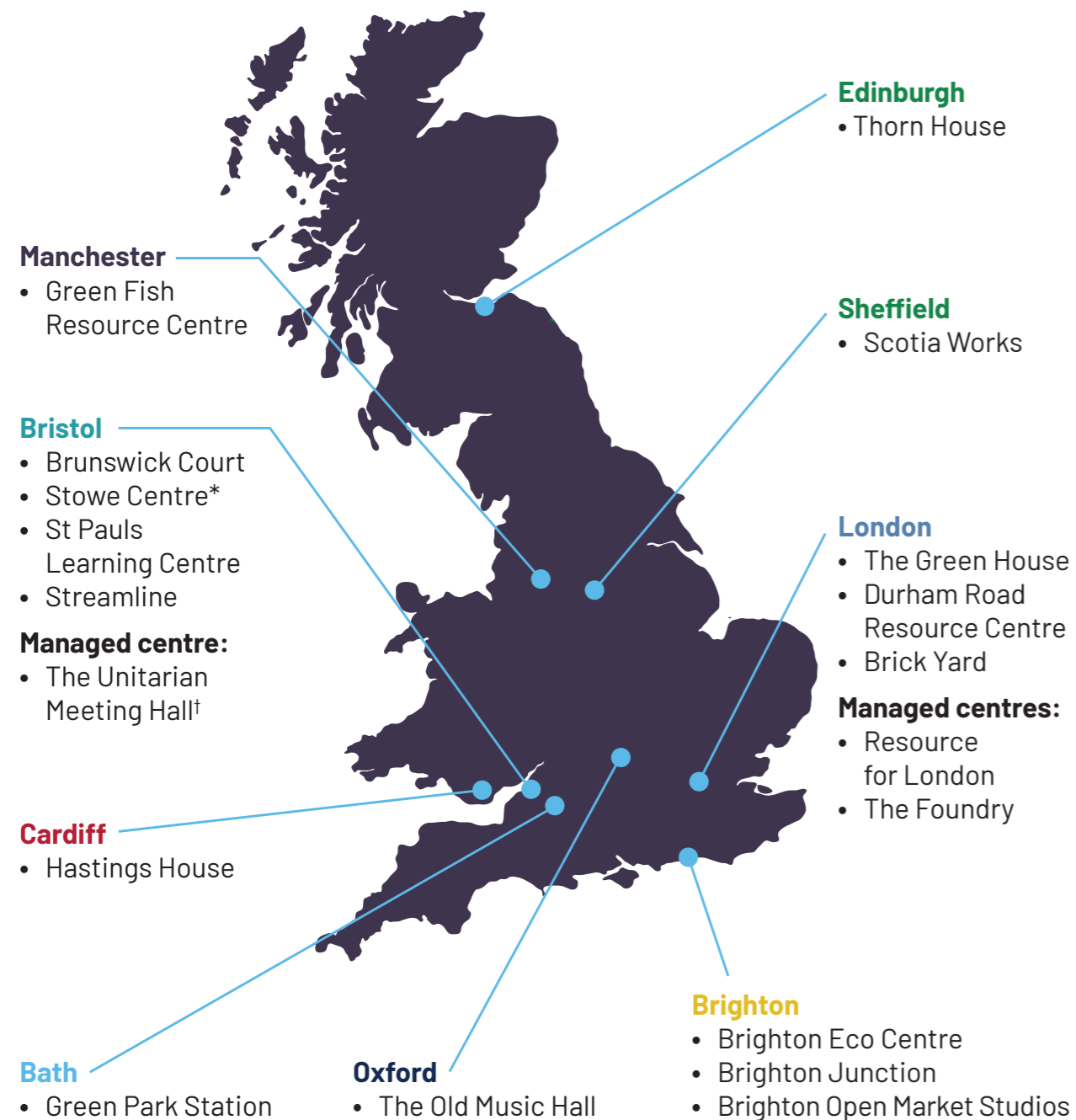


IMPACT REPORT 2022/2023



ethicalproperty

OUR CENTRES



* Sold December 2022. † Contract ceased 31 May 2023.

CONTENTS

2	ENVIRONMENTAL IMPACT
12	SOCIAL IMPACT
16	OUR STAFF AND TENANTS
18	REPORTING AGAINST THE ADHERENCE FRAMEWORK:
20	- COMPANY GOVERNANCE AND MANAGEMENT
21	- ETHICAL CRITERIA FOR TENANCY
22	- ETHICAL PROPERTY MANAGEMENT
24	- INVESTMENT PERFORMANCE

Welcome to the Ethical Property Impact Report 2022/23.

This report provides an overview of our impact for the year ended 30 September 2023, reporting on progress against the targets and indicators set out in our Adherence Framework. It contains the information the company provided to the Social Impact Auditor and Environmental Auditor, and is enhanced with their assurance statements outlining the findings of their respective audits.

Being audited independently by external impact auditors enables us to keep pushing ourselves to make a difference and to be fully transparent.

Please see www.ethicalproperty.co.uk for more information on our tenants and how our centres support their work to make positive change at local, national and global levels. You can also read our investor updates at www.ethicalproperty.co.uk/investment/our-performance.

ENVIRONMENTAL IMPACT

Ethical Property is committed to minimising the negative environmental impacts of our activities by reducing our energy consumption and carbon emissions, generating our own energy, cutting waste and promoting sustainability.

Overall, our emissions for 2022/23 are lower than the five-year average (normalised as per Greenhouse Gas Protocols – see below), as we are now using 100% renewable electricity and usage has reduced, and this has helped bring emissions down below the baseline too. However, the increased natural gas usage at Streamline and Brighton Junction means we are still a long way from our 50% reduction target. Addressing this is a top priority.

