



ethicalproperty

ENVIRONMENTAL STRATEGY SUMMARY: TOWARDS NET ZERO



MISSION AND VISION

Ethical Property creates and manages places which unlock the potential of people and communities to achieve a more just, equitable and sustainable society.

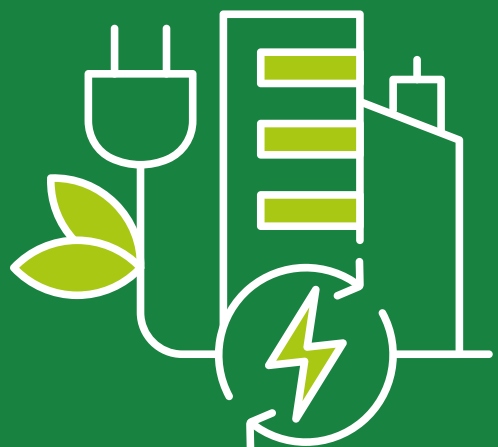
We do this by bringing together people and organisations to create inspiring places where we facilitate the connections and activities that are needed to foster a better future for all in that community.

As part of this work we continually seek to reduce our negative impact on the planet, in particular by cutting our emissions of greenhouse gases and promoting positive environmental initiatives.

We are committed to reducing our operational carbon emissions by a minimum of 50% by 2030 (compared to our baseline set in 2022) and being a **Net Zero*** company by 2040, ahead of UK government targets. We understand that achieving this will be extremely challenging, but we are resolved to make this happen alongside delivering social and financial returns.



Terms that appear in **bold** at first use are explained in the glossary at the end of this document.

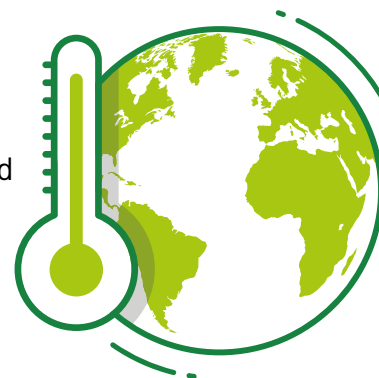


The global context

There are global imperatives to cut carbon emissions, increase renewable energy generation, retain and increase biodiversity, and reduce plastic waste (see [UN Sustainable Development Goals](#)).

The environmental crisis will only be overcome if we all work together to address the wide range of environmental and social challenges we face. The most critical of these is climate change due to global warming caused by man-made greenhouse gas emissions. At the COP26 UN Climate Change Conference in Glasgow in 2021, the world's nations agreed to pursue efforts to limit the average global temperature increase to 1.5°C.

The UK government has committed to reach Net Zero greenhouse gas emissions by 2050. The government has also committed to fully decarbonise the power sector by 2035, and to ban fossil-fuel-only car sales by 2030. (For an overview of the UK's climate action and progress, see <https://www.theccc.org.uk/>)



Our contribution

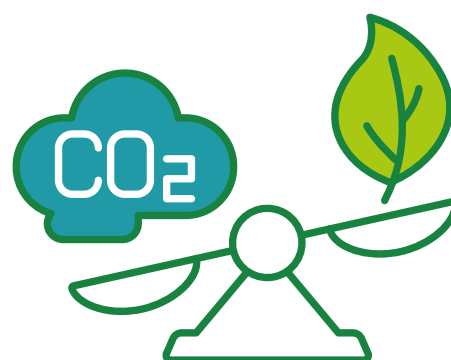
Since our inception, Ethical Property has been striving to reduce our environmental impact and to help our tenants to reduce theirs.

As a commercial property company, our primary impacts are energy, water, materials and waste. Therefore our focus for the next period is to: reduce energy use and carbon emissions as far as we can; generate at least as much renewable energy as is used in our buildings and in the business; minimise water use in our buildings; reduce our use of materials and prioritise the use of sustainable, recycled and recyclable materials; increase biodiversity; and reuse and recycle as much of our waste as possible. We recognise that we will not be able to reduce emissions to absolute zero; reaching Net Zero will therefore require some offsetting, which will be achieved through accredited schemes.

The baseline against which our 50% reduction target is measured currently includes emissions from gas, electricity, water, wood and refrigerants, and has been set by converting our pre-pandemic usage to **tCO₂e** using published carbon factors for 2022. This gives a baseline figure of 22.875 tCO₂e and a baseline **carbon intensity** of 0.8701 kgCO₂e/m². The baseline will be updated in line with the [Greenhouse Gas Protocol](#) as the portfolio evolves, and as emissions data from other measurable sources of carbon, such as business travel and waste, become available.

We can only achieve our goals by working together with our partners and stakeholders – the most important stakeholders being our tenants and investors. By learning together, sharing information and taking action, we can achieve Net Zero and help our tenant organisations take steps towards this goal too. We will regularly report on our progress via our website, newsletters, investor updates and annual report.

