

For professional clients only, not suitable for retail investors.

Property development sustainability

Statement of achievement

2019





EXECUTIVE SUMMARY

The Intergovernmental Panel on Climate Change (IPCC) has declared we are facing a climate crisis and that we must limit global warming to reduce the risks associated with long lasting or irreversible changes to the earth's atmosphere and ecosystems.

Over the last few years there has been a dramatic increase in the awareness of the global risk that Climate Change poses, and what impact it is having on our lives. It is now widely acknowledged that we are facing a climate crisis and that we must limit global warming to reduce the risks associated with long lasting or irreversible changes to the earth's atmosphere and ecosystems.

To achieve this, global net human caused emissions of carbon dioxide would need to reach net zero carbon by 2050. The built environment is accountable for circa 40% of the UK's total carbon footprint. We therefore recognise that the Royal London Property Funds contribute towards Climate Change, and that we have a responsibility to minimise the impact our properties have upon the environment.

Our funds aspire to lead and therefore we have developed a Responsible Property Investment strategy which enables us to achieve this. This includes targets and objectives, procedures, and the monitoring of progress to ensure the funds are maintaining a program of continual improvement. This applies throughout our acquisitions, developments and management of commercial and mixed use property assets in the UK.

This annual Statement of Achievement forms part of the Responsible Property Investment strategy and sets out how our development portfolio has performed against its Property Development Sustainability Targets for the previous year, which are included within the Appendix.

2019 Headlines

This report captures the performance of our completed developments in 2019 against our overall sustainability targets and objectives.

A total of four developments were substantially completed in 2019. Three of these were refurbishments (two commercial offices and one retail park), and one new build commercial office. The main achievements from these schemes have been:

- All of the developments secured an EPC rating above our 2019 targets. Our new build office development secured an A rating (minimum target of B), and our refurbishments secured two Bs and a C (minimum target of D).
- A minimum of 98% of non-hazardous site waste has been diverted from landfill, which is above our target of 80%.
- Where appropriate our completed developments have incorporated water efficiency measures that have reduced our mains water usage by between 25 and 45%. This is ahead of our target of 20%.

ROYAL LONDON ASSET MANAGEMENT SUSTAINABILITY 2019

Sustainable development

Royal London Asset Management (RLAM) has a clear focus on their corporate responsibility with respect to sustainability in Development projects through the RLAM Property Development Sustainability Policies. As part of this commitment, this report illustrates progress and overall effectiveness of the initiatives for works substantially completed in 2019.

As with the previous report, this Statement of Achievement has been produced as an annual indicator of our overall performance against these policies, reviewing the performance of these projects against our sustainability targets and objectives, and provides a project summary statement for each development.

2019 completed developments

The major projects substantially completed in 2019 were:

- Horsted Retail Park, Chatham, Retail park refurbishment.
- 200 Hammersmith Road, London, Commercial office refurbishment.
- Space, Woking, Commercial office new build.
- Kings Wharf, Reading, Commercial office refurbishment.

Ongoing development portfolio

In addition to the substantially completed developments in 2019 there is a significant ongoing portfolio of developments which are being delivered in accordance with our current Property Development Sustainability Targets. In order to provide an indication of the extent of these an overview is provided below detailing the key metrics that these developments are targeting as part of our future delivery of sustainable schemes:

New build commercial offices:

- Statesman House, London – targeting BREEAM ‘Outstanding’ and WELL ‘Gold’.
- The Distillery, Bristol – targeting BREEAM ‘Excellent’ and Fitwell 2 Star.
- Castlewood House, London – targeting BREEAM ‘Excellent’ and WELL ‘Gold’.

Major refurbishments – commercial offices:

- 103 Oxford Street, London – targeting BREEAM ‘Excellent’.
- Trafalgar Buildings, London – targeting BREEAM ‘Excellent’.
- Soho Square Holdings, London – targeting BREEAM ‘Excellent’.
- Eden House, London – targeting BREEAM ‘Very Good’.
- 5 St Phillips Place, Birmingham – targeting BREEAM ‘Excellent’ and WELL ‘Silver’.

New build hotels:

- Jury’s Inn Hotel, Bristol – targeting BREEAM ‘Excellent’.