We reviewed the baseline in accordance with the methodology set out in the Greenhouse Gas (GHG) Protocols, such that it reflects the current size and makeup of the business as well as emissions from sources we are now measuring, such as business travel and waste.

Electricity use is lower than the previous year, despite the buildings being more fully occupied. This is partly thanks to improvements such as LED lighting.

Gas use has increased slightly compared to 2021/22, though normalising the data for variations in the weather shows a decrease, due to the UK experiencing a colder winter than the previous year.

Water use decreased slightly compared to 2021/22, which is surprising as building occupancy has increased post-pandemic and usage is closely tied to occupancy. Usage is significantly lower than the average use over 2017-2019, largely due to improved water-saving equipment.

This is the first year we have reported on waste, and we could only get data from 65% of the centres (by floor area), as the other centres use contractors who do not currently provide this information. 58% of waste was recycled, 9% was food waste sent for composting/anaerobic digestion and 33% was general waste sent to landfill or a 'waste-to-energy' plant.

It is also the first year that we have measured and reported on the carbon associated with our business travel. Since we have a policy of using public transport, business travel only makes up around 5% of our total emissions.



ENVIRONMENTAL IMPACT AUDITOR'S STATEMENT

The Ethical Property Company PLC ('EPC') commissioned Environmental Monitoring Solutions ('EMS') to undertake an independent review against the Adherence Framework ('Framework') 2023 for 'environmental impact'. The auditor was Holly Roberts MSc BSc (Hons) AIEMA. The objective of the audit was to verify progression against M4 – M11 of the Framework.

The scope of the audit included site visits, a review of documentation and discussions with key personnel. The following four sites were chosen to reflect a representative sample of EPC's property portfolio:

- 18 October 2023 – Brighton Junction, Brighton, BN1 4GQ
- 18 October 2023 – Brighton Eco Centre, Brighton, BN1 3PB
- 23 October 2023 – Green Fish Resource Centre, Manchester, M4 1LE
- 26 October 2023 – Hastings House, Cardiff, CF24 0BL

M4: The company is committed to a 50% reduction (by 2030) of the tCO₂e generated by our buildings and by our business

EPC calculated the carbon reduction baseline to include all the properties currently in the portfolio, in line with the baseline-setting process set out in the GHG Protocols. The baseline is calculated from the pre-pandemic usage (2018), or the first full year of operation post-pandemic, but using the carbon factors for 2022.

Carbon emissions are now measured for business travel (excluding commuting) and waste, as well as electricity, gas, water and refrigerants. Using the market-based method, CO₂e was up 19% compared to 2022, and 4% below the updated baseline. The increase from 2022 is largely due to increased natural gas use at Streamline and Brighton Junction, whose heating and hot water are provided by Energy Service Companies (ESCOs) over which EPC does not have control.

Contact has been made with the ESCOs to seek to influence and support them to change to zero-carbon

fuels. EPC has also prepared a carbon flow for Thorn House, indicating how investment in the property will impact long-term embodied and operational carbon. This methodology will be rolled out across the portfolio over the next 12–24 months, along with awareness-raising programmes.

Electricity use is lower than last year, despite the buildings being more fully occupied as tenants return to the office post-pandemic, partly due to improvements made such as installing LED lighting.

LEDs made up all, or the majority, of lighting at the sites visited, and motion sensor lighting was installed in the common areas of three of the sites. Posters were also observed at two of the sites, reminding tenants to turn off lights when leaving rooms. Two of the sites had double-glazing installed.

M5: The company is committed to, wherever possible, using fully renewable energy within our buildings

EPC is using 100% renewable electricity, largely from Green Energy. 92% of the fuel for heating is from Green Energy biogas, 7% is from standard gas (via Streamline ESCO and One Brighton ESCO) and 2% from wood. The renewable energy generated on-site from solar made up 5% of EPC's overall electricity usage, and 1.96% of the total energy used.

M6: The company is committed to reducing the amount of waste from its buildings that go to landfill

This is the first year EPC has reported on waste. Data was obtained from 65% of the centres (by floor area), as the remaining 35% of centres use contractors who do not easily provide this information. 2022 data was used for the remaining 35% of centres. 58% of waste was recycled, 9% was food waste sent for composting/anaerobic digestion, and 33% was general waste sent to landfill or a 'waste to energy' plant. These rates are almost identical to the baseline data collected in 2022. EPC will seek to raise awareness with tenants and improve recycling rates at poor-performing centres over the coming year.

The audit identified that all four sites are proactively segregating their waste, and the majority of the bins were labelled with their intended waste stream.

Hastings House had posters showing which waste containers should be used for the different waste streams, and Green Fish Resource Centre had a poster showing the waste hierarchy. Brighton Junction had a clothes donation box. None of the three sites were able to provide reports to verify what waste is being diverted from landfill.

M7: The company is committed to reducing water consumption across our buildings

Water use has decreased slightly compared to last year, which is surprising as building occupancy has increased post-pandemic and usage is closely tied to occupancy. Usage is still significantly lower (-29.1%) than the average use in 2017–2019, largely due to improved water-saving equipment. EPC will continue to upgrade equipment as funds allow and monitor usage to repair leaks when they occur.

One of the four sites visited had push taps to reduce water usage. Green Fish Resource Centre and Brighton Junction had signs reminding tenants to save water. Brighton Eco Centre utilises rainwater harvesting. Green Fish Resource Centre has a small garden balcony; however, space for rainwater harvesting was limited.

M8: The company will measure and report on the impact of staff travel

EPC has a policy of using public transport wherever possible. This is the first year that EPC has measured and reported the carbon associated with its business travel (excluding commuting), which only accounted for 5% of its total emissions this year.