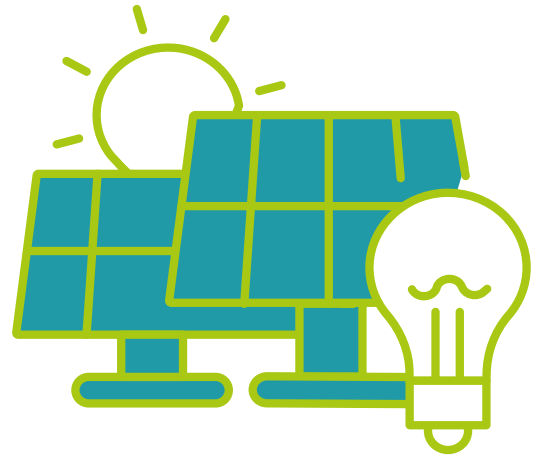
To ensure a successful outcome, we will make changes in our *buildings*, our *business* and *ourselves*. These are outlined in more detail below.



OUR BUILDINGS

Energy

We have a long-standing commitment to procure 100% renewable electricity for our properties, including for all our tenants, and 100% biogas where possible (we do not have control over procurement of gas at two centres which use district heating systems operated by others).



To reach Net Zero we will:

- Reduce **Scope 1** emissions, prioritising a reduction in gas consumption, which made up 63% of our emissions in 2022. We will implement a programme to progressively replace gas boilers across our property portfolio, switching to an alternative powered by renewable electricity, such as air source heat pumps. We will also engage constructively with the managers of the district heating systems connected to two of our properties, to encourage them to move away from gas.
- Reduce **Scope 2** emissions by investing in additional renewable electricity generation. This may involve installing more roof-mounted PV panels on our properties, but the majority of investment is likely to be through partners (e.g. large-scale wind and solar projects).
- Reduce **Scope 3** emissions by understanding, influencing and reducing the tCO₂e associated with staff travel, waste, water use and our supply chain.
- Make investment decisions within the context of good asset management, i.e. improving properties which will be net contributors to the portfolio for years to come, and seeking to dispose of properties which don't meet future needs.
- Ensure that new additions to the portfolio (whether owned, leased or managed) improve the company's overall environmental performance.

Refrigerants

When refrigerants from air conditioning systems leak into the atmosphere they can be a significant source of greenhouse gases. Ethical Property has always prioritised natural ventilation over air conditioning, so our use of refrigerants is low. However, as temperatures have risen, we have become more reliant on mechanical cooling in some buildings (in addition to that in areas such as IT comms rooms, which have always required cooling).

We will minimise tCO₂e related to refrigerants by:

- Designing our spaces to optimise passive cooling and natural ventilation;
- Using refrigerants with low **global warming potential (GWP)**;
- Measuring and reporting refrigerant leakage, and addressing any issues promptly.

Refurbishments and new builds

Our core strategy of renovating and refurbishing existing properties, rather than demolishing and building new ones, radically reduces our properties' carbon footprint by avoiding the huge amounts of carbon emissions created when using new materials. **Embodied carbon** is locked into the structure of the building, and our aim is to retain as much of this as we can.

The embodied carbon of new materials and equipment will be an important factor in the design and specification of refurbishments and other construction projects. Using materials that have low embodied carbon will sit alongside the imperative to deliver the workspace our tenants need, which will be low carbon in operation.

Biodiversity

We will work with specialist organisations to identify ways in which biodiversity can be increased at our centres, and to understand better how the success of initiatives can be measured over time. Many local authorities have biodiversity action plans and we will make use of these where we can.

When setting up new centres we will consider carefully whether we can make changes to the property that will enable us to increase biodiversity in the area, with the ideal solutions providing added value to tenants, investors and the local community at the same time.

OUR BUSINESS

Procurement

Progress towards environmental sustainability requires commitments and contributions from everyone. Although we cannot control how other businesses choose to operate, we can reward those who are also moving towards sustainability and Net Zero by giving them our custom.

We will institute a procurement policy that gives priority to suppliers who have a Net Zero plan in place and to sustainable products, and that supports a robust process of monitoring and reporting on major parts of our supply chain. This includes prioritising the use of materials and products that reduce natural resource consumption, have low embodied carbon, are non-toxic and can be easily repurposed or recycled at end of life.

In doing this we will need to balance a number of factors, including functionality, longevity, cost and availability, to ensure that we are achieving our environmental objectives while also delivering value to our tenants and investors.

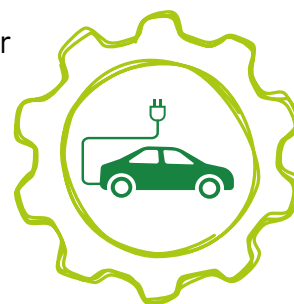
The procurement policy will:

- Identify priority areas and risks;
- Recognise the importance of local sourcing, balanced with availability and cost;
- Address the need to work closely with suppliers and tenants to support them in their progress towards Net Zero.

