

A responsible approach



CLS achieves **another strong year of performance** against its sustainability commitments. This report details **our 2018 achievements** in each of our activities.

Sustainability is central to everything we do at CLS and we are fortunate in being able to implement significant measures to enhance it. We apply this attitude not just to our buildings but to the communities in which we work too. That includes, where possible, the wider global community by working to fulfil the aims of the United Nations Sustainable Development Goals (SDGs).

We can all, individually, help to achieve a more sustainable world, but at CLS we like to take a lead and continually strive to raise the bar. You can learn more about our sustainability programme in each of the sections of this report.

We hope you enjoy reading it and that you may even find inspiration for how you, too, can help make the world we live in a more sustainable place.



Contents

- 2 **Q&A with Rowan Packer and Fredrik Widlund**
- 3 **Our approach – how we tackle and mitigate climate change**
- 4 **Our strategic pillars and the UN Sustainable Development Goals**
- 5 **Managing sustainability at CLS**
- 6 **Committed to where we live and work**
- 8 **Energy**
- 9 **Carbon**
- 10 **Water and waste**
- 11 **Renewable energy and low carbon**
- 12 **Sustainability in focus**
- 13 **Governance – Corporate Compliance**
- 15 **Methodology**
- 15 **Glossary**



Q & A

Rowan Packer, Head of Sustainability and Fredrik Widlund, CEO, tell us about what sustainability means at CLS



Q Which of our sustainability achievements at CLS are you most proud of?

Reducing the carbon emissions of our like-for-like portfolio for the sixth consecutive year is a great achievement, but the roll-out of our Corporate Social Responsibility (CSR) programme makes us proud. Since 2015 we have more than doubled our financial commitment and we have plans to further expand our work in this area.

Q What are our key sustainability challenges? And what is on the horizon?

We need to evolve our understanding of climate change to incorporate all risks linked to the business, its assets and our people. And we need to deliver solutions on climate change through our knowledge, collaboration and buildings' technology. Doing these things will prepare us for whatever comes next.

Q Is sustainability fully embedded in CLS? And will it evolve further?

Yes and yes! The management team has always encouraged the business functions to embed sustainability where we can. This was formalised in 2011 with the CLS Sustainability Charter and reinforced in 2018 with our Four Ps Sustainability Strategy, which will extend our commitment. In 2019, we will launch our updated strategy, which you can read more about on page 3.

Q What drives the emphasis on making a difference in our communities?

Everyone who comes into contact with our business is a stakeholder, so we invest in that relationship. Part of our CSR programme involves our people supporting our communities financially or by donating time to help with events such as community action days. This is what we mean by 'responsible profit'.

Q Why has CLS chosen to align with the UN Sustainable Development Goals?

Our corporate goals are only one part of tackling the challenges we all face. Aligning with broader ambitions like the SDGs will widen our horizons, demonstrate our global interest and help drive our achievements. We have aligned directly with the five SDGs most relevant to our activities.

Q How is CLS addressing the issue of responsible investment?

Our industry traditionally assesses investment via financial and risk criteria. With responsible investment, we draw more focus to important risk areas such as climate change. By looking at the wider picture, we are able to take a more informed view of the impact of our actions in the years ahead.

2018 highlights



15.9%

reduction in carbon emissions across our like-for-like managed portfolio



43

CSR events took place across the Group



500 MWh

generated by CLS via on-site renewable and low-carbon generation technology



96%

electricity originating from renewable, low-carbon or natural renewable certified sources



95%

staff who dedicated at least one working day to support local communities and charities



50%

reduction in HQ paper use (27% reduction in 2017) due to the introduction of, and training in, digital solutions

Our approach

How we tackle and mitigate climate change

Our approach to sustainability

CLS invests for the long term with the mission of delivering good quality, value for money premises to our tenants. At the same time, we strive to create a better environment and greater opportunities for all our stakeholders.

By actively managing our properties in-house, we cultivate strong relationships with our tenants and contractors. This enables us to influence and effect the kind of initiatives that can help us build a more sustainable future.

Our approach is underpinned by our four pillars concept, known as the 'Four Ps'. Each pillar – be it Planet, Property, People or Profit – encapsulates a sustainability focus vital to our future. We adopt a closed-loop management approach to each pillar through our 'commit-measure-do-review' process, which is used by our management teams throughout the year.

Launching our new strategy

We operate in some of the most densely populated urban landscapes in Western Europe and faced with the challenges of growing urban populations and climate change, the case for improving the sustainability and resilience of our assets is clear.

The property sector has an important role to play in developing a sustainable society. In 2011, our Board set out six commitments to ensure that our business operations are managed and delivered sustainably and responsibly. Eight years on, sustainability is fully embedded as an integral part of our business, and it's not purely related to the environment. Social aspects of sustainability are now key to our continued prosperity.

Therefore, CLS has launched an improved strategy, enhancing our original approach and aligning with Global Real Estate Sustainability Benchmark (GRESB), the UN Sustainable Development Goals (SDGs) and the Task Force on Climate-related Financial Disclosures (TCFD).



The four pillars of our strategy

Each of the four pillars is designed to be accessible to our Board and our employees, allowing them to be integrated into everything we do. From a Board perspective, each pillar is linked to the overall CLS business model. For employees, the pillars are waymarkers for operational decisions.



Planet

The planet pillar focuses on initiatives that mitigate the impact of business activities on the environment, such as carbon emissions, resource use and waste. Understanding how climate change, for example, impacts on our business model is important for our future success.