EPC tried a new way of gathering commuting data this year in order to assess carbon impacts more accurately. However, the response rate was 42% and EPC does not have control over employees' choices regarding commuting; therefore, it does not report commuting as part of its carbon emissions. EPC will continue to identify ways in which it can help people make more low-carbon choices for their commute.

Green Fish Resource Centre has a bike rack inside, and all other sites have bike racks outside their buildings. Parking is limited at all four sites, and the majority of tenants use public transport. Hastings

House is looking into the possibility of installing EV charging points.

M9: Increasing biodiversity impact

EPC does not currently promote biodiversity across its properties. Awareness-raising programmes will be developed in FY24, and EPC will consider whether and how biodiversity can be increased at its properties. This will also be considered when acquiring new properties.

There are outdoor spaces at Green Fish Resource Centre and Brighton Eco Centre. None of the sites had bird or bat boxes installed. Hastings House is looking into the possibility of installing a beehive.

M10: Increasing sustainable food engagement

As EPC does not provide food itself (except small amounts of catering for its own events), the amount of influence EPC can have in this area is limited.

Local food suppliers and caterers were used for the sites which held events and board meetings. Brighton Junction used to work with food waste reduction charity, Fair Share, before COVID-19; however, this hasn't yet been restarted. None of the sites had food donation boxes.

M11: The company is committed to a reduction of impact via our supply chain (carbon)

EPC joined the Social Enterprise UK 'Social Procurement Connect' programme as the first step in developing its procurement policy. The assessment of its supply chain on carbon emissions, and the development of a strategy to improve this, has been delayed until 2023/24.

All sites visited stated that they would purchase food and drink locally if holding events. There is no approved supplier system and purchasing decisions are sometimes made on cost or convenience. However, all four sites utilised local suppliers and contractors, where possible.

Holly Roberts

Environmental Consultant
Environmental Monitoring Solutions (EMS)
December 2023

ENVIRONMENTAL IMPACT PERFORMANCE

Energy consumption by property 2022/23

Property	Treated floor area (TFA) (m ²)	Mains electricity consumption (kWh/m ²)	EPC-generated (solar) electricity consumption (kWh/m ²)	Gas consumption (kWh/m ²)	Wood consumption (kWh/m ²)	Total consumption (kWh/m ²)
Brick Yard	1,312	46.8	2.3	55.2		104.4
Brighton Eco Centre	345	19.1		84.1		103.1
Brighton Junction	1,000	52.0		26.3	34.9	113.3
Brighton Open Market Studios	277	54.4		0.0	0.0	54.4
Brunswick Court	2,082	40.7	3.9	64.4		108.9
Stowe Centre	sold					
Durham Road Resource Centre	486	45.3		65.1		110.4
The Foundry	4,545	60.2		83.2		143.4
Green Fish Resource Centre	960	21.7	10.4	59.3		91.4
The Green House	5,468	57.4	3.1	65.1		125.7
Green Park Station	1,706	37.6		142.0		179.6
Hastings House	1,380	34.2	9.2	127.5		170.9
The Old Music Hall	2,185	39.7	3.8	53.3		96.7
Resource for London	2,074	33.6		0.0		33.6
St Pauls Learning Centre	1,253	90.0		221.6		311.6
Scotia Works	732	27.5		83.8		111.2
Streamline	1,656	26.6	17.6	70.5		114.7
Thorn House	1,130	43.7		78.3		122.1
Total	28,590					132.5

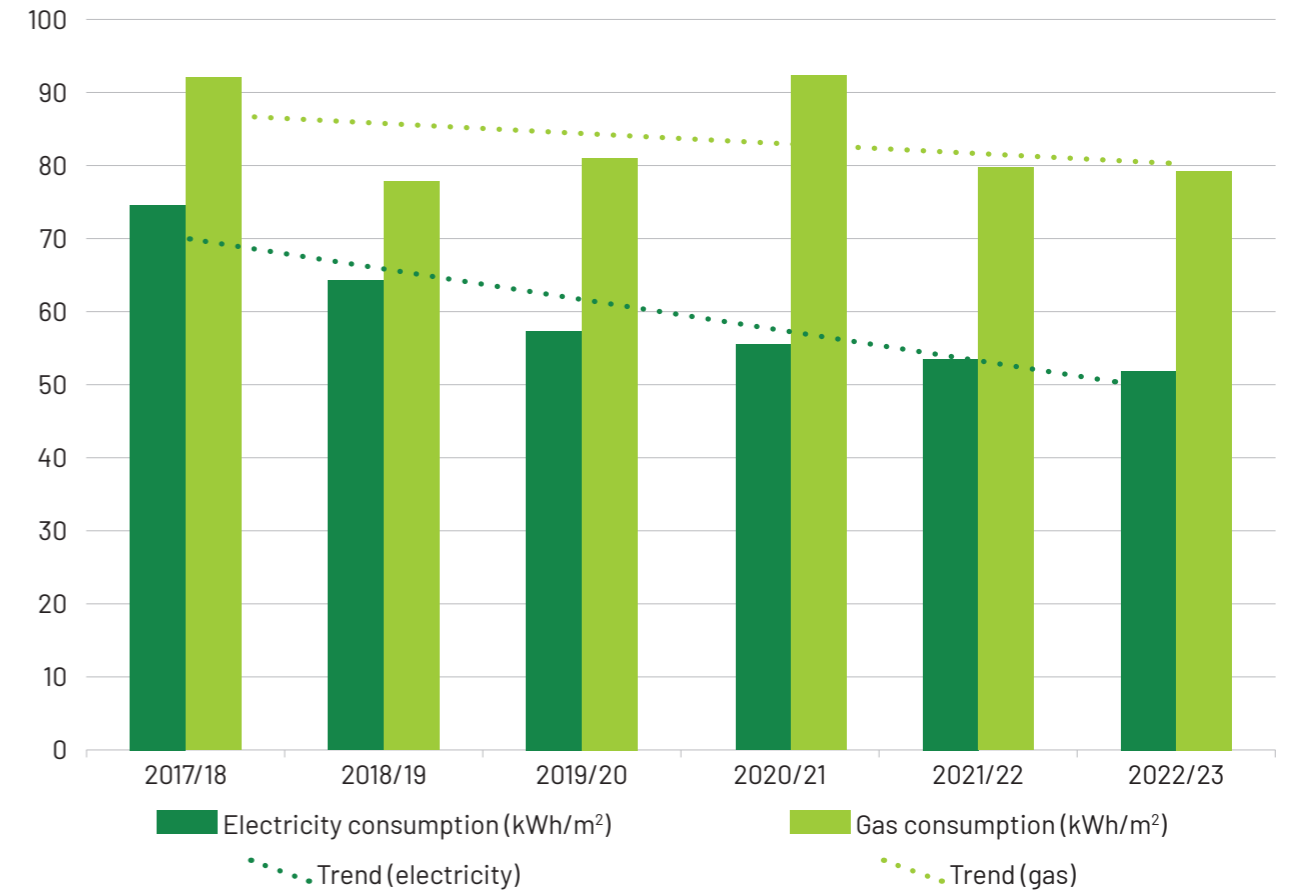
Total energy consumption by property (kWh/m²): year-on-year comparison

