



**We transform office properties into sustainable, modern spaces that help businesses to grow.**

**Our 2030 Sustainability Strategy drives investment in our properties and people to create shared value with our stakeholders.**



Our planet and society are facing unprecedented challenges. Never before has the need for action been so urgent. Never before has the role of business been so clear.

With our new 2030 Sustainability Strategy, we will invest in properties and people to share a sustainable future with our stakeholders.

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“We are pleased to announce our new sustainability strategy; our plan for CLS to successfully navigate a decade that will be defined by climate change.”

It is clear that ambitious and collaborative effort across the public and private sector is required to avert the worst consequences of climate change by limiting global warming to 1.5 degrees. Businesses that do not effectively transition to sustainable operating models and growth strategies will be exposed to material risks to their reputation and balance sheet.

We believe that sustainable outcomes and shareholder returns are not a zero sum game. Properly valuing and integrating sustainability risks and opportunities into the business strategy provides resilience to future disruption, but can also unlock the potential for future growth. It is reasonable to expect that regulatory and fiscal instruments will adjust for currently undervalued sustainability risks by the end of this decade.

Building a resilient business means taking steps to prepare and adapt before regulation requires it, or the environment and our customers command it.

We believe the most effective way to create sustainable stakeholder value is by taking a strategic, evidence-based approach that targets our resources at our most material risks and opportunities. Our Net Zero Carbon Pathway illustrates this approach by investing in a program of asset-level energy audits across all three countries to compile a robust technical evidence base of the energy and carbon saving opportunities and costs. We aggregated this data into a Group-wide model to calibrate our targets, energy strategy and CAPEX plan; in addition to incorporating into individual asset and property management plans.

Beyond climate change, the role of business within communities and supply chains is equally significant in shaping a more prosperous and equitable society. At CLS, we pride ourselves on our collaborative relationships with tenants and the value we return to local communities. Our sustainability strategy includes an aspiration to create shared value with our stakeholders and we are proud to have worked in partnership with the Social Value Portal to develop our new Social Value Framework. This will provide the basis for measuring our positive contribution to society beyond shareholder returns.

**Fredrik Widlund**  
Chief Executive Officer



“ Sustainability is an integral aspect of our purpose to transform office properties into sustainable, modern spaces that help businesses to grow. ”

**Top left:** Hybrid biodiverse & solar roof design at the CLS Mittlerer Pfad 9 property in Stuttgart, Germany.

## What we do

Our purpose is to transform office properties into sustainable, modern spaces that help businesses to grow. By investing in the refurbishment of existing properties to enhance and extend their lifespan, our business model is inherently aligned to circular economy principles that minimise waste and embodied carbon. The construction and occupation of buildings account for almost 40% of total Global carbon emissions, and so by investing in the efficiency of existing properties, we avoid the emissions and waste associated with the demolition and construction of new buildings.

## How we deliver sustainable value

Our sustainability strategy starts with our properties. We invest in our properties to provide healthy and productive workspaces for our tenants while minimising their negative, and maximizing their positive, environmental impacts.

As a responsible business we strive to work in partnership with like-minded businesses across our supply chain who will share and uphold our values.

The 2020 COVID pandemic has shown there is a strong demand for shorter commutes with greater flexibility of transport options to support an improved work-life balance. Our investment strategy delivers value to our tenants by providing flexible, modern workspaces outside of central city business districts that have the location and facilities to offer a wide variety of transport options to their employees; from public transport links, active transport options, or space to park and charge a private electric vehicle. This in turn delivers value to our local communities and small businesses who benefit from the economic activity created from having thriving workspaces in their neighbourhoods.

This close integration of our properties within local communities, combined with our long-term investment model, underpins our commitment to the success of our neighbourhoods. We all benefit when we work collaboratively with our tenants and local community groups to support the health and prosperity of our neighbourhoods.

By embedding sustainability criteria into our investment and asset management decisions, we ensure material risks with an impact on capital valuations are understood to protect our balance sheet and shareholder returns.



## Our sustainability journey

In this “decade of action” on climate change, we are especially focused on managing the physical and transitional impacts of climate change. We have for our business developed a Net Zero Carbon pathway up to 2030, and following a programme of property-level climate change risk assessments we will direct our resources effectively across our portfolio to achieve the greatest degree of resilience and adaptability to the impacts of climate change.

### Our approach

In 2020, we started work to develop a new sustainability strategy for the decade leading up to 2030.

Following a process of stakeholder feedback, peer review, insight analysis and materiality assessment, we have defined three new strategic sustainability priorities:

- Having a positive environmental impact from our properties and operations
- Creating shared value with our tenant and community stakeholders
- Being a responsible business through our people and values

We have adopted a science-based approach to our strategy by compiling an evidence base, setting SMART

targets, and developing the tools and criteria required to implement the strategy across our business.

Our approach will drive continuous improvement in our sustainability performance by consistently identifying, acting, and measuring our sustainability impacts and opportunities across our portfolio. We will:

- Set SMART targets and hold ourselves accountable through transparent reporting and disclosures
- Utilise data and evidence to shape our strategy and direct our resources to deliver the greatest sustainability impact
- Invest in people, systems and processes to embed sustainability across the organisation
- Hold ourselves accountable for our performance against our sustainability targets through robust performance management processes
- Employ independent organisations to provide assurance over key elements of our sustainability strategy

We have already developed a Net Zero Carbon Pathway and Social Value Framework and established robust data and baselines for carbon, energy, water, physical climate risks, and BREEAM assessment ratings. A program of costed asset-level energy audits has been undertaken across all three countries and our new carbon reduction target have been verified by the Science Based Targets initiative (SBTi). Our asset-level climate change risk assessments and Net Zero Carbon energy audits will be incorporated into our asset management plans to ensure the most effective capital allocation and long-term strategic decision making.