Property

We will continually improve the quality, performance and efficiency of our buildings. We understand that our properties are integral to the image and wellbeing of our tenants' businesses. Therefore, we aim to continually exceed our tenants' expectations, create strong relationships and use tenant feedback and our in-house management to promote tenants' businesses while growing our own.



People

The people pillar engages with all CLS stakeholders to raise awareness of our sustainability commitments, objectives and performance. Investing in people is integral to our success and growth. We focus on encouraging a collaborative ethos because we know that if we provide the right environment, we are more likely to reach our full potential.



Profit

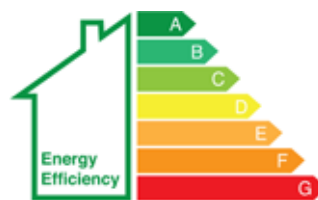
The profit pillar focuses on sustainability initiatives that help to protect against, or manage, financial risks and maximise profitable opportunities. We support and report to key industry associations which collectively tackle this subject on a wider industry level.

Our strategic pillars and the UN Sustainable Development Goals



Recognition and leadership

CLS adopts, submits and reports to several different schemes across the industry to promote transparency and benchmark our progress.



Simon Wigzell, Head of Group Property, reflects on 2018

I'm proud of the progress we have made on sustainability in the past year. Properties are our core business and we are continually trying to improve their efficiency to ensure that we remain a responsible company.

The team has worked hard to enhance our sustainability strategy, introducing an alignment of our four pillars with the UN Sustainable Development Goals. As a property owner in several major European cities, we recognise that these are important. We have therefore directly aligned with five SDGs where we believe we have a part to play in meeting these targets.

We also aspire to lead on implementing innovative sustainable technologies in our assets. Renewable on-site generation is a key focus. We have installed more photovoltaic systems and solar heat pumps which further mitigate our reliance on fossil fuel-led technology. In addition, we have also committed to procuring only 100% renewable certified energy from the national grids. For several years we have targeted energy and water use on site, reducing this year-on-year to minimise our impact on the environment. We have introduced a long-term target to give us a better focus on reducing our operational managed energy by 25% by 2025.

One of our biggest achievements of late has been our programme on waste and recycling in which we target 100% diversion of waste from landfill and above 70% recycling rate on sites. In order to achieve this, we actively engage with our occupiers across the portfolio by supporting and providing advice and easy to use facilities.

Remaining transparent and responsible for our actions through this report is important to us; whether that be through mitigation of our impact on the environment, increasing on-site renewable generation or implementing new low-carbon technologies in our assets.

Simon Wigzell
Head of Group Property



Managing sustainability at CLS

Our approach

How we manage sustainability

We work hard to embed sustainability in all daily practices across our business. We are committed to our stakeholders' health and wellbeing, undertaking further customer surveys this year to gain insight into our occupiers', changing needs.

In 2018, we finalised our new Sustainability Strategy ready for its launch in 2019. It embraces all areas of our business and includes improved policies and guidance for both our own employees and the contractors we employ to work on our sites.

We have a robust structure in place to manage sustainability, which is integrated in all departments within the business both through our daily practices and Group policies.

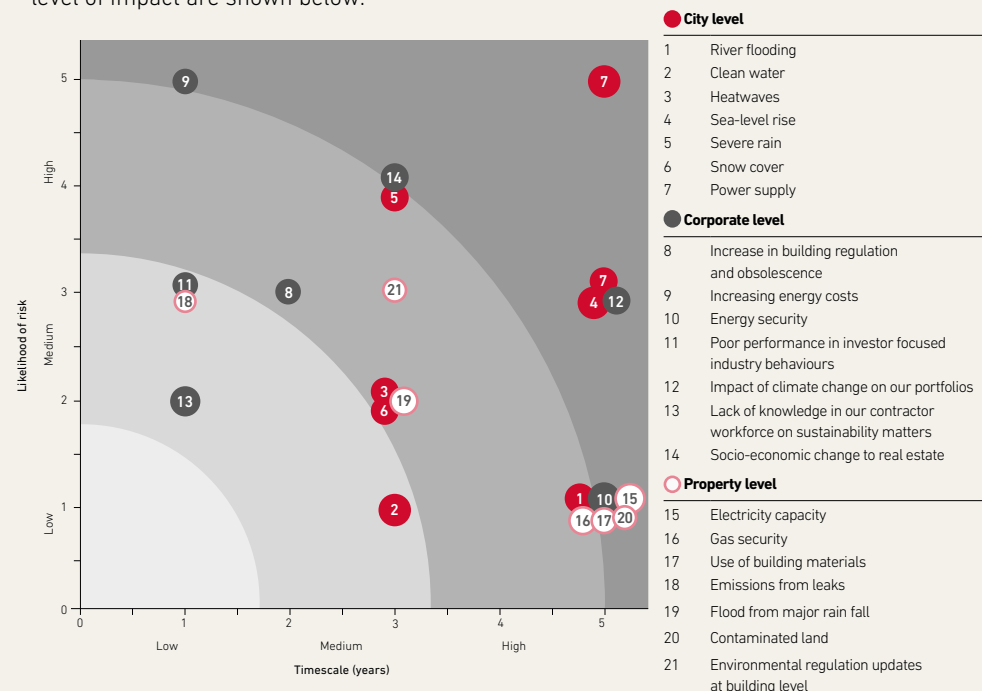
CSR Committee

In 2018 we formed a CSR Committee, chaired by our Head of Sustainability. This Committee is responsible for all our corporate social responsibility (CSR) projects. It meets quarterly to review the CSR programme. The Committee has five members, from various departments throughout the business.