Property	2021/22	2022/23	Change year-on-year
Brick Yard	85.8	104.4	22%
Brighton Eco Centre	115.3	103.1	-11%
Brighton Junction	122.7	113.3	-8%
Brighton Open Market Studios	n/a		
Brunswick Court	125.4	108.9	-13%
Stowe Centre	99.6	sold	
Durham Road Resource Centre	148.4	110.4	-26%
The Foundry	132.1	143.4	9%
Green Fish Resource Centre	91.9	91.4	-1%
The Green House	125.0	125.7	1%
Green Park Station	205.0	179.6	-12%
Hastings House	176.9	170.9	-3%
The Old Music Hall	77.5	96.7	25%
Resource for London	52.9	33.6	-36%
St Pauls Learning Centre	347.6	311.6	-10%
Scotia Works	126.0	111.2	-12%
Streamline	104.5	114.7	10%
Thorn House	106.8	122.1	14%
Energy consumption for the portfolio	129.0	132.5	3%

Total energy consumption across the portfolio: year-on-year comparison

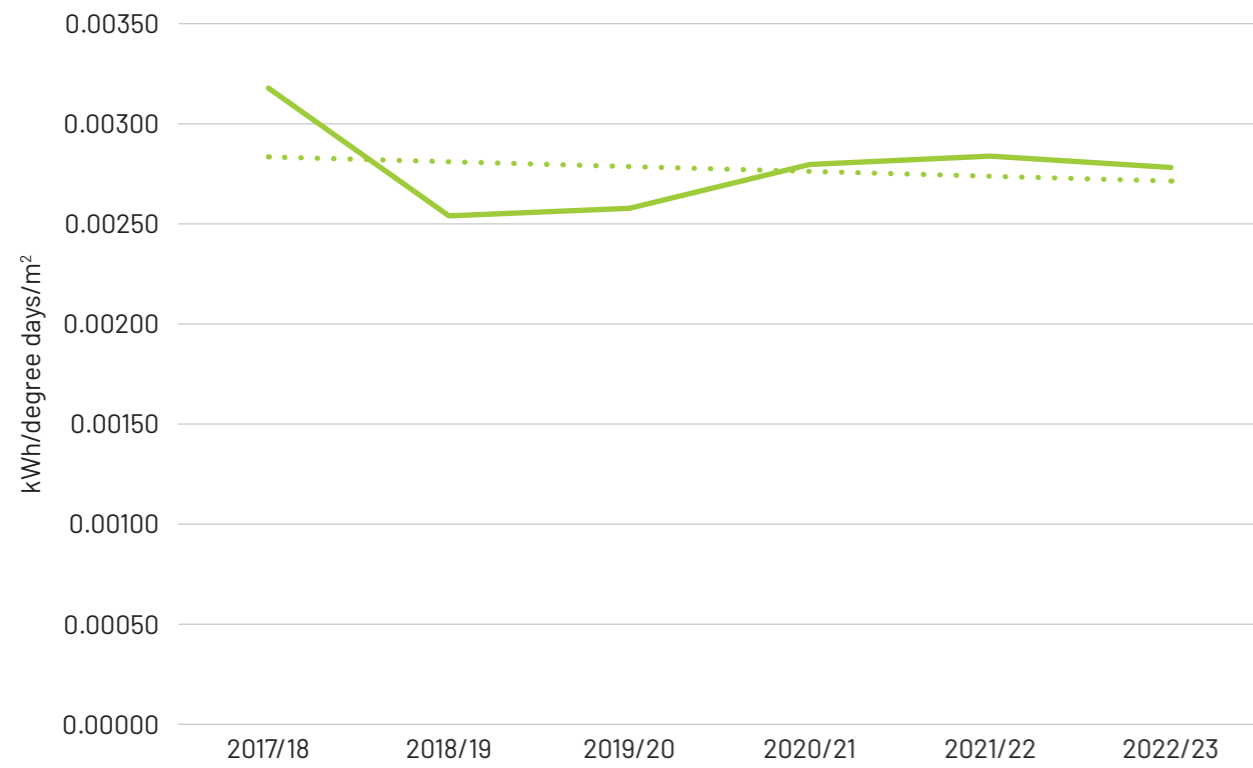
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Mains electricity consumption (kWh)	1,542,469	1,724,572	1,501,080	1,449,309	1,408,909	1,344,195
EPC-generated (solar) electricity consumption (kWh)	21,358	80,021	92,177	93,050	79,358	70,729
Gas consumption (kWh)	1,930,173	2,187,494	2,251,440	2,565,393	2,213,934	2,163,444
Wood consumption (kWh)	22,804	35,664	25,914	78,647	43,338	34,918
Total from all fuel sources (kWh)	3,516,803	4,027,751	3,870,611	4,186,400	3,745,539	3,613,286