### Next steps

Our new sustainability strategy maps the journey we will take up to 2030, with the key targets and milestones set appropriately to reflect the position we are starting from against each material element. In some areas, for example our Net Zero Carbon Pathway, we can move straight into the implementation phase; whereas in others, such as

Social Value, our next step is to establish our current social value baseline having now defined the methodology by which it will be measured in our Social Value Framework.

By 2025, we will also have developed a Circular Economy Plan and Biodiversity Net Gain Plan, both of which will inform an update of our Sustainability Strategy. In the meantime, we have set a target to rewild 10% of our maintained grassland to support local biodiversity. We are also working to establish Group baselines for waste and embodied carbon.

### Sustainability strategy

We have structured our strategy around the following three aspirations:

- We will invest in our properties and collaborate with our tenants to sustainably manage natural resources, support local environments and build resilience to climate risks; delivering future-ready assets.
- We will create and share value with our stakeholders engaging collaboratively with our tenants, supporting local communities and partnering with our supply chain.
- Strong governance and transparency will be the basis for demonstrating our values, supporting our people and working in partnership with our stakeholders to uphold high standards for all.





## A positive environmental impact

We will invest in our properties and collaborate with tenants to sustainably manage natural resources, support local environments and build resilience to climate risks; delivering future-ready assets.

## Creating shared value

We will create and share value with our stakeholders by engaging collaboratively with our tenants, supporting local communities and partnering with our supply chain.

## Being a responsible business

Strong governance and transparency will provide the basis for demonstrating our values, supporting people and working with our stakeholders to uphold high standards.

### HOW

#### Our properties and operations

##### Be Net Zero Carbon by 2030

Absolute reduction in Group Scopes 1 & 2 emissions of 42% by 2030 (baseline year 2020)

Physical intensity reduction in Scope 3 emissions of 20% by 2030 in kgCO<sub>2</sub>/m<sup>2</sup> NLA (baseline year 2020)

##### All new developments to achieve a minimum of BREEAM Excellent (or equivalent)

##### Like-for-like portfolio reduction in potable water consumption of 20% (baseline year 2019) by 2030.

Potable water intensity of 0.4m<sup>3</sup>/m<sup>2</sup> NLA/annum for assets in areas of high water stress by 2030.

##### Rewild 10% of maintained grassland under management by 2025

By 2025 Biodiversity Net Gain Plan

By 2025 Group-wide waste baseline and Circular Economy Plan

#### Our tenants and communities

##### Design and manage our properties to promote the health, wellbeing and satisfaction of our tenants

Tenant satisfaction surveys across our managed portfolio will measure progress.

##### Invest in our local communities and provide support to disadvantaged groups and charitable causes, with a commitment to publish the Social Value of our business in our 2025 Group Annual Report.

##### Achieve Living Wage Foundation accreditation by 2025

#### Our people and values

##### Invest in the development, wellbeing and mental health of our employees.

Every employee will have access to:

- a multidisciplinary health and wellness programme
- a dedicated training and development budget

##### Promote the ethical procurement of goods and services across our value chain and adopt an enhanced Responsible Procurement Policy across our supply chain.

Commit to the prompt payment code with 95% of invoices from SMEs paid within 30 days.

##### 50% of Group debt comprised of ESG-linked loans by 2030

Integrate sustainability into our investment and financing strategies



**We will invest in our properties and collaborate with our tenants to sustainably manage natural resources, support local environments and build resilience to climate risks; delivering future-ready assets.**

We will do this by appraising the environmental risks and opportunities across our business; aiming to minimise or eliminate any negative impacts while maximising opportunities to deliver positive outcomes for the local or global environment.

We will invest in our properties to build resilience to the changing climate while offering a tenant experience supportive of wellbeing and productivity.

We will collaborate with our tenants to achieve their sustainability goals, and provide support and resources for our employees to be advocates for sustainability.

We will remain an engaged participant in our industry, working in partnership with our peers to progress the sustainability agenda.

We will leverage data and smart tools to allocate resources cost-effectively to achieve our sustainability objectives, and embed sustainability KPIs into the performance criteria and incentives for our employees.

**Below:** In April 2021, we completed the Group's largest PV array at Pacific House in Reading. The 630 panels can generate 200,000kWh of renewable electricity annually, equivalent to 23% of the building's total demand. The installation also provides considerable resilience to the building, with a drop in the electricity consumption from the mains network of 37% observed in the first week of operation.



## We will:

- Be Net Zero Carbon by 2030 (see page 11 for details).
- Achieve, as a minimum, an absolute reduction in our Group Scopes 1 & 2 GHG emissions of 42% by 2030 from a 2020 base year.
- Achieve, as a minimum, an intensity reduction of 20% for our Group Scope 3 GHG emissions per m<sup>2</sup> net lettable area (NLA) by 2030 from a 2020 base year.
- Procure 100% renewable electricity for all supplies under CLS control and engage with our tenants to encourage them to do the same.
- Procure verifiable carbon offsets in accordance with the Oxford Principles to cover our Group Scopes 1, 2 and 3 emissions annually from 2030.

- Ensure all new developments achieve a minimum of BREEAM Excellent (or equivalent)
- Ensure all projects achieve the new CLS Sustainable Design Standards; embedding high sustainability standards across the portfolio.