New build industrial:

- Springfield Park DPD, Chelmsford – targeting BREEAM ‘Excellent’.

ACHIEVEMENTS AGAINST OVERALL SUSTAINABILITY TARGETS AND OBJECTIVES

Theme	Topic	Target	Measure of achievement	Horsted Retail Park, Chatham	200 Hammersmith Road, London	Space, Woking	The Carbon Building, Kings Wharf, Reading
Land, site and neighbourhood issues	Community engagement	All construction sites shall be registered under the Considerate Constructors Scheme.	Considerate Constructors Scheme score	Completed by Faircloth Overall score 38 with no less than 7 in each section	Completed by Parkeray Overall score 40 with no less than 7 in each section	Completed by Blenheim House Construction Overall score 41 with no less than 7 in each section	Completed by Sharkeys SE Overall score 37 with no less than 7 in each section
Land, site and neighbourhood issues	Transport	All new developments and refurbishments to have a tailored travel plan.	Travel plan	Site-specific travel plan was completed by MJM Engineers	Site-specific travel plan – provided by TTP Consulting – prior to planning submission of the scheme.	A Work Place Travel Plan – provided by Stuart Michael Associates – was submitted for the written approval of the Local Planning Authority. A framework travel plan has also been prepared and the travel plan has been updated for 1st tenants and to get agreement with Surrey County Council.	Site-specific travel plan – provided by TTP Consulting
Key resources issues	Energy and carbon	Carbon emissions (Building Emissions Rate) from new buildings shall be at least 5% less than the level required by Building Regulations Part L.		As Built BRUKL (Faircloth) confirms compliance with Part L 2013 has been achieved	As Built BRUKL (Parkeray) confirms compliance with Part L 2013 has been achieved This has been achieved through passive design measures and energy efficiency measures (including energy efficient lighting and relevant controls).	As Built BRUKL (Stroma Certification Ltd) confirms compliance with Part L 2013 has been achieved. This has been achieved through passive design measures and energy efficiency measures (including energy efficient lighting and relevant controls).	As Built BRUKL (Greenfish) confirms compliance with Part L 2013 has been achieved. This has been achieved through passive design measures and energy efficiency measures (including energy efficient lighting and relevant controls).
Key resources issues	Energy and carbon	An EPC rating of 'B' should be achieved for new developments and an improved rating and/or a 'D' secured for all refurbishment projects.		Both the refurbished unit and the new shell builds achieved an EPC 'B' rating.	EPC 'C' rating achieved Asset rating 52	EPC 'A' rating achieved Asset rating 21	Both Highbridge House and The Carbon Building achieved an EPC 'B' rating. Highbridge House Asset Rating 40 The Carbon Building Asset Rating 43

Theme	Topic	Target	Measure of achievement	Horsted Retail Park, Chatham	200 Hammersmith Road, London	Space, Woking	The Carbon Building, Kings Wharf, Reading
Key resources issues	Energy and carbon	A feasibility study of renewable energy shall be undertaken for every development site	Renewable energy feasibility study at RIBA Stage D	A feasibility study/ Energy and Sustainability Statement, was not applicable, as the site is shell only.	A feasibility study/ Energy and Sustainability Statement, was not applicable, however, Air Source Heat Pumps (VRF) have been installed.	A BREEAM Ene 04 compliant renewable energy/technology feasibility report was completed with air source heat pumps being the chosen renewable technology.	A feasibility study/ Energy and Sustainability Statement, was not applicable, however, Air Source Heat Pumps (VRF) have been installed.
Key resources issues	Materials	All Timber and timber products used in construction (including site timber) will be from sustainable sources accredited by the Forest Stewardship Council or the Pan European Forestry Council	BREEAM Materials credits worksheets	Faircloth committed to all timber being responsibly sourced and have provided relevant FSC certification to confirm this. This is in line with the contractor's Sustainable Procurement Plan in accordance with BREEAM credits Man 03.	Parkeray committed to all timber being responsibly sourced and have provided relevant FSC certification to confirm this. This is in line with BREEAM credits Man 03 and Mat 03 which were targeted as part of the BREEAM assessment.	It has been confirmed under BREEAM Mat 03 that all timber and timber-based products used in construction (including site timber) have been from accredited sustainable sources.	Sharkeys SE committed to all timber being responsibly sourced and have provided relevant FSC certification to confirm this. Sharkeys SE also provided a Sustainable Procurement Plan. This is in line with BREEAM credits Man 03 and Mat 03 which were targeted as part of the BREEAM assessment.
Key resources issues	Waste	At least 80% by volume of non-hazardous construction waste by weight and 90% by weight of demolition waste shall be diverted from landfill.	% non-hazardous construction and demolition waste diverted from landfill	A pre-demolition audit has been carried out for the site and commitment was made at the design stage to ensure the BREEAM targets were met.	99.7% of non-hazardous construction waste was diverted from landfill and recycled or re-used on site.	A Post-demolition Waste and Recycling Audit was carried out for the site. This confirms the different types of demolition waste that were re-used or recycled.	98% of non-hazardous construction waste was diverted from landfill and recycled or re-used on site.
Key resources issues	Water use	Incorporate water efficiency measures and water recycling to reduce mains water use by 20% compared to base build	% water reduction over base build	The project is shell only and therefore this issue was not assessed.	The sanitary ware schedule provided allows for a 25.74% improvement in potable water consumption, measured through the BREEAM Wat 01 calculator.	The BREEAM Wat 01 calculation confirms a 42.75% reduction in water use.	The sanitary ware schedule provided allows for a 45.98% improvement in potable water consumption, measured through the BREEAM Wat 01 calculator.

