



ethicalproperty

Adherence Framework Update

Approved by the Board:
8 September 2020

THIS FRAMEWORK SETS OUT HOW WE REPORT ON OUR ADHERENCE TO OUR QUINTESSENTIALS

- **THE ANNUAL REPORT WILL PROVIDE A COMPREHENSIVE OVERVIEW OF OUR TRIPLE BOTTOM LINE PERFORMANCE**
- **SOME PRINCIPLES WILL ONLY BE REPORTED ON THROUGH OUR WEBSITE**
- **SOME PRINCIPLES WILL NOT BE REPORTED ON ANNUALLY, BUT WILL BE REPORTED ON OVER A LONGER PERIOD OF UP TO 3 YEARS**

COMPANY GOVERNANCE AND MANAGEMENT

Ref	Principle to be adhered to	How measured & reported	Indicator & target
G1	The responsibility for improving the company's social and environmental performance will be held by – Environmental: The Head of Assets Social: The Deputy Managing Director.	To be included in the social and environmental report	
G2	The company must ensure that we are aware of the views of tenants, shareholders and staff, and take these into account within the overall strategic direction of the company.	Conduct annual tenant and staff surveys and AGM, and make the data available to SMT and Board members	
G3	The company should ensure all staff are given equal opportunities, equal pay for their role and are accepted for their differences regardless of their gender, ethnicity or background.	Gender pay gap of 10% +/- To be reported online	Gender pay gap of 10% +/- Gender pay gap and diversity policy to be brought to the Rem and Noms Committee by September 2021
G4	The company should ensure that staff understand the company's values, are able to apply them, and are aware of the most important social and environmental issues of the day.	Measurement: Featured in staff survey and staff appraisal Reporting: Narrative on the website (for example, staff taking part in the 2019 Climate Strike) and within the social audit report	Ensure staff are regularly updated on key issues through inductions, staff conferences, team meetings, newsletters and wider digital platforms
G5	Staff pay should be fair and equitable. It should cover the local basic cost of living, and staff should further benefit from a comprehensive set of rights and benefits.	Measurement: Roles will be benchmarked every two years Reporting: Report on the benchmarking exercise to be available to the Rem and Noms Committee every two years	
G6	The ratio of the salary of the highest-to lowest-paid worker in the company should not exceed a specified level.	Reporting: To include the ratio alongside a narrative that explains the rationale and scale	
G7	The composition of the Board should reflect the communities the company serves, particularly with regard to ethnicity and gender.	Measurement: To include the make-up of the Board within the diversity policy and strategy Reporting: To report on the Board as we do staff	
G8	The staff and Directors should not trade shares if they are party to information on company or share performance that is not available to all shareholders.	Measurement and Reporting: The Finance Director will report on share trading on a regular basis to the Board	
G9	The company should have a wide range of shareholders ranging from individual through to institutional investors. No one shareholder should hold a stake in the company that gives them undue influence or control; no special classes of shares should be permitted.	Measurement: Finance Director to report to Board on a regular basis Reporting: Report to be placed on the website on an annual basis	
G10	The company will seek to use the most ethical suppliers. The cost should be no greater than 10% above what otherwise might be obtained.	Measurement: A procurement policy will be implemented by December 2022 Reporting: As defined by the policy	

ETHICAL CRITERIA FOR TENANCY

Ref	Principle to be adhered to	How measured & reported	Indicator & target
T1	<p>Tenants should meet one or more of the following ethical criteria:</p> <ul style="list-style-type: none"> EITHER have a defined social purpose that accords with Ethical Property's purpose of building a more just, equitable and sustainable society OR be an organisation of strong benefit to the local area. Work positively to tackle diversity issues and treat all stakeholders without discrimination. Have employment practices which treat staff fairly and without exploitation. Have objectives broader than the promotion of one faith or philosophy. Be a good mix with other groups in the centre. Tenants must not be: causing damage to the environment or creating greater inequality; engaged in the manufacture or sale of armaments, pornography, tobacco, or businesses that significantly contribute to climate change or with a poor human rights record. 	<p>Measurement: 80% across all centres Reporting: Reported included with T2</p>	80% of tenants across all centres
T2	Wherever possible, the company will publish an annual list of tenants and the area they work in.	<p>Measurement: List those who give consent to do so Reporting: All tenants who give consent to do so will be listed on an annual basis on the website, with an indicator of the area they work in</p>	
T3	We will report on the number of organisations that use our centres.	Measurement and reporting: To be collected where possible, to be used by management team	
T4	A breakdown of tenants by size, legal form and nature of activity will be provided on an annual basis.	Measurement and reporting: For management use, a high-level overview will be provided in the Annual Report	

ETHICAL PROPERTY MANAGEMENT

Ref	Principle to be adhered to	How measured & reported	Indicator & target
M1	Rents should be perceived to be fair and good value by our target client group.	Tenant survey with choice of a 1 to 5 rating	
M2	The company should seek to foster contact and the sharing of ideas between tenants.	Clearly evidenced - methodology still to be devised	
M3	The company will publish its environmental strategy for the 2022 AGM and then report on its progress annually.	<p>Measurement: To be included in the environmental audit Reporting: Will be included on the website on an annual basis</p>	
M4	Spend on maintenance and improvements should be sufficient to keep the property facilities and services in good condition and up to date.	Plan in place and approved by Board	
M5	The company should aspire to have a positive impact on the communities in which its properties are located.	<p>Measurement: Centres will report any activities Reporting: A minimum of two case studies or articles to be included on the website each year</p>	
M6	The company's total energy use should decrease year on year on a m ² basis. No property's total energy use should exceed 170 kWh/m ² .	High-level overview of the company to be included in the Annual Report	
M7	Energy Performance Certificate (EPC) ratings and scores should be published for all buildings the company owns and manages.	List of properties and their EPC ratings and associated scores	
M8	The company should seek to maximise the amount of energy it generates from renewable sources.	The proportion of energy generated compared to energy consumed	
M9	The company should commit to encouraging cycling, walking and public transport as a means of travel to work and during office hours for both staff and tenants.	Narrative only, but surveyed if possible	
M10	The company should minimise the waste generated from its property portfolio.	Narrative only, but surveyed if possible	

INVESTMENT PERFORMANCE

Ref	Principle to be adhered to	How measured & reported	Indicator & target
IP1	A published dividend policy should be in place at all times.	Actual dividend against expected dividend	
IP2	The company should be managed with the aim of giving a steady increase in Net Asset Value per share over time.	Net Asset Value per share reported	
IP3	The company should establish an effective mechanism for trading and valuing its shares.	Report provided on share trading	
IP4	All shareholders should be able to waive dividends, which are then held in a balance set fund and used only for rent hardship and the further development of the company's impact. The use of these funds should be reported on.	Report produced on number of shares waived, how funds deployed and funds held	





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