Electricity and gas consumption 2017/18 – 2022/23



This graph shows the changes in electricity and gas use for the portfolio over the last six years, with trendlines to show the underlying movement in usage, which is not always obvious.

Gas use 2017/18 – 2022/23 normalised for outside air temperature



Water use by property (cubic metres/m²)

Property	2022-23
Brick Yard	0.27
Brighton Eco Centre	0.33
Brighton Junction	0.21
Brighton Open Market Studios	n/a
Brunswick Court	0.35
Stowe Centre	sold
Durham Road Resource Centre	0.28
The Foundry	0.50
Green Fish Resource Centre	0.03
The Green House	0.57
Green Park Station	0.71
Hastings House	0.19
The Old Music Hall	0.41
Resource for London	0.65
St Pauls Learning Centre	0.80
Scotia Works	0.25
Streamline	0.20
Thorn House	0.87
Total usage (cubic metres/m²)	0.48

SOCIAL IMPACT

Ethical Property manages centres that benefit our tenants, our staff and the local community. Whether hosting community events or helping tenants get to know each other, we create the conditions where change can flourish.

The St Pauls Learning Centre in Bristol continued to provide affordable services and support for some of the most vulnerable people in an area facing severe deprivation. The centre focuses on wellbeing and creativity, adult learning and helping people find work. It also acts as an important community hub – a place where people can come in and get an affordable meal or a hot drink, stay warm and enjoy some company.

Silvana, one of the centre team, has started a monthly 'Home Language Conversation Cafe,' a project connecting immigrants who have the same language and cultural background. "Moving to a country with a different language and culture can be an exciting but also a challenging experience, with loneliness and communication obstacles highly affecting people's confidence and emotional wellbeing," explains Silvana. "This is a welcoming space where people can support each other, reflect on and celebrate even the smaller achievements, share information about support and resources available, or just have a nice time with their friends, speaking in their first language."

Tenants at The Foundry in London enjoyed meeting each other and learning new skills at a wide range of wellbeing activities and informal events. The team is committed to involving the wider community; initiatives included exhibition tours in partnership with local art gallery Gasworks, where tenants and

community members socialise over breakfast at the Foundry before moving on to see the latest exhibition. The centre also collaborated with London South Teaching School Hub and Oval Learning Cluster to offer a broad programme of free learning events to schools across Lambeth and Southwark.

Resource for London continued to offer low-cost meeting and conference space to a huge range of charities, service providers and community groups, and reopened the onsite cafe under a partnership with Brewbird, a local social enterprise. Ninety percent of bookings are from the voluntary sector: clients include Barnardo's, Child Poverty Action Group, Refugee Action and the Samaritans, while NHS Blood and Transplant continued to hold regular blood donation sessions at the centre.

We've seen a steady rise in occupancy during the reporting period, and there's been a clear trend in attracting organisations that are very closely aligned to our values. Many of them are supporting vulnerable people at the sharp end of the cost-of-living crisis, and we are proud to support their work.

While our flexible contracts and fair pricing are obviously a big draw, prospective tenants are increasingly quizzing us about company policy on issues such as race, diversity and inclusion, staff wellbeing and living wage, as well as our plans to reach net zero. We are well placed to respond to these queries, and it is encouraging that so many organisations share our aspiration to be a fair and inclusive employer with minimal environmental impact.

Here are just a few examples of the changemakers, big and small, that we welcomed during the year, reflecting the breadth of work our tenants do:

- My Name's Doddie Foundation (Thorn House) – named after the late Scottish rugby legend Doddie Weir – which is working to end motor neurone disease.
- The Carers Centre (Brighton Eco Centre), which provides local family carers with emotional support, advice, and a well-deserved break from their caring roles.
- Concern Worldwide (The Foundry), an international humanitarian organisation working towards a world free from poverty, fear and oppression.
- Public Interest Law Centre (The Green House), a charity set up to tackle systemic injustice through legal representation.
- Charity Digital (Resource for London), which provides the third sector with access to high-quality and cost-effective technology, tools and training.
- The National Children's Orchestra (Streamline), a charity that believes that music matters because it drives wellbeing and happiness. And children deserve to be happy.

Last year, our Social Impact Auditor told us that we make a lot of worthwhile social impact, but because it's so embedded in our culture we don't always notice or capture it. In response, we've created a framework to help us record our impact at a more grassroots level and to prove that all our centres can play a part in ensuring we live up to our founding values. We've incorporated this approach into staff appraisals and objective setting, enabling centres to pledge to make a difference without diverting staff time or resources. This could range from organising a social event for tenants and community members, to setting up a book-exchange shelf or offering free meeting space to local groups facing hardship. No matter how small, all these actions add up.

Our focus on staff wellbeing is as important as ever against the backdrop of the climate emergency, international conflict and the domestic cost-of-living crisis. Towards the end of the year, we kicked off menopause awareness training, and achieved level 1 certification in the government's Disability Confident scheme. This signals our commitment to being a truly inclusive employer – tapping into a huge pool of talent and helping to ensure that people with health conditions or impairments have opportunities to fulfil their potential and realise their aspirations.