Theme	Topic	Target	Measure of achievement	Horsted Retail Park, Chatham	200 Hammersmith Road, London	Space, Woking	The Carbon Building, Kings Wharf, Reading
Key resources issues	Materials	All timber and timber products used in construction (including site timber) will be from sustainable sources accredited by the Forest Stewardship Council or the Pan European Forestry Council.	BREEAM Materials credits worksheets	Faircloth committed to all timber being responsibly sourced and have provided relevant FSC certification to confirm this. This is in line with the contractor's Sustainable Procurement Plan in accordance with BREEAM credits Man 03.	Parkeray committed to all timber being responsibly sourced and have provided relevant FSC certification to confirm this. This is in line with BREEAM credits Man 03 and Mat 03 which were targeted as part of the BREEAM assessment.	It has been confirmed under BREEAM Mat 03 that all timber and timber-based products used in construction (including site timber) have been from accredited sustainable sources.	Sharkeys SE committed to all timber being responsibly sourced and have provided relevant FSC certification to confirm this. Sharkeys SE also provided a Sustainable Procurement Plan. This is in line with BREEAM credits Man 03 and Mat 03 which were targeted as part of the BREEAM assessment.
Environmental quality issues		'Best practice' with respect to emissions to air, landscape noise and vibration and surface and ground water both during construction works and in operation.	Commentary	All available BREEAM credits for construction site impacts were achieved.	All available BREEAM credits for construction site impacts were achieved. No reportable incidents recorded. All planning issues e.g. landscaping etc. dealt with and approval achieved.	All available BREEAM credits for construction site impacts were achieved. The scheme gained planning consent PLAN/2014/1263, all relevant conditions have been discharged via Woking Borough Council planning department.	All available BREEAM credits for construction site impacts were achieved. No reportable incidents recorded. All planning issues e.g. landscaping etc. dealt with and approval achieved.
Development quality and flexibility and occupant Satisfaction issues		Delivery of schemes which incorporate best achievable approaches to issues such as access and connectivity, comfort, health and well-being, crime and security, employment, equal opportunities and diversity, health and safety, public realm and response to climate change.	Commentary	The scheme was designed and built to achieve a BREEAM 'Very Good' rating and addresses a variety of sustainability issues from project's inception to the landscaping installation to ensure an increase in the ecology of the site.	The scheme was designed and built to achieve a BREEAM 'Very Good' rating and a range of other sustainability issues have been addressed as part of the assessment.	The scheme was designed and built to achieve a BREEAM 'Excellent' rating and includes features such as a bio diverse green roof space, cyclist facilities and electric car charging. The fabric of the building has been designed and modelled to a high standard to reduce solar gains including a high specification of solar glazing.	The scheme was designed and built to achieve a BREEAM 'Very Good' rating and a range of other sustainability issues have been addressed as part of the assessment. For safety and security of the site, a Security Needs Assessment was provided and security recommendations implemented. Cycle storage spaces and cyclist facilities were provided to minimise transport related greenhouse gas emissions. A range of durability measures were implemented to protect vulnerable areas of the building and prevent the replacement of materials unnecessarily.