- Deliver like-for-like portfolio reduction in Group potable water consumption of 20% by 2030 (2019 baseline).
- For assets in areas of high water stress, achieve a potable water intensity of 0.4m<sup>3</sup>/m<sup>2</sup> NLA/annum by 2030.

- Rewild 10% of the maintained grassland under our management by 2025.
- Develop a long-term Biodiversity Net Gain Plan by 2025.

- Establish a Group-wide waste baseline and Circular Economy Plan by 2025.

## How we will do it:

- Integrate the findings from our property-level Net Zero Carbon energy audits and Climate Change Risk Assessments into asset management plans to enable long-term strategic decision making for each property (refurbish, sell, redevelop).
- Undertake property-level energy audits every four years, and integrate all findings into the Group Net Zero Carbon model and individual property management plans to drive continuous improvement in the energy efficiency of our managed assets.
- Invest in new technology solutions to expand our coverage of automatic utility meter data collection, combined with intelligent software to deliver high quality analytics and strategic insights on the operational performance of each property.
- Utilise our Net Zero Carbon model to benchmark the Net Zero Carbon potential and estimated CapEx of new acquisitions to feed into capital valuations.
- Achieve a minimum EPC A (or equivalent) and whole building energy intensity of 90kWh/m<sup>2</sup> NLA for all new developments.
- Procure 100% renewably generated electricity for all electricity supplies under Landlord control, and engage with our tenants to support their transition to 100% renewable for electricity supplies under their control.
- Drive carbon reductions across our supply chain through an enhanced Sustainable Procurement Policy and construction requirements.
- Achieve carbon reductions from business travel and commuting through an enhanced travel policy and flexible working policy.
- Work in partnership with our tenants to foster a sustainable culture and behaviours for all occupants in our buildings.

- Update the CLS Sustainable Design Standards in accordance with the latest best practice of sustainable building design and construction, and apply across all projects.

- Identify the assets at high risk of water stress from the asset-level Climate Change Risk Assessments, and compile an asset-level water efficiency plan.
- Roll out smart water meters across all properties.
- Develop an intelligent water consumption monitoring and reporting process.

- Identify suitable grassland to commit to rewilding.
- Collaborate with appropriate experts to develop our Biodiversity Net Gain plan.

- Conduct a waste audit and baseline assessment for properties in Germany and France.
- Collaborate with appropriate experts to develop our Circular Economy Plan.



**We will become Net Zero Carbon and achieve absolute reductions in Group Scopes 1 & 2 emissions of 42% and a physical intensity reduction in Scope 3 emissions of 20% per m<sup>2</sup> NLA by 2030 from a 2020 baseline.**

## Our pathway to Net Zero

We developed our pathway following a full Scopes 1, 2 and 3 appraisal of our Group carbon footprint.

We obtained independent assurance of our 2020 Scopes 1 & 2 emissions against the ISAE 3000 (Revised) standard, and employed a specialist to complete a Scope 3 screening and baseline in line with the GHG Protocol.

In 2021 we employed technical experts to carry out individual property energy audits to identify energy and carbon saving opportunities. A total of 76 properties were visited from January to April 2021 across the UK, France and Germany; with new developments, properties under refurbishment, and properties earmarked for sale all excluded from the programme.

The baseline data and audit findings were aggregated into a Net Zero Carbon model, which was projected out to 2030 incorporating business growth and future electrical decarbonisation across all three countries.

The investment needed to deliver every audit finding amounts to an estimated £58 million over 9 years; achieving an absolute reduction in our Group Scopes 1

and 2 emissions of 59%, and contributing to an absolute reduction in our Scope 3 emissions of 27% in conjunction with other non-property related measures.

Combined, by 2030 these result in an absolute reduction across our total Group Scope 1-3 emissions of 32% against the 2020 baseline, equivalent to a 41% reduction once adjusted for the projected business growth throughout this period.

We are currently integrating the energy audits into each Asset Management Plan to enable strategic decisions about the refurbishment, sale, or full redevelopment of assets to be made. Where refurbishment is viable, the energy audit projects will be incorporated into each respective Property Management plan to ensure the optimal timing and allocation of capital over the course of the pathway to achieve our carbon reduction targets.

Alongside our Net Zero capital projects, we will partner with our supply chain and tenants to drive significant reductions across our Scope 3 emissions categories to exceed our targets. Finally, from 2030 we commit to procure sufficient carbon offsets for our Group Scopes 1, 2 & 3 emissions in accordance with the Oxford Principles.

An estimated

# £58m

Investment



**Left:** Installation of roof-mounted solar photovoltaic panels at our Reflex property in Bracknell, UK.

## Our 2030 science-based carbon reduction targets

From a 2020 baseline year

**Scopes 1&2** Absolute reduction  
**42%\***

**Scope 3** Physical intensity reduction  
**20%** per m<sup>2</sup> NLA

### What is a science-based target?

Science-based targets are designed to be sufficient to limit climate change to 1.5°C in alignment with the United Nations Framework Convention on Climate Change Paris Agreement, as measured by the Science Based Targets initiative (SBTi).

CLS is a signatory to the Business Ambition for 1.5°C pledge, and has successfully obtained SBTi verification of our absolute reduction target for Scope 1 and 2 of 42% by 2030 against the 2020 baseline.

Our 42% Science Based Target is the minimum absolute reduction in our Scope 1 and 2 emissions we will achieve by 2030.