Travel

From 2023 we will start to report on the indirect emissions related to our business travel and commuting. We will continue to:

- Invest in hybrid-working technology that allows us to work and meet without travelling;
- Prioritise the use of public transport and avoid flying for business travel;
- Encourage the use of cycling, public transport and electric vehicles for commuting;
- Invest in 'end of trip' facilities and (potentially) electric vehicle charging points at our centres.



We will report the total tCO₂e related to company travel every year, and this will form part of the benchmark against which we measure our progress to Net Zero. We would expect tCO₂e from travel to reduce over time, as we invest in infrastructure at our properties and as the public transport network decarbonises.



Water consumption

The treatment of the water we use in our buildings accounts for over 10% of our carbon emissions, and the conservation of water is vital. At the same time, we recognise that water is an essential part of maintaining good health and hygiene. We have already adopted a range of methods to ensure people can use water efficiently in our properties. We will continue to replace inefficient equipment and to measure consumption regularly to identify any leaks or high usage.

Waste

We will conduct a waste audit and calculate the tCO₂e related to the waste being produced in our buildings. This will be incorporated into the baseline against which we measure our progress to Net Zero, and then reported against annually.

We will put in place as many commercially available recycling streams as is practicable at each centre in order to reduce the tCO₂e related to waste. We will work with tenants to promote behaviours designed to increase reuse, repurposing and recycling, and reduce landfill waste, and we will partner with waste contractors to measure and report on the waste collected from each building.



OURSELVES

A key part of our environmental strategy will be to engage our colleagues, tenants, investors and suppliers.

We will:

- Educate
 - by explaining our strategy, how it will be implemented at each property, and what is needed from our stakeholders to ensure success;
 - by informing colleagues and tenants about the impact their behaviours have on our carbon emissions and how different behaviours can help;
 - by training our teams to understand our environmental performance reporting, track the impacts of their work, and collaborate with colleagues across the portfolio.
- Consult
 - by engaging with our tenants and investors to leverage their specialist knowledge and expertise, to ensure that we are aware of the tools available to us in our journey to Net Zero;
 - by discussing with stakeholders any changes that might be needed in order for us to reach Net Zero, to better understand the implications of such changes for them;
 - by learning from our tenants' own Net Zero strategies and helping tenants to create a strategy for their organisation if needed.
- Inspire
 - by encouraging team members and tenants to promote sustainability and to champion our environmental approach;
 - by publicising our environmental strategy among new tenants, investors and partners, to demonstrate how joining the Ethical Property community enables them to meet their own Net Zero targets;
 - by organising synergy events which focus on sustainability, promoting greater collaboration between tenants and other organisations.

IMPLEMENTATION

This document is a summary of Ethical Property's approach to reducing our environmental impact, including making meaningful progress towards Net Zero. A detailed environmental strategy is in development, which sets out our strategic priorities and an action plan, with timescales and resources required. There will be a clear plan for implementation, with targets and milestones to demonstrate that we are on track to deliver the strategy.

The Head of Assets and Sustainability is responsible for designing the environmental strategy and leading its implementation.

GLOSSARY

Carbon offsetting	The action or process of compensating for carbon dioxide emissions arising from industrial or other human activity, by participating in schemes designed to make equivalent reductions of carbon dioxide in the atmosphere.
Carbon intensity	The measure of carbon dioxide and other greenhouse gases (tCO ₂ e) per unit of activity, in this case m ² of floor area.
Embodied carbon	The carbon emissions associated with materials and construction processes throughout the lifecycle of a building or infrastructure.
Global warming potential (GWP)	The relative potency, molecule for molecule, of a greenhouse gas, taking account of how long it remains active in the atmosphere.
Net Zero	A commonly used term which can mean different things to different people. For Ethical Property, achieving Net Zero means that the sum of the greenhouse gases emitted by the company through the operation of our buildings and our business (measured as tonnes of carbon dioxide equivalent, tCO ₂ e) is reduced to as close to zero as possible, with any remaining emissions offset through robust and accredited means.
Scope 1	Covers direct emissions of a business from owned or controlled sources, e.g. from combustion of fossil fuels, from refrigerants in facilities, or from vehicles owned by the business.
Scope 2	Covers indirect emissions of a business, e.g. from the generation of purchased electricity, steam and district heating.
Scope 3	Includes all other indirect emissions that occur in the value chain of a business, e.g. purchased goods and services, travel, waste disposal, and emissions resulting from customers using the business's products and/or services.
tCO₂e	Tonnes of carbon dioxide (CO ₂) equivalent. Some greenhouse gases, e.g. methane, have a higher GWP than CO ₂ . To create comparable data, all GWP is expressed as tCO ₂ e (or as kgCO ₂ e, which is 0.001 tCO ₂ e).

Note: Ethical Property is not responsible for the content of any external links in this document. These were accurate at the time of publication (August 2023).



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