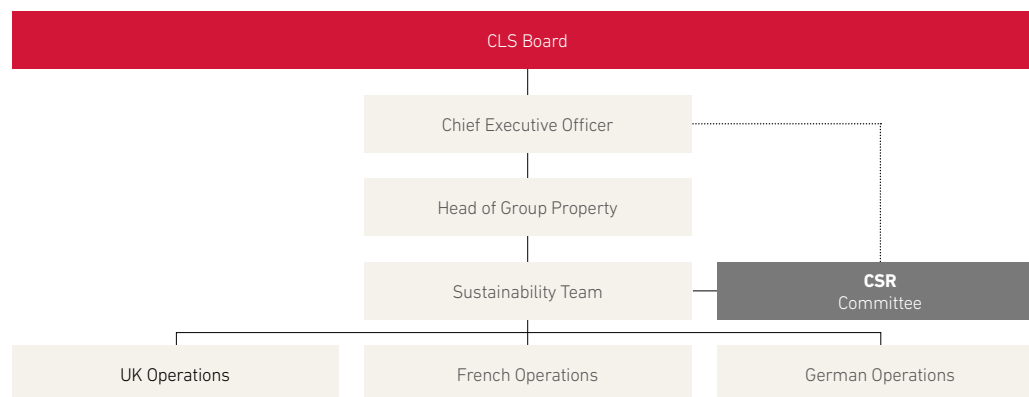


Our Climate Risk

We undertake annual reviews of the climate risk to our business. These risks and their expected level of impact are shown below:



Governance for sustainability business issues



German Community Day

The Children's Hospice Sternenbrücke located in Hamburg, provides respite care for terminally ill children. The German team supports the Hospice by keeping the garden used by the patients and their families in good order.



Our community investment

Committed to where we



UK Community Days

Our UK office took part in three community action days in 2018. Teams from all departments undertook gardening tasks for three local charities.



“

Hundreds of young people, living in areas of knife, gun and drug crime, can enjoy summer activities that, because of their domestic circumstances, many would not normally be able to access.



Lambeth Summer Camps

This is a Lambeth-based community project supported by CLS which aims to divert young people away from crime and other anti-social behaviour. Workshops and events are held throughout the year, and particularly during the summer months.

live & work

Committed to where we live & work (continued)



Vauxhall Petanque Club

Our UK staff got to try out a new sport – petanque – in our local park. We were kindly hosted by the London Petanque Club and have now sponsored the local team kit for both their home and away tournaments.

Race for Life UK

A team from all three countries took part in the Battersea Race for Life, raising a fantastic £2,425 for Cancer Research UK.



Macmillan Cancer Support

Everyone loves cake! Our Macmillan Cancer Support cake sale gave staff the opportunity to sample a range of delicious homemade bakes and raise money for a very worthwhile charity at the same time.

“

Thanks to CLS Holdings' generous donation to the farm, we have been able to improve the duck pond...our ducks now have a lovely place to swim all year round.



Vauxhall City Farm

CLS sponsored the duck pond at London's Vauxhall City Farm. Previously the pond and enclosure had taken a lot of resource to maintain. But with our help, the farm was able to significantly renovate the area, resulting in less maintenance time required and a greatly improved area for the ducks.

New Malden Christmas Grotto

CLS sponsored the Christmas Grotto in New Malden. This is done in conjunction with New Malden Rotary Club and businesses and is very popular with the local community.



1 Energy

Why it's important to us

Energy will always be required to manage and maintain our assets, and as property owners it is important for us to do this in an efficient and effective way. CLS sets out to reduce the managed like-for-like energy within our assets year-on-year to run our portfolio as sustainably as possible. It is also important to our occupiers who want to be based in energy efficient buildings.

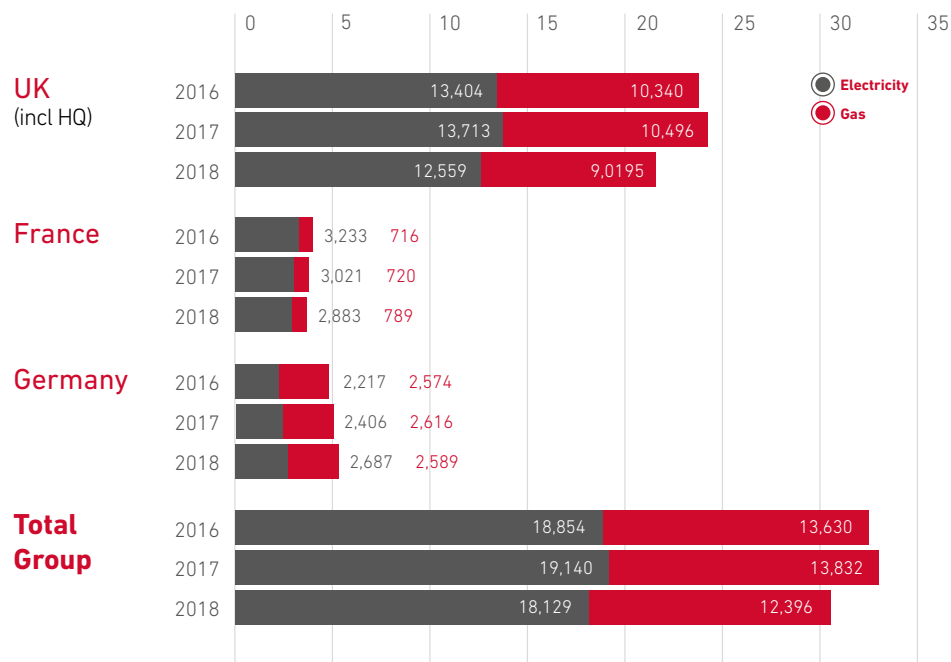
This year we have seen an overall reduction in Group electricity consumption, although there has been an increase in the electricity used within our German properties from acquisitions. There has been a slight increase in gas consumption in France but strong decreases in both the UK and Germany have meant that Group consumption is down by 10%.

