



H A R G R E A V E S

PROPERTY INVESTMENT & DEVELOPMENT

2023 ESG REPORT

SEPTEMBER 2024



HARGREAVES

PROPERTY INVESTMENT & DEVELOPMENT

2023 ESG REPORT

SEPTEMBER 2024



About Hargreaves.

The Hargreaves Group is a private property business established in 1964, located in the South of England.

Our portfolio is focused on the South and East of England occupying prime, sector-specific locations. We have built and retained over 2.2 million square feet of commercial property, offering high-specification space in all sectors and specialising in offices, logistics, retail warehouses, and industrial and trade counter premises.



About this report.

Through this report, we provide an overview of the company's Environmental, Social, and Governance (ESG) strategy, summarising the key initiatives and objectives that have guided our efforts throughout 2023. Our strategy is structured around five core ESG focus areas, which we use in the following pages to outline our initiatives, and the progress made against them.

Our ESG Journey.

At Hargreaves, ESG factors are central to our decisions and operations.

In 2021, we developed our sustainability strategy and ESG policy to summarise our commitment to sustainability.

In 2022, we focused on achieving 100% actual energy data for assets over which we have operational control. We completed our first greenhouse gas (GHG) emissions report that included all categories relevant to our company. Furthermore, we also achieved BREEAM certifications for three of our assets and supported local communities by establishing annual volunteering days.

2023 was the first year where we procured 100% renewable electricity for assets that we have operational control over and completed waste audits for three main assets, identifying opportunities to increase recycling and reduce waste generated. During the last year, we also set minimum standards for new development and refurbishments, which now guide how we approach such projects.



ESG Governance and Strategy.

As part of the strategy development, we undertook a materiality assessment; this allowed us to identify and prioritise the ESG topics relevant to our business and inform how we approach sustainability at Hargreaves.

The ESG strategy we set is aligned to United Nations Sustainable Development Goals (UN SDGs) and focused our efforts on the areas where we are well positioned to achieve the greatest impact: energy efficiency and emissions, waste management, building health and wellbeing, supporting local communities and compliance and ESG standards. This report includes information on energy efficiency and emissions, as well as waste management under the Environmental Stewardship section.



Energy Efficiency and Emissions



Compliance and ESG Standards



Waste Management



Supporting Local Communities



Building Health and Wellbeing



Building Health and wellbeing.

At Hargreaves, we prioritise the creation of healthy, safe and inclusive environments for both building occupants and the wider community. On average, people spend over 90% of their lives in and around buildings, and much of the rest of their time travelling between them. The built environment is critical to our health and wellbeing due to the conditions and facilities it provides and the behaviours it encourages.

We strive to implement design and operational features and management strategies to optimise our asset's health and wellbeing outcomes. To achieve this, we aim to integrate wellbeing principles into new developments and refurbishments.

During 2024 we will undertake an extensive refurbishment of our own office to enhance the wellbeing environment for all staff working at Hargreaves.

Healthy buildings

- From 2022 to 2025, we plan to invest over £5.5m in our office portfolio, improving tenant facilities such as toilets, showers, and bike storage.
- We provide cycling facilities in our office buildings in Brighton, Tunbridge Wells, Guernsey and Guildford to encourage building users to reduce GHG emissions associated with travel.
- We are also undertaking refurbishments to enhance cycling facilities in the rest of our buildings, this includes adding shower and locker facilities.
- We ensure our buildings have inclusive design features to promote accessibility for all. We are currently focusing on implementing these in our buildings in Brighton and Guernsey.
- There are over 50 electric vehicle (EV) chargers located across our portfolio.



Hamilton Business Park

Green Building Certifications

- Green building certifications help to improve asset performance at every stage, from design to construction, through use and refurbishment.
- Three of our sites at Hamilton Business Park have achieved BREEAM Very good:
 - Site D1: 64.6% / New construction
 - Site F: 67.1% / New Construction
 - Site D2: 59.2% / BREEAM in Use
- Our new development, Waterlooville, will be built to BREEAM New Construction Very Good rating.