SOCIAL IMPACT AUDITOR'S STATEMENT

Scope and objectives

The Ethical Property Company PLC ('Ethical Property') commissioned Heidi Fisher, of Make an Impact CIC ('the Auditor'), to undertake independent assurance of the principles within the Adherence Framework ('the Framework') contained within Ethical Property's 2022/23 Impact Report as they relate to Social Impact, and specifically assurance regarding principles M2 and M3.

The Framework was revised in 2022 to provide an improved set of reporting indicators that could demonstrate compliance with Ethical Property's guiding principles, known as the Quintessentials, and in 2023 further work has been undertaken to improve the data collected regarding social impact. The objective of the Audit is to assure stakeholders that the reporting in the Framework is consistent with the data upon which it is based.

The scope of the audit was restricted to the Adherence Framework and specifically to principles M2 and M3. The assurance process was designed to provide a moderate level of assurance. The Global Reporting Initiative (GRI) Reporting Principles were used as criteria for evaluating the quality of the performance information.

This is the second year that the Auditor has provided an assurance report on the Social Impact reporting of Ethical Property.

Responsibilities of the Directors of The Ethical Property Company PLC and of the Auditor

The Directors of Ethical Property have sole responsibility for the preparation of the Report. This statement represents the Auditor's independent opinion and is intended to inform all Ethical Property's stakeholders, including management. The Auditor was not involved in the preparation of the Report. A management letter was also produced.

Basis of opinion

The Auditor's work was designed to gather evidence with the objective of providing assurance. To prepare this statement, the Auditor supported with revisions of the Framework to improve the targets/indicators for each Principle. The Auditor interviewed Ethical Property team members from three centres and regional managers, and reviewed centre and staff survey data and other documents.

The Auditor is satisfied she has been allowed unhindered access to documentation covering Ethical Property's activities and stakeholder engagements, and to its staff.

Conclusions

Ethical Property has achieved the level of performance required by the Framework with supporting evidence for social impacts, and specifically principles M2 and M3.

This year the data reported has improved due to additional social impact reporting requirements for centre staff. This has resulted in a fuller picture of Ethical Property's social impact than in previous years. There has been effort to embed how good mental health is achieved for staff, and this has resulted in increased understanding of why this is important for delivering Ethical Property's overall objectives. Staff are much clearer on what constitutes social impact, and this year were better able to share examples of what they are doing to deliver social impact. Tenants have been supported to collaborate, with increased levels of information on the types of collaborations between tenants and how this has supported individual tenants to achieve their own organisational objectives. Capturing data on the wider community impact that each centre has achieved has improved in the past year.

As part of the review, I was able to compare year-on-year data from the centre and staff surveys for this

year and the previous year. Results for M2 and M3 are comparable to the previous year, with 34% (2022: 37%) of tenants having collaborated and 86% (2022: 86%) of tenants stating that being in a centre with like-minded organisations had a positive impact on their work-life wellbeing. Staff are clearer about the support available to them for their mental health and wellbeing, and it is increasingly discussed as part of supervision meetings with line managers. The staff survey questions regarding wellbeing looked at workplace stress across eight metrics. Of these, three areas have increased slightly, whereas five areas have declined, indicating a mixed picture regarding factors that are likely to affect staff wellbeing in the future, which require addressing.

Use of this report

This report is made solely to the company's members, as a body. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the company and the company's members as a body, for our work, for this report, or for the opinions we have formed.

Heidi Fisher MBE FCA for and on behalf of Make an Impact CIC

13 December 2023

OUR STAFF AND TENANTS

OUR STAFF

The current salary ratio of highest to lowest paid worker is 3.84:1



We are committed to a highest to lowest salary ratio of no more than 5:1 if we have under 50 full-time employees, and no more than 7:1 if we have 50–250 full-time employees. As of the end of this reporting period (30 September 2023), the full-time equivalent (FTE) was 58.79.

Staff Survey 2022/23 – of those who responded:

92%

said that they enjoy working for Ethical Property

90%

feel involved and aligned with the company

93%

said that they were satisfied or very satisfied with our working culture

OUR TENANTS

Tenant Survey 2022/23 – of those who responded:

89%

said that we provided value for money

86%

said that working with like-minded organisations was good for their work-life wellbeing

69%

said that being in an Ethical Property centre encouraged their staff to walk, bike or take public transport to work

90%

said that being in an Ethical Property centre helped them achieve their goals

83%

said that they would recommend Ethical Property

Tenants by size: per organisation type, legal status and nature of work

Organisation type	Number of occupants	% of total	Area occupied (m ²)	% of total area occupied
Registered charity	153	51.9%	9,707.88	55.9%
Community interest company (CIC)	10	3.4%	453.88	2.6%
MP local office	1	0.3%	28.80	0.2%
Other not-for-profit (non-trading)	25	8.5%	1,643.11	9.5%
Trading organisation	101	34.2%	5,075.73	29.2%
Trade union	1	0.3%	69.00	0.4%
Political party	1	0.3%	29.20	0.2%
Public body	3	1.0%	353.20	2.0%
Total	295	100.0%	17,360.80	100.0%

Legal status	Number of occupants	% of total	Area occupied (m ²)	% of total area occupied
Registered company	219	74.0%	14,807.73	85.3%
Charitable trust (not reg company)	10	3.0%	320.70	1.8%
Other unincorporated association	4	1.0%	89.40	0.5%
Charitable incorporated organisation (CIO)	15	5.0%	596.70	3.4%
Sole trader	29	10.0%	544.53	3.1%
Industrial and provident society	0	0.0%	0.00	0.0%
Limited liability partnership (LLP)	1	0.5%	31.40	0.2%
Other	5	1.5%	451.00	2.6%
Community interest company (CIC)	9	3.0%	372.48	2.1%
Community benefit society (CBS)	3	1.0%	146.86	0.8%
Total	295	100.0%	17,360.80	100.0%