The increase in AMR metering in our German portfolio in 2018 will allow for detailed analysis of the energy consumption. In 2019, this will enable energy-saving measures to be implemented and will continue to be a focus for us.

Highlights, performance and progress in 2018

ENERGY USAGE kWh (thousands)

Like-for-like



High-level target performance

We have continued our smart metering roll-out across Germany and this will be completed in 2019. The entire like-for-like UK portfolio is achieving an EPC rating of D-100 or higher.

2018 targets	Performance	Progress
Install smart metering across all major assets in Germany.	Ongoing	<div><div></div></div>
Ensure all UK investment properties maintain an EPC rating of D-100 or higher.	One recently acquired asset to the portfolio had a lower than D-100 rating in 2018	<div><div></div></div>

2019 targets

- Ensure all UK investment properties maintain an EPC rating of D-100 or higher.
- Install, manage and provide **smart metering** across all our buildings. Help tenants reduce carbon emissions through data sharing, active management and education.

Case study

Thermodynamic hot water system at Crosspoint House

Low-cost investment

£4,000

Annual savings on hot water

£640

Reduced dependence on fossil fuel



At Crosspoint House, Wallington, Surrey and in conjunction with Magic Box International, CLS has completed its first installation of a thermodynamic hot water system. This innovative technology uses a special solar panel combined with a heat pump to meet all of the hot water needs of the building. The system provides cheaper hot water to our tenants, increases our use of renewable energy and reduces the impact our buildings have on the environment.

The technology will be rolled out further during 2019.

2 Carbon

Why it's important to us

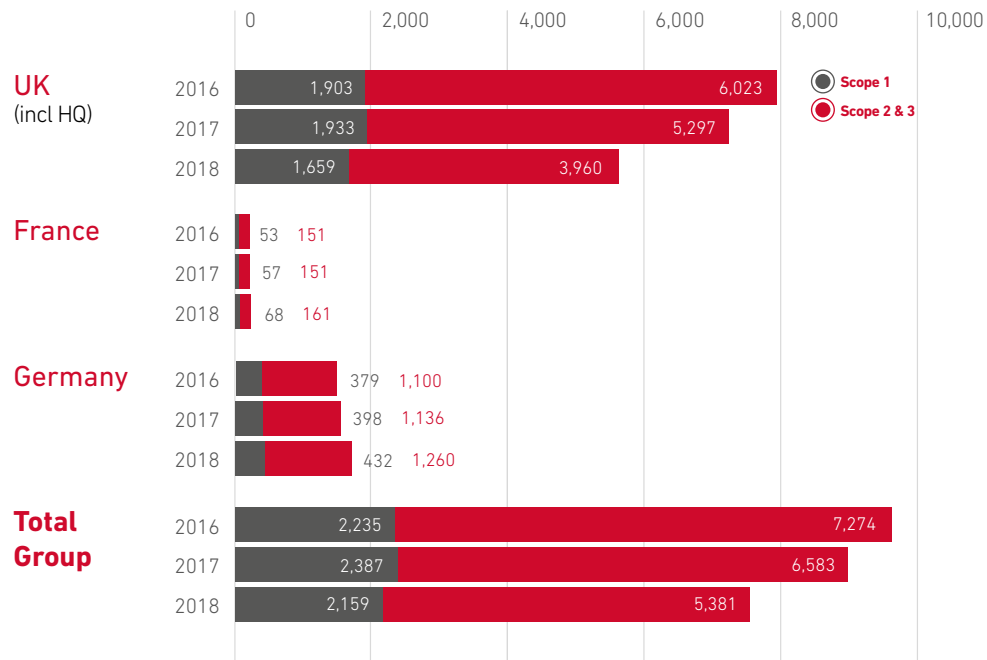
Buildings contribute heavily to global carbon emissions. As a responsible real estate business and as part of our sustainability commitment, CLS targeted a 5% reduction in like-for-like carbon emissions in 2018 compared with the previous year.

In both France and Germany this year, there were increases in the carbon conversion factors which led to small increases in our measurement of like-for-like carbon emissions in these countries. In the UK there has been further progress towards decarbonising the national grid: UK electricity generation from renewable sources has increased whilst fossil fuelled electricity generation has fallen, resulting in a significantly lower carbon conversion factor for electricity this year. There has also been a slight reduction in the carbon conversion factor for gas. These decreases in conversion factors, coupled with our energy reduction has provided a strong performance against our carbon target this year.

Highlights, performance and progress in 2018

CARBON EMISSIONS (CO₂e tonnes)

Like-for-like



High-level target performance

We have focused on our target to reduce carbon emissions in our managed assets. Through active monitoring, we have maintained good performance in the reduction for both Scope 1 and Scope 2 carbon emissions.

2018 targets	Performance	Progress
Reduce carbon emissions by 5% year-on-year in the like-for-like managed portfolio.	15.9% reduction	●
2019 targets		
Reduce our operational managed like-for-like carbon emissions by 25% by the end of 2025, against the 2018 baseline.		●
Where feasible, we will not procure brown (fossil fuel dependent) energy across the Group.		●

Case study

CLS UK electricity goes natural renewable

100%

natural renewable electricity tariffs

All tenants recharged for electricity by CLS benefit from a green tariff



CLS renewed its UK electricity contracts at the end of 2018 following a two-year fixed period on green tariffs. As part of our policy to invest responsibly, we invited suppliers to tender asking for the best renewable tariff at no extra cost.