Building Health and wellbeing.

Sustainable construction

As a property developer, we are aware of the impact of construction activities on the environment.

In 2023, we developed two guides to help improve the sustainability, health and wellbeing of newly built warehouses and the refurbishments and fit-outs of our offices.



Executive Summary

This guide has been produced to set the standards for office refurbishment and fit out projects across Hargreaves's assets with the intention of establishing a consistent approach to refurbishment and fit out across the portfolio. It has been developed to inspire and empower design and construction teams to minimise environmental impact during the works.

Refurbishment projects which can vary in scale significantly and therefore not all sustainability measures and considerations will be applicable to all projects. This executive summary has been produced to show how recommendations in the guide can be applied to a specific project that has been considered representative of many projects within the Hargreaves portfolio. The ability of projects to implement recommendations will vary on the age and condition of the building as well as external amenity and roof space. Therefore it is important for design teams to review the whole guide and select the right strategies for each project.

The figure below shows the most relevant measures for the Wellington Gate office refurbishment project. This building is a 1990's office building in Tunbridge Wells which is undergoing a phased refurbishment starting with 2 office floors and landlord areas. Certain site and phasing constraints make some recommendations challenging to implement. The figure below illustrates how this guide's recommendations can be applied to this particular project.

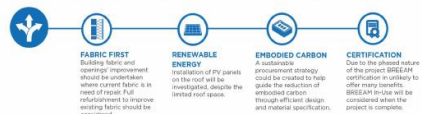
PRIORITIES

These are the recommendations within the guide which are a priority for the development.



ASPIRATIONS

These are the recommendations within the guide which have been considered in the design and will be implemented where possible.



CHALLENGES

Due to the site and project constraints these are the recommendations within the guide which have been deemed unfeasible.



Targets

Set minimum standards for major developments and refurbishments

Completed

All new developments must be sustainable developments

Ongoing



Supporting Local Communities.

As part of our sustainability commitments, supporting local communities is a key focus area for our company. We believe in fostering strong, positive relationships with the communities where we operate. Through partnerships, donations and dedicated volunteering efforts, we prioritise initiatives that address local needs and promote social wellbeing.

In 2023, our employees have continued to support several different community groups and charities and volunteered over 100 hours of their time to charities.

In December 2022, we supported Sparkles Food Parcels, a local charity based in Angmering that provides weekly food parcels to 50 local families. We worked alongside the charity to provide Christmas goodie boxes for the families, food for the Christmas lunches, and a delivery service.



MACMILLAN
CANCER SUPPORT

In September 2023, we hosted a coffee morning and afternoon that raised £100 for Macmillan Cancer Support.



During 2023, our employees supported a local Sea Scouts Group in Littlehampton, volunteering their time to paint the scout hut and storage container.



Targets

Give time to support local community groups and charities

Annual

Partner with and provide financial support to a number of local good causes

Annual



Environmental Stewardship.

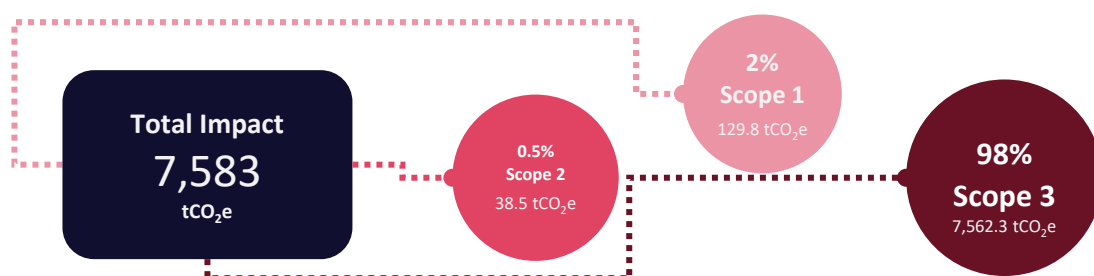
As a property business, the way we design, operate, and manage our buildings plays a crucial role in minimising our environmental impact. Managing our environmental impact is a top priority, and improving energy efficiency, reducing GHG emissions, managing waste and promoting biodiversity are central to this effort.