Nature of work	Number of occupants	% of total	Area occupied (m ²)	% of total area occupied
Animal rights	0	0.0%	0.00	0.0%
Civil rights	5	1.7%	155.60	0.9%
Community arts	15	5.1%	723.79	4.2%
Community development in the UK	35	11.9%	2,096.60	12.1%
Environment	35	11.9%	1,815.76	10.5%
Ethical finance	4	1.4%	291.90	1.7%
Global justice	10	3.4%	733.24	4.2%
Health	40	13.6%	2,572.66	14.8%
Homelessness	10	3.4%	541.65	3.1%
Human rights	23	7.8%	1,538.00	8.9%
International development	15	5.1%	701.50	4.0%
Local business	35	11.9%	1,969.92	11.3%
Mainstream business	14	4.7%	499.20	2.9%
Organisational support	29	9.8%	1,614.00	9.3%
Peace and conflict resolution	7	2.4%	494.50	2.8%
Refugee and ethnic minority issues	9	3.1%	508.10	2.9%
Women's rights	9	3.1%	1,104.38	6.4%
Total	295	100.0%	17,360.80	100.0%

REPORTING AGAINST THE ADHERENCE FRAMEWORK

COMPANY GOVERNANCE AND MANAGEMENT

Ref	Principle to be adhered to	Methodology or indicator / target	Report and findings
G1	The company will actively seek the views of staff, tenants and investors and this information will be taken into account when any strategic decisions are made.	Staff: Annual survey, supervisions and all-staff meeting. Tenants: Annual survey, tenant meetings. Investors: AGM and ease of contacting senior management.	Staff: Annual survey completed in October 2023. Staff supervisions take place monthly. Several members of staff have joined committees, such as the Health and Safety (H&S) Committee. No all-staff meetings have taken place this year; however, smaller regional meetings have taken place. Tenants: Annual survey completed in October 2023. All centres held quarterly tenant meetings. Investors: A hybrid AGM took place in March 2023. There is a dedicated email address allowing all investors to ask questions and provide feedback. Investor updates were sent and are available online, and a survey was sent via the updates.

G2	The company will actively communicate with staff, tenants and investors.	Staff: All-staff meetings, one in-person event per year, staff newsletter, staff updates. Tenants: Centre-based tenant meetings and tenant newsletter. Investors: AGM, Annual Report, the Environmental and Social Impact Report [now called the 'Impact Report'], investor updates.	Staff: Each region held an in-person event in December 2022. The staff newsletter and all-staff meeting have been replaced with a digital communication board, which allows all staff to participate. Regular updates are sent via email, the digital communication board, HR, and H&S platforms. Tenants: Tenant newsletters issued, and meetings took place. Most centres held at least one social gathering enabling tenants to network. Investors: AGM held in March 2023; Environmental and Social Impact Report issued in February 2023. Investor updates issued, which can be found on the website.
G3	The company will ensure that staff are aware of and understand the company's values and are able to apply them in their roles.	Company inductions, Quintessentials and updates.	Company inductions held at head office. Staff Handbook updated and available to all. Quintessentials available to all staff. Values covered in staff appraisals and survey.
G4	Staff pay will be fair and equitable. The ratio between the highest to lowest paid worker should not exceed the published level.	Regular review of income and benchmarking.	Review carried out in October 2022 by HR, overseen by Remuneration and Nominations Committee. Salary ratio of highest to lowest paid worker is published within this report.
G5	Investment opportunities will be easily accessible by a wide range of social impact investors, individual through to institute.	Information on investment opportunities will be published on the website and access will be via accessible and inclusive platforms.	No investment opportunities were issued by Ethical Property during this period.

ETHICAL CRITERIA FOR TENANCY

Ref	Principles to be adhered to	Methodology or indicator / target	Report and findings
T1	Tenants need to meet our ethical tenant criteria.	80% of tenants across our centres (combined) need to meet these criteria.	A list of tenants (who have consented to be listed) can be found on our website.
T2	A breakdown of tenants by size, legal form and nature will be collected on an annual basis.	Collected by central Operations team.	A breakdown of tenants by size, legal form and nature is available in this report and on our website.
T3	Wherever possible, a report will be generated on how many organisations use our centres.	Information to be collected from centres open to the public.	List provided to Senior Management Team.