We were able to secure an upgrade from our existing green tariffs to a natural renewable tariff with Bryt Energy. This tariff is sourced solely from wind, hydro and solar power generation.

3 Water and waste

Why it's important to us

Waste and recycling

CLS supports the sustainable waste management processes applied within the real estate industry. We set ambitious targets on all our managed assets and recognise that stepping away from more traditional linear waste management behaviours (make, use, dispose), commonly known as 'single-use', is critical for future generations. Our operational teams actively look at the products we both purchase and recycle to align more towards a 'circular economy' concept.

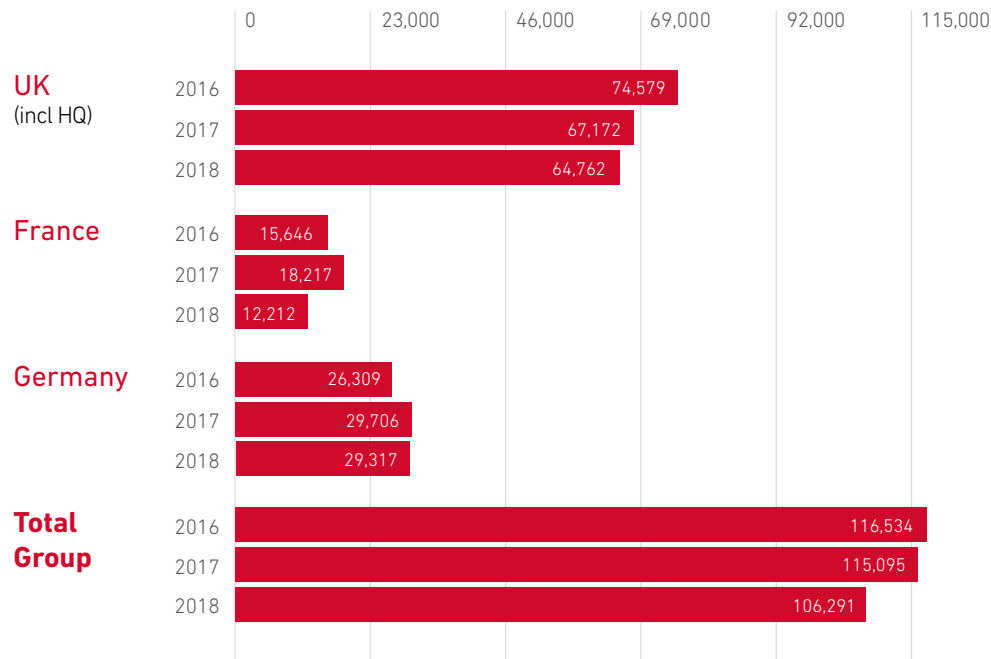
Water

Whilst water is sometimes considered secondary to energy and carbon, the importance of water efficiency and security is not to be underestimated, particularly with water shortages on the increase as a result of growing demand in major cities and the increasing variability of weather patterns. Across the CLS Group we actively monitor water efficiency through smart metering, to identify opportunities to improve efficiency in our use and therefore help cut consumption and cost.

Highlights, performance and progress in 2018

WATER (m³)

Like-for-like



High-level target performance

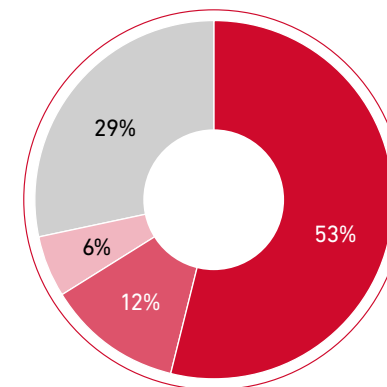
Recycling remains one of our key drivers when engaging with our tenants across all our managed assets. We have achieved our target overall but more can be done to promote waste reduction as well as recycling. We are currently reviewing our targets to set higher objectives in the coming years.

2018 target	Performance	Progress
Recycle at least 70% of all waste collected from the UK managed like-for-like portfolio.	71%	●
Reduce water consumption by 5% year-on-year in the like-for-like managed portfolio.	8%	●

2019 targets

- Reduce our operational managed like-for-like **water usage** across the Group by 3.5% compared with last year.
- Maintain our **recycling rate** above 70% across the Group-managed assets and keep diversion from landfill at 100% of all waste generated.

UK WASTE BREAKDOWN (kgs)



71%
recycling rate

- Dry mixed recycling 471,591 kgs
- Food waste recycling 106,982 kgs
- Glass recycling 48,966 kgs
- Waste for incineration 246,899 kgs