Energy Efficiency and Emissions.

GHG Emissions

As part of the targets we set in 2021, we tasks ourselves with undertaking an annual GHG emissions assessment. Therefore, since then, we have been measuring our carbon footprint annually, a significant step that enables us to track our progress and identify areas for improvement. Through these efforts, we aim to create more energy-efficient spaces while contributing to broader environmental goals.

This ongoing performance assessment provides essential information for reducing emissions, optimising energy use, and advancing our commitment to sustainability. In 2023, our total impact accounted for 7,583 tCO₂e, from which 168 tCO₂e were linked to our Scope 1 and 2 emissions. Since 2021, we have reduced our total emissions by 15%.



Hargreaves - GHG Emissions (tCO ₂ e)					
Category	2021	2022	2023	2023 vs 2022	% of total emissions*
1.1 Gas & fuel	114	101	117	16%	2%
1.2 Company vehicles	16	10	12	28%	0.2%
2. Electricity (location-based)	290	281	404	44%	-
2. Electricity (market-based)	291	27	38	40%	0.5%
3.1 and 3.2 Purchased Goods and Services, Capital Goods	791	793	796	0.4%	11%
3.3 Energy-Related Activities not captured in S1 or S2	131	118	154	31%	2%
3.5 Waste Generated in Landlord-controlled Assets**	1	1	2	84%	0.02%
3.6 Business Travel	5	9	9	4%	0.1%
3.7 Employee Commuting	26	30	31	3%	0.4%
3.13 Downstream Leased Assets	7,692	7,482	6,570	-12%	85%
Total (Scope 2 market-based)	9,067	8,571	7,583	-10%	

* 2023 split for Market-based emissions.

Environmental Stewardship.

GHG Emissions Reduction Roadmaps

We use GHG emissions reduction roadmaps at selected assets in our portfolio, which provide asset-level decarbonisation information.

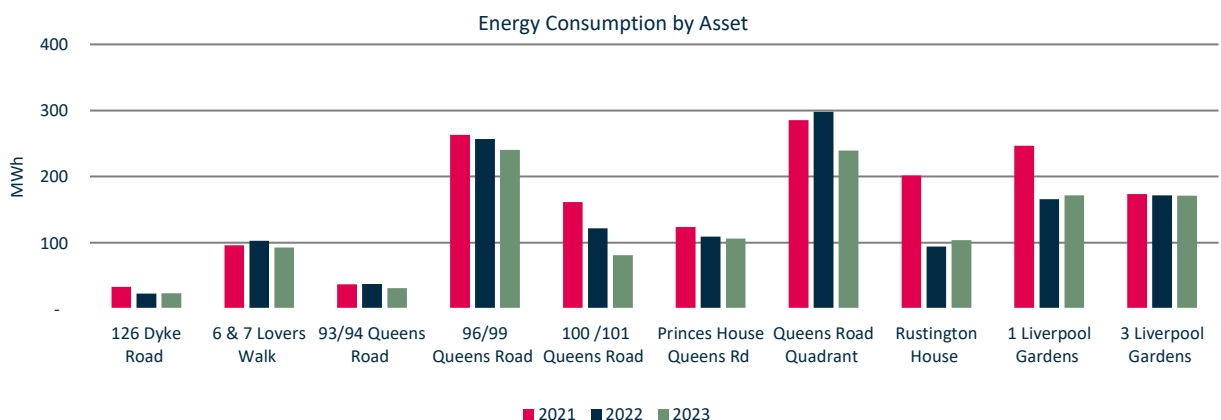
The roadmaps include an analysis of the asset's current and future performance against the Carbon Risk Real Estate Monitor (CRREM), a comparison to the UK Green Building Council's net-zero targets and potential interventions to reduce emissions.

Energy Efficiency and Renewable Energy

As part of our energy efficiency initiatives to reduce emissions, we have installed solar panels. These generated 238kWh of electricity in 2023, which were distributed to our tenants. Furthermore, we have a target to procure 100% renewable electricity. As of the end of 2023, we procured renewable electricity for most of the assets where we have operational control. To meet our target, we are working towards securing a renewable energy contract at the remaining asset, that needs it.