Theme	Topic	Target	Measure of achievement	Horsted Retail Park, Chatham	200 Hammersmith Road, London	Space, Woking	The Carbon Building, Kings Wharf, Reading	
Benchmarking	New buildings shall achieve a rating of at least 'Excellent' under BREEAM, with an aspiration to achieve 'Outstanding'.	Excellent rating requires achieving a percentage above 70%.	BREEAM Design Stage Certificates	Not applicable	Not applicable	Not applicable	Not applicable	
			BREEAM PCR Stage Certificates	Not applicable	Not applicable	BREEAM NC 2014 'Excellent' (73.58%).	Not applicable	
			BREEAM PCA Stage Certificate	Not applicable	Not applicable	PCA Certification underway	Not applicable	
	Refurbished buildings shall achieve a rating of at least 'Very Good' under BREEAM, with an aspiration to achieve 'Excellent'.	Very Good rating requires achieving a percentage above 55%.	BREEM Design Stage Certificates	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
			BREEAM PCR Stage Certificates	BREEAM RFO 2014 'Very Good' (55.5%)	BREEAM RFO 2014 'Very Good' (55.5%)	Not applicable	BREEAM RFO 2014 'Very Good' (60.8%)	
			BREEAM PCA Stage Certificate	PCA Certification underway	PCA Certification complete	Not applicable	PCA Certification complete	

PROJECT SPECIFIC DISCUSSION

Horsted Retail Park, Chatham



A £6 million investment in Horsted Retail Park, Chatham, will transform the northern section of the park. Planning consent was secured in May 2019 to substantially refurbish and subdivide the former Toys “R” Us unit, with new lettings to Home Bargains and UFC Gym. Planning consent was also granted for a new Aldi foodstore and KFC drive-thru. The initiative includes comprehensive highway and accessibility improvements.

Four new and varied tenants have been secured. They will improve the tenant mix and local consumer choice, and also create significant economic benefits through the creation of up to 100 new jobs.

200 Hammersmith Road



200 Hammersmith Road has been refurbished to the highest ‘grade A’ standard. There are break-out spaces at ground floor level built around a central atrium, as well as fully refurbished second, third and fourth floors.

The fourth floor has an extensive outdoor terrace of c. 5,800 sq ft making this the ideal space for brands looking for a different perspective.

Space, Woking



Space is Woking’s first new office scheme for 5 years. The building is located in the centre of the town, with local amenities and fast connections to London and beyond.

It has been designed by Scott Brownrigg, to a market-leading specification including a curving glass façade, with distinctive vertical fins.

The building comprises nine storeys of large, open plan flexible floorplates totalling 85,716 sq ft. are provided, achieving an EPC rating of ‘A’. The top floor features large outdoor terraces, with a raised central sky garden, providing views of Horsell Common woodland.

The Carbon Building, Kings Wharf, Reading



The Carbon Building at Kings Wharf, Reading, provides a prominent office building of 27,437 sq ft in the heart of the town centre.

The building’s dramatic transformation is a shining example of a comprehensive upgrade that brings a unique, contemporary feel to Reading’s business district. A bold black exterior with enhanced glass facade will maximise the building’s five, light filled floors.

APPENDIX

Royal London Development Sustainability Targets 2019

Objectives

- Implement any necessary remedial actions identified during the acquisition stage.
- Require development plans to meet the relevant sustainability policies of the local planning authority.
- Include sustainability criteria in the design brief, in particular:
 - reduction of demolition arising and construction waste sent to landfill
 - selection of new and recycled content construction materials
 - reduction of carbon emissions from energy use
 - reduction of demand for water
 - management of operational waste.
- Require our contractors and suppliers to manage the construction process so as to minimise pollution and the production of waste.
- Communicate our sustainability policy to our consultants, contractors, suppliers and agents, and give consideration only to those who can demonstrate that they share and will implement sustainability standards consistent with our own.