4 Renewable energy and low carbon

Why it's important to us

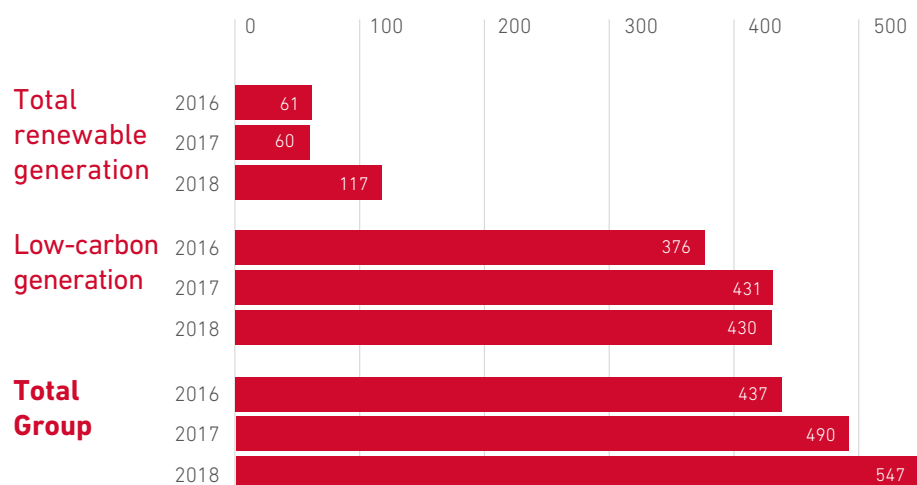
We believe that generating energy from on-site renewable and low-carbon sources gives us more direct control over our energy security and helps to reduce our dependence on fossil fuel energy sources, which in turn helps us meet our carbon targets. We also like to ensure our tenants benefit directly from this strategy and all of the energy or heat generated is fed back into the building. Over the past three years we have continued to grow our on-site generation as you will see below, and this will continue into 2019 and beyond.

Highlights, performance and progress in 2018

RENEWABLE ENERGY AND LOW CARBON

kwh (thousands)

Like-for-like



High-level target performance

With a further three large photovoltaic solar systems installed in the UK and France in 2018, we have exceeded the current target two years earlier than planned. As a result, we have modified our target from 2.5% to 5% within the same timeline.

2018 targets	Performance	Progress
Generate 2.5% of the Group's managed like-for-like electricity usage from renewable and low-carbon sources by 2020.	3%	●
2019 targets		
● Progress towards generating 5% of the Group's managed like-for-like electricity from on-site renewable and low-carbon sources by 2020.		

Case study

CLS installs photovoltaic (PV) solar arrays in France

79.6 kW

of generating ability

€11,000

annual savings per year

17 tonnes

of CO₂ saved in 2018



CLS invested over €150,000 in two PV solar arrays for key assets in Paris and Lyon. These were the first PV installations for CLS France following installations in the UK. The arrays give our assets renewable energy, strengthen their general energy security and reduce their carbon emissions, meaning cheaper bills for our tenants.

This investment also supported our corporate target to generate at least 2.5% of all our like-for-like energy from on-site renewable sources.

Sustainability in focus



Local hot spot

CLS completed a major refurbishment of the restaurant at East Gate in Feldkirchen, Munich in December 2018.

The new restaurant offers in-house catering services for any customer event held at East Gate.

The restaurant is also open to the public and to neighbouring office workers. In its first few months, the restaurant has already become a popular lunch and coffee location for the local community.

Community

space for both public and occupiers.

180

seats

Reduced waste

The French portfolio rolled out new specialised smart ashtrays across nine assets. The aim was to reduce water usage and cleaning costs across all smoking areas.

The ashtrays help landlords better manage smoking areas and provide data to tenants on their environmental impact. This all contributes to our approach as a responsible company.

In 2018, around 125,000 cigarette butts were collected and recycled, preventing significant water use.

125,000

butts collected

100%

improved behaviour awareness



Collaborative spaces

As part of its commitment to provide attractive workplaces which enhance the wellbeing of its customers, CLS has recently completed a major refurbishment of the restaurant at Great West House in west London.

The new restaurant links with the building's two receptions and provides internal and external seating for over 200 customers, who can enjoy the healthy food offer whilst collaborating with colleagues or using the enhanced wi-fi connectivity within the new facility.

200

seats in improved area

£2 million

capital investment

Recycling partnership

CLS UK, together with our recycling partner Bywaters, was awarded a gold level Green Apple award for Partnerships Environmental Improvement. This UK-leading recognition was for our innovative work across the UK portfolio which led to a doubling of our recycling rate from 36% to 71%. To achieve this, we installed robust recycling systems at our sites, enabling our tenants to recycle a range of materials and ensuring all remaining waste is disposed of in the most environmentally friendly way possible, fully embracing our 'zero waste to landfill' ethos.

71%

recycling, up from
around 37%

£8,700

annual cost savings



Corporate compliance

Health and Safety

It is a primary focus of the Board that the Group manages its activities so that the health and safety of its employees, customers, advisors and contractors and of the general public is not compromised. As part of this process the Group employs specialist accredited advisers to advise on all health and safety matters in each country in which we operate.

The Group also operates a Health and Safety Committee, which covers issues related to the portfolio and its employees. Chaired by the Company Secretary, the committee comprises Facilities Managers, Property Managers, employees and advisors, and is responsible to the Chief Executive Officer. The Chief Executive Officer also attends Health and Safety Committee meetings. All regions maintain and follow local health and safety policies and report issues to the Chief Executive Officer.

This reporting process has worked effectively throughout the year and has ensured ongoing compliance with health and safety legislation.

UK

Industry regulation

The Group sets health and safety objectives covering our workforce and portfolio and is monitored by the Health and Safety Committee.

Management process

Each managed or occupied property within the UK portfolio undergoes an annual risk assessment against which our targets can be measured. Our targets address three key areas:

- Risk Management & Control
- Document Compliance
- Incidents

These areas are reviewed each quarter through the Health and Safety Committee and reported to the Board.

As at the date of this report, the percentage of risks which were under control were: 99.6% for Risk Management & Control, and 96.8% for Document Compliance.

Our Accidents Frequency Rate in 2018 was 124 accidents per 100,000 people (National Accidents Frequency Rate: 930/100,000).

Germany

Industry regulation

All CLS buildings must comply with building permits and are regularly reviewed by local authorities to ensure compliance with building law. Facilities governed by special regulations are reviewed more frequently by an appropriate certified specialist.