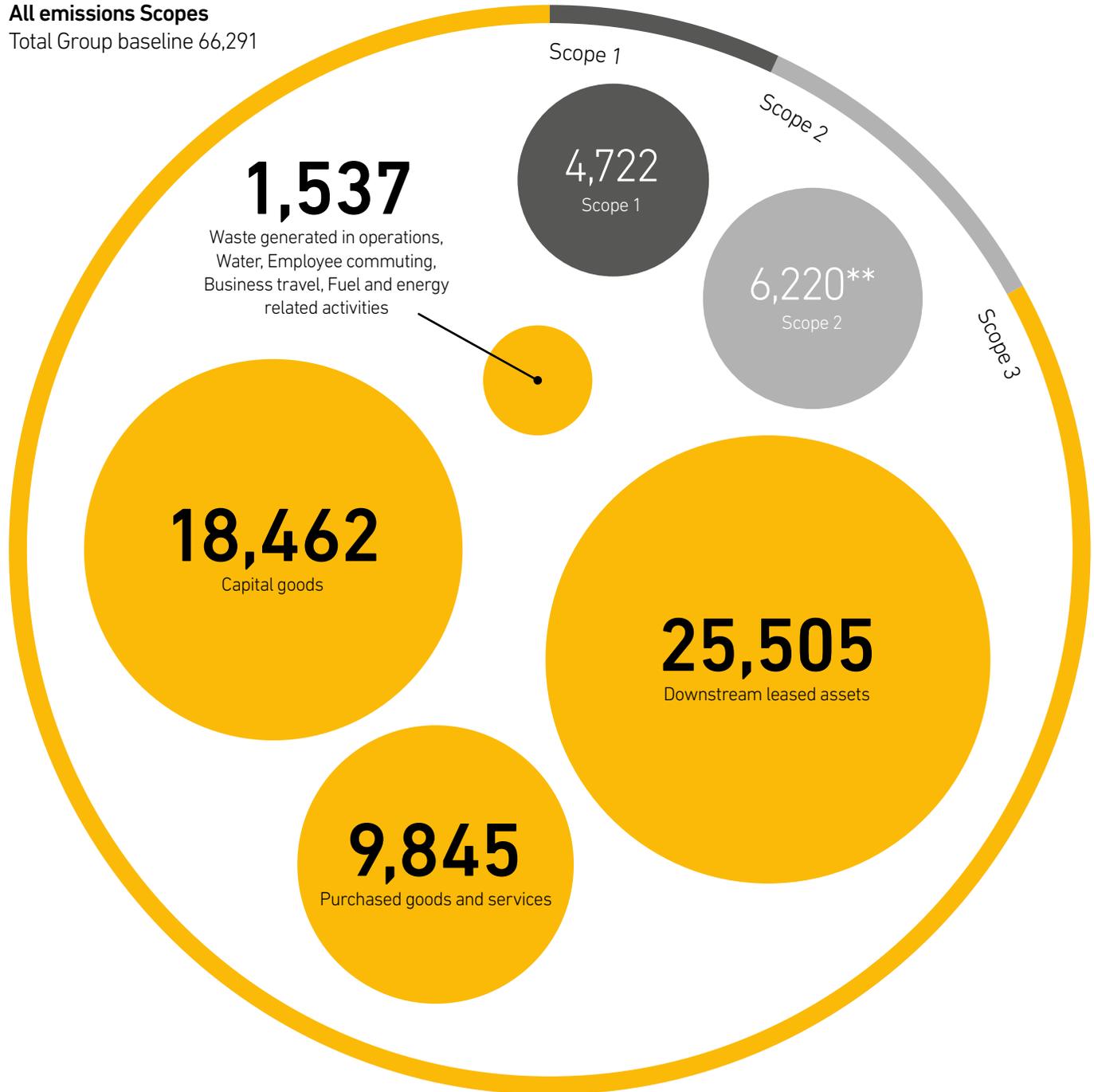


\*Verified by the Science Based Targets initiative to the 1.5°C scenario

\*\*Scope 2 Location based figure

### All emissions Scopes

Total Group baseline 66,291

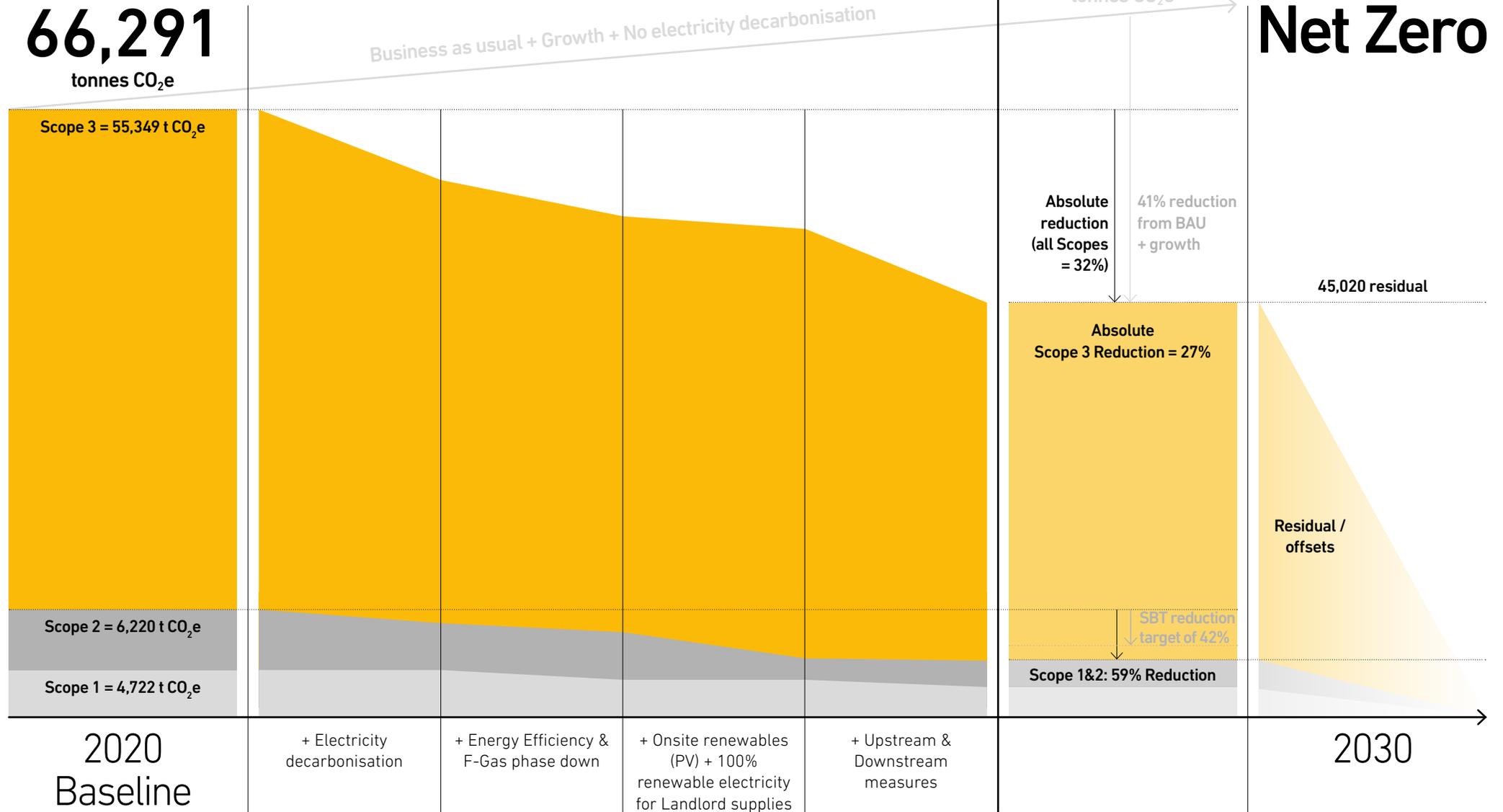


# Net Zero Carbon roadmap



Our pathway to Net Zero is based on the energy hierarchy which begins with the design, management, and occupation of energy efficient properties and procurement of sustainable energy sources. This is accompanied by measures to decarbonise our upstream and downstream business impacts, and ends with the procurement of suitable carbon offsets to cover all residual emissions.

- Scope 3
- Scope 2
- Scope 1



\*Location based Scope 2 emissions



Our Net Zero Carbon pathway has been calibrated in accordance with the Better Building Partnership definition for Net Zero Carbon. This captures the full spectrum of Scopes 1-3 emissions sources that are under Landlord control across our properties in addition to our non-property related corporate emissions.

Although some activities under the control of our tenants lie outside of our emissions baseline and targets, we will take an holistic approach to decarbonising these impacts through tenant engagement and collaboration.

## Investment boundaries:

Real estate assets across all geographies with capital invested by the CLS Holdings plc Group.

## Carbon boundaries:

- Scopes 1, 2 and 3 emissions
- Operational carbon, critically covering whole building performance, including occupier activities; and services procured by the landlord to service and maintain the space
- Embodied carbon of development, refurbishment and fit-out works
- Carbon emissions associated with corporate activities: purchased goods and services and employee travel

Activities which generate GHG emissions for real estate investments (directly or indirectly)	Activities controlled and managed by landlords	Activities controlled and managed by occupiers	Corporate / Head Office
Energy to operate buildings (electricity, fuels and heat networks)	●	●	●
Water to operate buildings	●	○	●
Waste generated during operation	●	○	●
Refrigerants (fugitive emissions)	●	○	●
Purchase of goods and services (M&E and property management services)	●		●
Business travel (excluding that associated with development works)		○	●
New development works	●		●
Refurbishment works	●		●
Fit-out works	●	○	●

● Included within carbon baseline and Net Zero Carbon pathway, within the scope of the carbon reduction target.

○ Outside the scope of the carbon reduction baseline and target, but will be included within our tenant engagement activities as part of a holistic approach to decarbonising our downstream impacts.