Targets

- 1** CO₂ emissions from new non-residential buildings shall be at least 15% less than the level required by Building Regulations Part L (2016), prior to consideration of low and zero carbon technologies.
- 2** A minimum EPC rating of 'B' should be achieved for new-build development projects and an improved rating and/or a 'D' secured for all refurbishment projects.
- 3** A feasibility study of low and zero carbon technologies, including district heating networks, CHP and renewables shall be undertaken for new-build projects, and shall be considered for major refurbishment projects.
- 4** All new-build and refurbishment projects shall have a tailored travel plan.
- 5** All new-build and major refurbishment projects shall incorporate water efficiency measures and/or water recycling to reduce mains water use by 20% compared to base build.
- 6** All timber and timber products used in construction (including site timber) shall be from sustainable sources accredited by the Forest Stewardship Council or the Pan European Forestry Council.
- 7** All new-build and major refurbishment projects shall incorporate materials from good practice Responsible Sourcing Routes (as set out in BREEAM Guidance Note 18).
- 8** All new-build and major refurbishment projects shall incorporate materials with lower levels of harmful emissions (e.g. low VOC content) specified.
- 9** Design for Waste Reduction initiatives shall be implemented in all new-build and major refurbishment projects
- 10** Construction Waste shall not exceed 7.5m³/6.5 tonnes per 100m² NIFA for new-build development projects, and not exceed 4.5m³/1.2 tonnes per 100m² NIFA for refurbishment projects.
- 11** At least 80% of non-hazardous construction waste by weight and at least 90% of demolition waste by weight shall be diverted from landfill.
- 12** All new-build and major refurbishment sites shall be registered under the Considerate Constructors Scheme and the Contractor shall be required to achieve a CCS score of 35 with a minimum score of 7 achieved in each scoring section of the scheme.
- 13** The Contractor shall be required to undertake 'best practice' measures with respect to emissions to air, landscape, noise and vibration and surface and ground water during construction works (all BREEAM credits for construction site impacts shall be achieved).
- 14** The Contractor shall be required to commit to achieving zero reportable health and safety incidents as part of the works.

- 15** The Contractor shall be required to address all planning issues relating to site and landscape (e.g. contamination) with formal consent for these being achieved.
- 16** All new-build and major refurbishment projects shall incorporate best achievable approaches to issues such as access and connectivity, comfort, health and well-being, crime and security, employment, equal opportunities and diversity, health and safety, public realm, community engagement and response to climate change.
- 17** A minimum BREEAM rating of 'Excellent' shall be sought on all new development projects and a minimum BREEAM 'Very Good' rating on all major refurbishment projects (Best Practice Target 'Excellent' rating).

Alternative targets are set for 'Minor Projects' (i.e. those which have a construction budget less than £2 million and/or a duration of less than 6 months).



For more information about our range of products and services, please contact us.

Royal London Asset Management

55 Gracechurch Street, London EC3V 0RL

020 7506 6500

Property.Admin@royallondon.com

www.rlam.co.uk

This document may not be distributed to any unauthorised persons and is not suitable for retail clients. It does not provide, and should not be relied on for, accounting, legal or tax advice, or investment recommendations.

All information is correct at July 2020 unless otherwise stated.

Issued by Royal London Asset Management Limited, Firm Registration Number: 141665, registered in England and Wales number 2244297; Royal London Unit Trust Managers Limited, Firm Registration Number: 144037, registered in England and Wales number 2372439; RLUM Limited, Firm Registration Number: 144032, registered in England and Wales number 2369965. All of these companies are authorised and regulated by the Financial Conduct Authority. Royal London Asset Management Bond Funds Plc, an umbrella company with segregated liability between sub-funds, authorised and regulated by the Central Bank of Ireland, registered in Ireland number 364259. Registered office: 70 Sir John Rogerson's Quay, Dublin 2, Ireland.

All of these companies are subsidiaries of The Royal London Mutual Insurance Society Limited, registered in England and Wales number 99064. Registered Office: 55 Gracechurch Street, London EC3V 0RL. The Royal London Mutual Insurance Society Limited is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. The Royal London Mutual Insurance Society Limited is on the Financial Services Register, registration number 117672. Registered in England and Wales number 99064.

Our Ref: PDF RLAM W 0010