Management process

Facilities (such as fire safety, electricity supply, ventilation, lifts and heating) are reviewed as required by law or business standard and at least once a year by authorised personnel.

Reports and protocols are reviewed by the operational team.

We ensure that all scheduled reviews are conducted in accordance with local laws. Facilities managers provide comprehensive reports on a monthly basis to the operational team.

As at the date of this report, 95% of all identified risks were under control. All other risks are monitored on an ongoing basis and a health and safety management system is being implemented.

France

Industry regulation

All CLS buildings have to comply with the Code du Travail (Labour Code), which defines our responsibilities.

Each tenant is in charge of its own security on its own premises in accordance with the security obligations of the building.

Management process

The building facilities (such as the electricity supply, and building and

mechanical safety checks) are reviewed once or twice a year by a statutory controller. The reports of the statutory controller are reviewed by our operational team. This process is audited externally twice a year. The accountability remains with CLS France.

We have achieved 100% statutory compliance.

Every year, CLS France requires each tenant to provide their reports of statutory controls and an insurance certificate for their premises.



Corporate compliance (continued)

Employees

Culture

Our culture is entrepreneurial, professional, open and friendly. We have employees from 19 countries, which helps to foster a diverse, cosmopolitan environment with integrity and responsibility at the heart of our business. We have fewer than 100 employees looking after a property portfolio of £1.9 billion, and we recognise their importance to our success. Therefore, we ensure that we consult regularly with our employees through various channels to understand their needs and ensure our culture evolves with the business and modern working practices.

Engagement and wellbeing

We promote all aspects of employee engagement and promote an 'open door' policy; we encourage all employees to share ideas and to get involved in challenging and developing our policies and practices. With a predominantly flat management structure we are able to ensure that all employees are informed of matters concerning their interests and the financial and economic factors affecting the business. In addition to the weekly team meetings that are held across the Group, our executive directors present our

annual and half-yearly results to all employees, which is followed by a question and answer session. This is designed to give everyone an understanding of the business, and how their work contributes to the Group's performance.

We want to make sure everyone works towards the same goal. Every 12 months we undertake a performance review of each employee, setting their objectives for the forthcoming year and this is followed up by a six-monthly review. The individual objectives reflect the Group objectives set by the Chief Executive Officer, which in turn are based on the Group's Key Performance Indicators and sustainability targets. We have a dedicated Intranet which allows us to promote new policies, procedures, Group activities and employee events.

Engagement is also about understanding the needs of our employees. This enables us to create a better working environment which, in turn, drives performance, loyalty and success. In return, we reward our staff in a number of ways, including salary, discretionary bonuses, a cash loyalty award for those who have been with the Group for more than 2 years and a share incentive plan.

We also recognise it is important to celebrate success and so ensure managers arrange appropriate events following completion of particular projects.

We seek the views of our employees through staff satisfaction surveys, conducted by a third party advisor so as to ensure anonymity. Our last survey was undertaken in August 2016 and all employees were invited to take part. It covered a range of topics including: effectiveness; engagement; remuneration; development opportunities; respect and recognition; and confidence in leaders. In response, a staff survey workshop, comprising representatives from across the Group and facilitated by an independent external advisor, was set up to distil the outcomes of the survey and to recommend changes to the way we worked. Our objective for 2018 was to conclude on the implementation of the survey's main recommendations, which are now largely complete. The remaining task focuses on our culture and we will be undertaking an exercise to review our culture, vision and values during 2019.

We will follow up on the implementation of our actions with a staff survey in late 2019.

Business ethics

The Board recognises the importance of the Group's responsibilities as an ethical employer and views matters in which the Group interacts with the community both socially and economically as the responsibility of the whole Board. Following the enactment of the Bribery Act 2010, the Group implemented an anti-bribery policy which further demonstrated its commitment to business ethics. To ensure continued compliance with the Bribery Act 2010, training is given to all new employees, and an annual online compliance check is completed by all employees.

Modern Slavery Act 2015

The Modern Slavery Act 2015 requires any UK commercial organisation with a turnover of more than £36 million to prepare a statement setting out the steps taken during the financial year to ensure that slavery and human trafficking is not taking place in its business or in its supply chain. The Group's statement can be found on our website at www.clsholdings.com.

The Group upholds the highest standards of business ethics and undertook a review of its supply chain in 2018. The Board is confident that as a result of the Group's management and reporting structure, the Company is in compliance with this law.

Prompt Payment Code

CLS is a signatory to the Prompt Payment Code ('PPC'), a voluntary scheme backed by the UK Government to set standards of best practice for payment of suppliers. The PPC requires all signatories to pay 95% of their undisputed invoices to suppliers within a 60 day period.

For the year ended 31 December 2018 CLS settled 97% of all undisputed invoices in the UK within 60 days, and 80% within 30 days, thus complying with the PPC. With effect from 1 January 2018, we have reported on the Group's UK companies' payment practices twice yearly in accordance with The Reporting on Payment Practices and Performance Regulations.

Methodology emissions reporting

The reporting period for greenhouse gas emissions is the year ended 31 December 2018, which is consistent with previous years' reporting periods, and with the reporting period of the Annual Report.

Definitions

Absolute emissions

All emissions from all buildings under operational control at any point in the previous 24 months.

Like-for-like emissions

All emissions from buildings over which the Group has had operational control continuously in the previous 24 months and which have had a change in occupancy rate of less than 25%.

Scope 1

Direct emissions mostly attributable to using natural gas for space and water heating within a building.

Scope 2

Indirect emissions created by the generation of purchased electricity

from the grid attributable to providing cooling and ventilation of office space, water heating, small power and lighting requirements.

