partners to share our priorities. And we want employees to invest their energy and ambition here. When we get all this right we create value for our investors.

From theory to practice

That's the theory; the practice requires us to address a set of fast-moving, complex issues. For example, the most recent UN Intergovernmental Panel on Climate Change report painted a sober picture, and it's clear that businesses – not least those in property and construction – must do more in response. Within our industry, customers' expectations are changing and that's reshaping the space we design, build and manage. Society is evolving too; as businesses we must support our local communities through change and better reflect their diverse character.

Put simply, businesses must become a greater force for good in society. Expectations are high and trust is low, so there's much to be done.

From complexity to collaboration

The material issues we face require more than policies and prose – they demand action. Given their scale and urgency, they require something else too: partnership.

Take climate change. We're working with everyone from main contractors to energy consultants to ensure we make efficient use of natural resources and create new space through sustainable design and innovation. Our actions are driven by science-based carbon reduction targets and we're on course to hit our 2030 milestones.

At 21 Moorfields, for example, we are creating a headquarters for Deutsche Bank, so we're working closely with them and our supply chain partners to meet stretching sustainability targets. Already we've introduced new ways to cut construction time, waste and cost, and to enhance the building's operational energy performance. We must be increasingly agile in how we address customers' needs, so you'll see us do even more with technologies and techniques

such as off-site manufacturing and digital modelling.

In terms of creating jobs and opportunities in local communities, this year we met our target to help 1,200 disadvantaged people into full employment by 2020 and set a new target of generating £25m in social value by 2025. To measure our impact, we've published our first social contribution report. Here too partnerships are key. Take the launch of our aerial cleaning academy at HMP Isis, which is enabling offenders to develop new skills and confidence ahead of release. To get this scheme off the ground we worked with charity partners Bounce Back, cleaning company NJC, the Ministry of Justice and the team at the prison.

Big consumer issues also demand joined-up thinking. With our new initiatives to tackle waste such as single-use plastic water bottles, coffee cups and textiles, we've brought together more than 100 retailers with waste providers to better manage discarded materials and inspire shoppers to reduce or recycle waste. Like us, these businesses want to act because they care about the issues and recognise the importance of sustainability to relationships and reputation.

The value of a diverse team

To keep being successful and a force for good we must attract and develop talented, motivated people who feel well treated, well rewarded and well supported. We take the health and mental wellbeing of our team very seriously and that commitment is extended through our supply chain.

Diversity is critical to our sustainability. I'm talking about diversity of gender, ethnicity, culture, socio-economic background, disability, sexual orientation,

thought, skills and experience. We can only provide the right space for our customers and communities if our teams reflect those groups and understand their needs. That's why this year we set ourselves new and challenging diversity targets, starting with the ambition for us to have a 50-50 gender balance across the whole organisation by 2025, including our Board and Executive Committee.

In March 2019 I signed the UN Global Compact, committing Landsec to universal sustainability principles. For us, there is no gap between doing business responsibly and doing business profitably. By meeting the needs of our many stakeholders we create a strong foundation for sustainable growth. Greater investor interest in Environmental, Social and Governance (ESG) issues suggests others agree. Of course, there are sometimes frictions between the priorities of different stakeholders, and that's another reason why we need a diverse team with different perspectives.

An invitation

I've talked about action and partnership, so I want to end with an invitation related to both. As a sustainability leader in our industry, we constantly look to work with stakeholders to innovate, enhance what we do and inspire change in our industry. If you have a great idea about how – together – we can make a positive difference, our sustainability team would like to hear from you. Big or small, we're open to new ideas, new partnerships and new ways to create value. You can connect with them at sustainability@landsec.com.

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