## How we will do it:

1. We will align our Net Zero Carbon objectives with our finance strategy by integrating ESG targets and KPIs within our loans, aiming to have 50% of our Group debt comprised of ESG-linked loans by 2030.
2. We will incorporate the outputs from our Net Zero Carbon model into every asset management plan to ensure carbon risk is factored into the long-term strategic future of each property; influencing the decision to refurbish, redevelop or exit each asset.
3. We will decarbonise our new developments by:
  - a. designing our buildings to a high standard of energy efficiency, achieving an EPC rating A and BREEAM Excellent (or equivalent for France & Germany), and a whole-building energy intensity not exceeding 90kWh/m<sup>2</sup> NLA;
  - b. implementing a Sustainable Design Guide for new developments, refurbishment and fit-out projects to embed high standards of sustainability through the delivery of our capital projects; and
  - c. requiring low-carbon construction materials, techniques, logistics and site management practices throughout project delivery; and carbon commitments from Contractors based on project value.
4. We will utilise the data within our Net Zero Carbon model to undertake enhanced due diligence on potential acquisitions to ensure the energy and carbon risks of the property are understood and reflected accordingly in capital valuations.
5. We will decarbonise our managed assets by:
  - a. Delivering our Net Zero capital projects pipeline as identified from our energy audits; achieving as much of the 59% Scope 1 and 2 emissions saving potential through the electrification of our buildings wherever possible, alongside achieving high standards of operational energy efficiency;
  - b. reducing the carbon footprint of our air conditioning and refrigeration systems by 79% by transitioning to low-Global Warming Potential fluorinated gases through a combination of gas replacement and plant upgrades;
  - c. installing on-site renewable electricity generating technologies, where the on-site use of all power output is possible;
  - d. undertaking energy audits at our properties every four years; incorporating all opportunities into the Net Zero Carbon model and asset and property management plans;
  - e. working in partnership with our tenants to support the energy efficient occupation of our buildings and the procurement of 100% certified renewable electricity for tenant-procured supplies; and
  - f. rolling out smart meters, A.I and software solutions to accurately monitor and manage the energy performance of our properties.
6. We will decarbonise our upstream and downstream activities by:
  - a. achieving 100% certified renewable electricity for all CLS-procured contracts;
  - b. supporting our tenants' sustainable travel through investment in active transport facilities and electric vehicle charging infrastructure wherever possible at our properties;
  - c. collaborating with our tenants to support their Net Zero Carbon commitments and delivery against their carbon reduction targets, aiming to reduce emissions from our tenant energy use by at least 20%;
- d. obtaining carbon reduction, measurement and reporting commitments, from our Purchased Good & Services suppliers on a sliding scale based on contract value;
- e. achieving a 50% reduction in business travel emissions by:
  - i. actively seeking more sustainable modes of transport when conducting business travel, and taking flights only for journeys where a rail alternative taking 2.5 hours or less does not exist;
  - ii. where business flights are necessary, offsetting the carbon emissions associated with the journey at the time of booking;
  - iii. adopting a flexible working policy enabling home working for up to 2 days each week;
  - iv. providing incentives and amenities to support active travel commuting options by employees (e.g. cycling, running, walking), targeting a 30% reduction in emissions from employee commuting;
  - v. where vehicle hire is required to conduct business travel, giving preference to full electric or electric hybrid vehicles wherever possible; and
  - vi. Investing in smart technology solutions at our buildings to reduce the need for business travel;
- f. developing a Circular Economy Plan by 2025 to minimise our operational waste and the embodied carbon of our material throughput; and
- g. achieving a 20% like-for-like reduction in potable water consumption by 2030 (2019 baseline).
7. Becoming a Net Zero Carbon business by procuring carbon offsets for our Group Scopes 1, 2 and 3 carbon emissions in accordance with the Oxford Principles.



**We will create and share value with our stakeholders by engaging collaboratively with our tenants, supporting local communities and partnering with our supply chain.**



We will do this by supporting safe, vibrant, healthy and prosperous neighbourhoods to create value for our tenants, employees, and local communities. By collaborating with our tenants, supporting local businesses and investing in communities and charitable causes, we will share our success to support long-term social value creation.

We recognise 'Social Value' as the term to illustrate how our activity delivers additional, measurable and sustainable social, economic and environmental outcomes. We have worked in partnership with The Social Value Portal to calibrate a Social Value Framework for CLS using the National social value Themes, Outcomes and Measures.

Our framework provides us with the structure around which the social value created by our business can be measured, and we commit to publishing our social value within our Annual Report from FY25. In the meantime, we will evolve our internal systems and processes to ensure they are capable of collecting the new data inputs required by the framework, and estimate what we believe to be our current social value baseline.

Our plan is to evolve our sustainability strategy in future years to include SMART social value targets that will sit alongside our SMART environmental targets.

**Top right:** For the third consecutive year, CLS has sponsored the Levallois young readers prize. The Levallois Young Readers' Prize is awarded by 300 students in classes from CM1 to 6e of Levallois schools who have received the selection of works established by the librarians of the city. <https://salonromanhistorique-levallois.fr/prix-des-jeunes-lecteurs-de-levallois/>



## We will:

- Design and manage our properties to promote the health, wellbeing and satisfaction of our tenants, and develop our own Healthy Office Standard.
- Undertake tenant satisfaction surveys annually across our managed portfolio to measure our progress
- Invest in local businesses and community organisations, and provide support to disadvantaged groups and charitable causes; using our new Social Value Framework to measure the outcomes from our activities.
- Achieve Living Wage Foundation accreditation by 2025
- Commit to publish the Social Value of our business in our Group Annual Report by FY25.

## How we will do it:

- Complete Tenant satisfaction surveys
- Develop CLS Healthy Office Standard to sit alongside our new Sustainable Design Guide.
- Integrate our new Social Value Framework into our core business systems and processes.
- Undertake a gap analysis of Living Wage requirements across the UK business and update key supplier contracts upon retender.
- Establish our current Social Value Baseline, and calibrate our future social value targets and strategy.



By 2025, we will have integrated our new Social Value Framework into our core business systems and processes, and publish the social value created from our operations within our Group Annual Report.

Our approach to delivering and measuring social value is based on the widely recognised National social value Themes, Outcomes and Measures (TOMs) framework. Themes are wider sustainability categories, such as Jobs. Outcomes, such as 'Improved employability of young people', feed into the Themes and act as the targeted goal of our actions. Measures are the individual KPIs that measure the progress towards each respective outcome.