Scope 3

Indirect emissions attributable to electricity used within tenant premises, primary business travel (e.g. travel by aircraft) and F-gas emissions (for more information about F-gas, see Glossary).

Reporting

Our reporting includes all Scope 1 and Scope 2 emissions for which the Group is responsible, and Scope 3 data which is available. For Scope 2 emissions, we have used location-based emissions.

The Group's emissions are largely from the multi-let buildings managed by the Group. We do not report on buildings let on a full repairing and insuring basis or on developments. Each region uses agreed floor areas in order to benchmark its energy and carbon emissions on a relative basis (e.g. emissions per square metre).

BREEAM

BREEAM stands for the Building Research Establishment Environmental Assessment Method and is a leading sustainability assessment method for masterplanning projects, infrastructure and buildings. It recognises and reflects the value in higher-performing assets across the built environment life cycle, from new construction to in-use and refurbishment.

CDP

CDP, formerly known as the Carbon Disclosure Project, has been engaging with the investor community for over a decade with a mission to stimulate the debate between companies and investors for the effective management of carbon and climate change risk.

CHP

Combined Heat and Power is an energy-efficient technology that generates electricity and captures the heat that would otherwise be wasted to provide thermal energy, such as steam or hot water.

CSR

Corporate Social Responsibility.

Decarbonisation

The reduction or removal of carbon dioxide from energy sources.

EPC rating

Energy Performance Certificate rating which indicates the energy efficiency of a building on a scale of A to G, where A is the most energy efficient.

F-gas

A term used to describe a particular family of fluorinated gases, for example hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulphur hexafluoride (SF₆). These are widely used as refrigerants in air-conditioning and commercial refrigeration systems within commercial properties.

FTSE4Good

The FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. It was one of the first global ESG indices to launch, set up almost 20 years ago, and is used by the investment and asset management community to rate businesses' approach to ESG issues.

GRESB

GRESB assesses the ESG performance of real estate and infrastructure portfolios and assets worldwide and aids comparability between organisations in these sectors.

kWh

A kilowatt hour, which measures the amount of energy being used electricity system denoting the rate at which it generates energy at peak performance.

kWp

Kilowatts peak is a rating given to a solar electricity system denoting the rate at which it generates energy at peak performance.

MEES

Minimum Energy Efficiency Standard regulations introduced from 1 April 2018 to ensure new tenancies cannot be granted if the building has less than the minimum EPC rating of E.

PV

Photovoltaic is a type of solar panel which converts light into electricity using semiconducting materials, thereby generating clean electrical power for use within a building.

tCO₂e

Tonnes of carbon dioxide equivalent, which is a measure that allows a comparison of emissions of other greenhouse gases relative to one unit of CO₂. The other greenhouse gases typically included within the 'e' include methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulphur hexafluoride (SF₆).

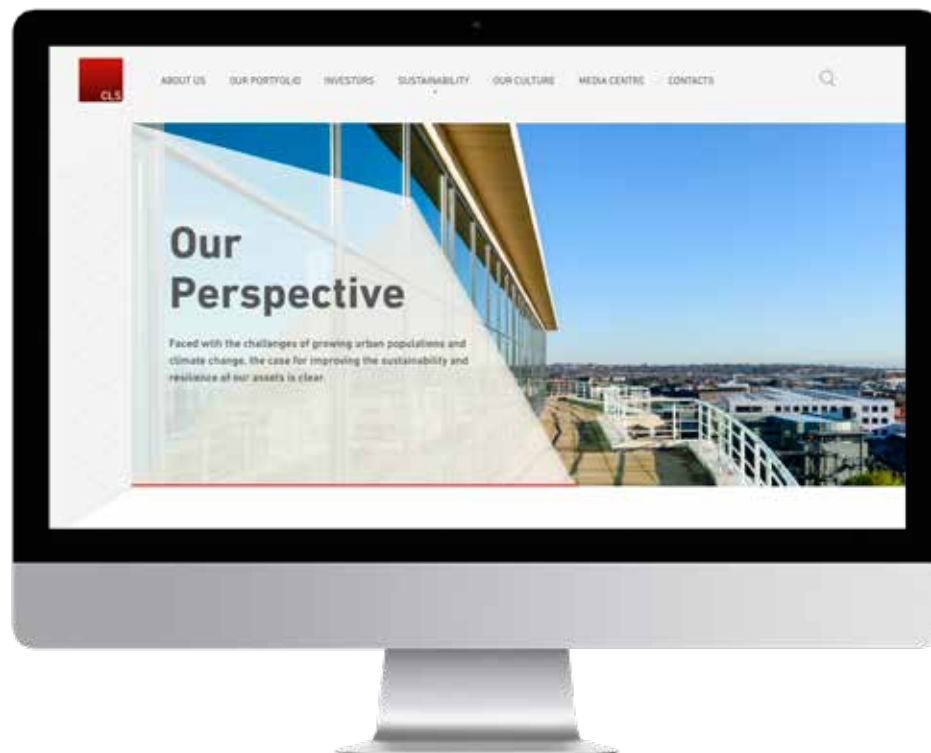
Task Force on Climate-related Financial Disclosures (TCFD)

The TCFD will develop voluntary, consistent, climate-related financial risk disclosures for use by companies in providing information to investors, lenders, insurers and other stakeholders.

UN Sustainable Development Goals (SDGs)

There are 17 SDGs which are supported by 169 targets in total. They are a call for action by all countries – developed and developing – in a global partnership. Business, civil society and governments all have a role to play to tackle the many different, but complementary, topic areas from poverty alleviation to addressing climate change and preserving oceans and forests.





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