We have also set a target to achieve a 10% reduction in our like-for-like energy use for controlled assets by 2025 (which excludes assets acquired since 2021). We are proud to share that as of the end of 2023, energy usage in the properties where we procured energy for the whole building and for which we can track like-for-like trends has reduced by 22% compared to 2021. This achievement was a result of our efforts to decrease the use of energy, which included the installation of LED lighting in many of our properties. Whilst this is a significant achievement, we continue to focus on decreasing our energy usage across those properties where we procure energy for external and common areas.



Environmental Stewardship.

Energy Performance Certificates (EPCs)

As part of our commitment to improving energy efficiency across our portfolio, we aim to achieve higher building energy ratings, ensuring we are well prepared to respond to the upcoming changes in the Minimum Energy Efficiency Standard regulations.

Our target is to achieve a minimum EPC rating of B for all of our assets by 2030. As we continue to focus on improving the EPC rating of our properties, by the end of 2023 a 79% of our properties had an EPC graded A, B or C.



Electric Vehicle Charging Points

Since 2021 we have increase the amount of EV charging points at our properties. EV charging points installed across our assets already exceeds our target of facilitating 25 additional charging points by 2025.



Targets

Obtain 100% actual energy data for all managed sites	Completed
Develop a science-based target	Completed
Develop asset-level roadmaps for reducing GHG emissions	Completed
Undertake annual GHG emissions assessment	Annual
Procure 100% renewable electricity	In progress
Achieve a 10% reduction in like-for-like energy use for controlled assets by 2025	In progress
Install and facilitate 25 additional EV charging points by 2025	Completed
Achieve a minimum Building Energy Rating - B EPC for all assets by 2030	In progress

Environmental Stewardship.

Waste management.

We recognise the importance of reducing our environmental impact through proactive waste management at our sites. In 2023, we completed operational waste audits on three of our properties. The audits provided a detailed outline of current waste operations and advised operational improvements including data handling, tenant segregation and waste infrastructure.



Targets

Complete waste audits to identify improvement opportunities	Completed
Establish a process to gather waste data for developments	Completed
Maintain zero waste to landfill (controlled assets)	Annual
Reduce like-for-like generation by 5% for controlled assets by 2025	In progress
Increase recycling rates by 50% for controlled assets by 2025	In progress

Biodiversity.

Hargreaves is committed to preserving and enhancing biodiversity across our portfolio. By integrating natural habitats and promoting ecological diversity, we not only enhance the environmental value of our assets but also contribute to the wellbeing of those who live and work there.

We have set biodiversity net-gain objectives for new developments with new planning applications.



Targets

Establish biodiversity net-gain objectives for new developments	Completed
Increase biodiversity by at least 10% for all new developments	In progress
Improve habitat condition so its functionality is better	In progress
Preserve, and where possible, diversify species living in the habitat	In progress

Accountability.

Accountability is one of Hargreaves' company values, and it extends to our ESG efforts. We are committed to tracking our efforts and transparently reporting our progress.

ESG Governance

Our ESG Working Group plays a crucial role in overseeing our ESG efforts and setting clear targets to guide our progress. Furthermore, we are committed to transparent reporting of our ESG data, ensuring that all relevant stakeholders are informed of our performance and ongoing efforts. This transparency is key to building trust and demonstrating our commitment to sustainable and responsible business practices.

ESG Policy

We have established an ESG Policy, which acts as a guide on how to implement the strategy and summarises our approach in relation to our focus areas.

Our ESG Policy can be accessed through [this link](#).

Compliance

We are dedicated to ensuring compliance with all appropriate legal requirements, as this is key to managing the company's operations in a responsible manner.



Targets

Establish an ESG Working Group	Completed
Develop a website section disclosing ESG strategy and progress	Completed



H A R G R E A V E S

PROPERTY INVESTMENT & DEVELOPMENT