ETHICAL PROPERTY MANAGEMENT

Ref	Principles to be adhered to	Methodology or indicator / target	Report and findings
Social Impact			
M1	Rents will be affordable to our target market and offer value for money.	Regular reviews of local market rents using comparable and independent data by the Sales team, and tenants questioned via the annual survey. The tenant survey is made available to the Social Impact Auditor.	Information supplied to the Social Impact Auditor in October 2023.
M2	The company will provide opportunities for the tenants to meet and collaborate.	Providing physical spaces within the design of each centre. Wherever possible, to hold events in which tenants can meet. Centre meetings, Tenant Resources, digital screens, encouraging tenants to contribute to the tenant newsletter.	Centre meetings took place across all centres on a regular basis, both in person and online. Tenant Resources is widely used by tenants and staff to share information. Digital screens are in place at eight centres and tenants who wish to be included have their information displayed. Tenant newsletters were issued, and we will expand this facility in 2024.
M3	The company will prioritise good mental health for staff and all that use our centres.	Break-out spaces and, if applicable, gardens/outdoor space.	The use of outdoor space has continued and proved popular since the pandemic. Break-out spaces are well used throughout all centres.
Environmental Impact			
M4	The company is committed to a 50% reduction (by 2030) of the tCO ₂ e generated by our buildings and by our business. The baseline against which we will measure carbon reduction will be 0.7769 kgCO ₂ /m ² /year (gas, electricity, wood and water only). This is calculated from the average usage pre-pandemic (2017-2019) but using the carbon factors for 2022. This gives the best combination of "average" usage and up-to-date carbon factors, which take into account the suppliers we currently use.	To be broken down into measurements, including a carbon plan for each centre, which will be produced by November 2022. The company will run an ongoing educational campaign across our centres to raise awareness with staff, tenants and visitors.	Carbon emissions are currently measured for electricity, gas, water, refrigerants, waste and business travel. Using the market-based method, tCO ₂ e was up 18% on 2022, and 31% above the baseline. This is a worse position than last year and is largely because of increased natural gas use at Streamline and Brighton Junction, whose heating and hot water are provided by Energy Service Companies (ESCOs) over which we do not have control. Contact has been made with the ESCOs to seek to influence and support them to change to zero-carbon fuels. We have prepared a carbon flow for Thorn House, indicating how investment in the property will impact long-term embodied and operational carbon.

M5	The company is committed to, wherever possible, using fully renewable energy within our buildings.	To be audited on a centre-by-centre basis.	We are now using 100% renewable electricity, largely from Green Energy. 92% of the fuel for heating this year was from Green Energy biogas, 7% was from standard gas (via Streamline ESCO and One Brighton ESCO) and 2% from wood.
M6	The company is committed to reducing the amount of waste from its buildings that go to landfill.	To be audited on a centre-by-centre basis. The company will run an ongoing educational campaign across our centres to raise awareness with staff, tenants and visitors.	Information was supplied to the Environmental Impact Auditor in October 2023. A campaign to improve waste recycling, including information and signage, has been rolled out across all centres.
M7	The company is committed to reducing water consumption across our buildings.	To be audited on a centre-by-centre basis. The company will run an ongoing educational campaign across our centres to raise awareness with staff, tenants and visitors.	Water use has increased by 5% compared to last year, which was expected as building occupancy has increased post-pandemic. Usage is still significantly lower (-26%) than the average use in 2017-2019, largely due to improved water-saving equipment. We will continue to upgrade equipment as funds allow and monitor usage to repair leaks when they occur.
M8	The company will measure and report on the impact of staff travel.	An annual commuter travel survey will be sent out, and for staff, a record of work-based travel will be set up from 2022/23.	This is the first year that we have measured and reported on the carbon associated with our business travel. Since we have a policy of using public transport (largely train) wherever possible, staff travel made up less than 3% of our total emissions this year. We will look to benchmark this against companies of a similar size and geographic spread. We tried a new way of gathering data on commuting this year, through expense forms as well as the staff travel survey, with the goal of assessing carbon impact more accurately and identifying ways in which we can help people make more low-carbon choices for their commute. However, with only a 42% response rate this was not wholly successful, and we may reconsider how we do this in future. We will continue to report on our commuting choices each year, alongside our carbon reporting.

M9	Increasing biodiversity impact.	The company will run an ongoing educational campaign across our centres to raise awareness with staff, tenants and visitors.	Awareness-raising programmes on biodiversity were not developed as planned, as this was overtaken by other business priorities. These programmes will be developed in FY24, and we will consider whether and how biodiversity can be increased at our properties. This will also be considered when acquiring new properties.
M10	Increasing sustainable food engagement.	The company will run an ongoing educational campaign across our centres to raise awareness with staff, tenants and visitors.	Awareness-raising programmes on sustainable food engagement were not developed as planned, as this was overtaken by other business priorities. As we do not provide food ourselves (except small amounts of catering for our own events), we need to be realistic about the amount of influence we can have in this area.
M11	The company is committed to a reduction of impact via our supply chain (carbon).	We will develop the process of our supply chain (procurement) by 2023.	We joined the Social Enterprise UK 'Social Procurement Connect' programme as the first step in developing our procurement policy. However, the assessment of carbon emissions in our supply chain, and the development of a strategy to improve this, has been delayed.

IP3	The company will ensure that it has an effective mechanism for trading shares.	To ensure that any platforms used are accessible and easy to access.	Ethex closed its secondary market during this period. The replacement is being evaluated; however, private sales can still take place.
IP4	When a dividend is issued, all shareholders will have the option to waive their dividend, so that it can be used to support those tenants in need and further the company's impact.	To be managed by the Finance Director.	Not applicable for this period.

INVESTMENT PERFORMANCE

Ref	Principles to be adhered to	Methodology or indicator / target	Report and findings
IP1	A dividend policy will be in place at all times. The issuing of dividends will be reviewed on an annual basis.	The Board will review and decide on the level of dividends annually.	The Board reviewed issuing dividends, and the decision not to issue was announced at the AGM in March 2023.
IP2	The company will produce a minimum of two investor updates per year.	Investor updates to be made available via website at least twice a year in addition to the Annual Report. Those investors who have opted for digital communication will be advised when it is available.	Environmental and Social Impact Report and investor updates produced during this period. The Annual Report was not published due to the change in our financial year; this will now end on 31 March and the Annual Report will be published in August.



ethicalproperty

The Ethical Property Company PLC
The Old Music Hall
106-108 Cowley Road
Oxford OX4 1JE

+44 (0)1865 207 810
info@ethicalproperty.co.uk
www.ethicalproperty.co.uk

Company Registration No. 02961327

Published February 2024