Using the National social value TOMs framework allows us to calculate the social benefit arising from our activities in a consistent and structured way.

**Below:** Making beehives for Bee Urban in Kennington Park. Bee Urban are a social enterprise that works with local communities to improve the environment, focusing on responsible urban beekeeping, horticulture and community growing. <https://beeurban.org.uk/>



The framework allows us to measure the social, environmental and economic value of the impact we create in support of the following themes:

- Promoting local skills and employment
- Supporting the growth of responsible regional business
- Creating healthier, safer and more resilient communities
- Decarbonising and safeguarding our world
- Promoting social innovation

### What do we mean by social value?

Social value refers to wider financial and non-financial impacts of projects and programmes including the wellbeing of individuals and communities, social capital and the environment. The National Social Value Measurement Framework – or National TOMs for short – is a method of reporting and measuring social value to a consistent standard.<sup>4</sup>

Our Social Value Framework was developed and in 2021 and is built around five Themes, 16 Outcomes and 27 Measures that we believe we can have the most impact as a business.

By 2025 we commit to have calculated the current social value baseline for our business using our new framework, such that we can begin to set SMART social value targets.

We commit to include our total Group annual social value as a metric within the ESG section of our company annual report from 2025.

<sup>4</sup> <https://socialvalueportal.com>

**27**  
individual measures across  
**16**  
socio-economic outcomes





Themes	Outcomes	Measures
 <b>Jobs</b> Promote local skills and employment	Improved employability of young people	No. of hours dedicated to support young people into work (e.g. CV advice, mock interviews, careers guidance) – (under 24 years old) Meaningful work placements that pay Real Living wage according to eligibility – 6 weeks or more (internships) No. of staff hours spent on local school and college visits e.g. delivering career talks, curriculum support, literacy support, safety talks (including preparation time)
	More local people in employment	% of local employees (FTE) on contract
 <b>Growth</b> Supporting growth of responsible regional business	Ethical Procurement is promoted	% of invoices paid within 30 days % of contracts include commitments to ethical employment practices in the local and global supply chain, including verification that there is zero tolerance of modern slavery, child labour and other relevant requirements such as elimination of false self-employment, unfair zero hours contracts and blacklists
	More opportunities for local MSMEs and VCSEs	Provision of expert business advice to VCSEs and MSMEs (e.g. financial advice / legal advice / HR advice/HSE) Equipment or resources donated to Voluntary, Community & Social Enterprise organisations (£ equivalent value) Total amount (£) spent with Voluntary, Community & Social Enterprise organisations within your supply chain Number of voluntary hours donated to support Voluntary, Community & Social Enterprise organisations (excludes expert business advice)
	More Local employment	Total amount (£) spent in local supply chain through the contract
	Reducing inequalities	% of staff on contract that is paid at least the relevant Real Living wage as specified by Living Wage foundation % of contractors in the supply chain required (or supported if they are micro OR small business) to pay at least Real Living wage
	Improving staff wellbeing and mental health	No. of employees on the contract that have been provided access for at least 12 months to comprehensive and multidimensional wellbeing programmes Equality, diversity and inclusion training provided both for staff and supply chain staff
	More working with the Community	No. of hours volunteering time provided to support local community projects Donations or in-kind contributions to local community projects (£ & materials)
 <b>Social</b> Healthier, safer and more resilient communities	Our Occupiers are more satisfied	Occupier satisfaction score (NPS) A Post Occupancy Evaluation has been carried out
	Creating a healthier community	Initiatives to redesign spaces to address any Covid-19 related risks and impacts on staff and work
	Crime is reduced	Initiatives aimed at reducing crime (e.g. support for local youth groups, lighting for public spaces, etc.)
 <b>Environment</b> Decarbonising and Safeguarding our World	Carbon emissions are reduced	Savings in CO <sub>2</sub> emissions on contract achieved through de-carbonisation (i.e. a reduction of the carbon intensity of processes and operations, specify how these are to be achieved) Policy and programme to achieve Net Zero Carbon including monitoring plan with specific milestones
	Air pollution is reduced	Corporate travel schemes available to employees on the contract (subsidised public transport, subsidised cycling schemes and storage, sustainable corporate transport such as electric bus from public station to corporate facilities)
	Sustainable Procurement is promoted	% of procurement contracts that include sustainable procurement commitments or other relevant requirements and certifications (e.g. to use local produce, reduce food waste, and keep resources in circulation longer.)
 <b>Innovation</b> Promoting social innovation	Social innovation to safeguard the environment and respond to the climate emergency	Innovative measures to safeguard the environment and respond to the climate emergency to be delivered on the contract. Innovative measures to enable healthier, safer and more resilient communities to be delivered on the contract.  NB: Innovations could be co-designed with stakeholders or communities, or aiming at delivering benefits while minimising carbon footprint from initiatives, etc.



**Strong governance and transparency will be the basis for demonstrating our values, supporting our people and working in partnership with our stakeholders to uphold high standards for all.**



We will do this by ensuring strong governance and transparency to demonstrate our values. By supporting our people and developing partnerships with others we will uphold high standards for all.

We will work in partnership with progressive lenders to secure finance products that align with our sustainability objectives, and uphold our values throughout our supply chain with an enhanced Responsible Procurement Policy and Employer's Requirements.

We will invest in the health, wellbeing, and career development of our people.

## We will:

- Invest in the development, wellbeing and mental health of our employees.
  - Ensure every employee has access to a multidisciplinary health and wellness programme.
  - Provide every employee with their own dedicated training and development budget
- 
- Promote the ethical procurement of goods and services across our value chain and adopt an enhanced Responsible Procurement Policy across our supply chain.
  - Uphold our values by committing to the prompt payment code, ensuring 95% of our invoices from SMEs are paid within 30 days and achieving
- 
- Achieve 50% of Group debt comprised of ESG-linked loans by 2030.

## How we will do it:

- Promote, measure & report training and development across the business.
  - Develop and measure the benefits from a multidisciplinary Group-wide Health & Wellness programme shaped by employee feedback
- 
- Refresh our Responsible Procurement Policy to ensure our sustainability objectives are supported across our supply chain.
- 
- Actively source ESG-linked debt products for every portfolio refinance opportunity.



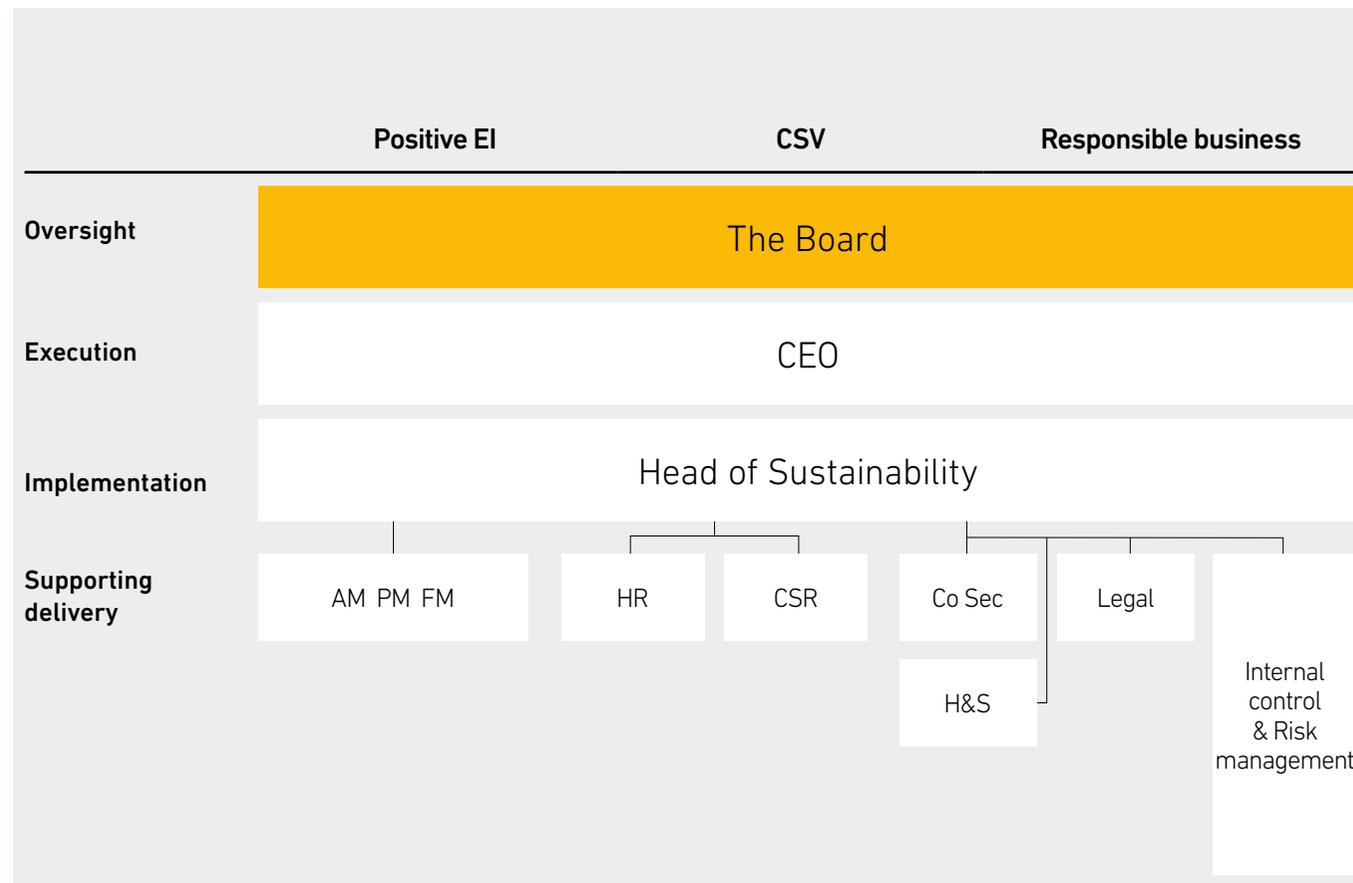


## Sustainability governance

As we move into the delivery phase of our strategy, robust sustainability governance will ensure that we deliver our commitments and provide transparent oversight across the Group. Our governance structure supports our values by involving all levels of the organisation and emphasising collaboration to deliver required outcomes.

Business support functions work alongside operational teams to constantly improve the wellbeing of all our stakeholders. With clear direction from the Board and CEO, operational teams ensure that our properties meet the needs of our tenants while continually improving the building's sustainability credentials to deliver a positive environmental impact.

To create shared value, business support functions – including HR, finance, marketing, customer services – provide strong governance frameworks, advice and guidance that shapes our approach to being a responsible business.



### Monitoring and reporting progress

Looking ahead, we will report progress in delivering our strategy and performance against KPIs and commitments in a newly expanded ESG section within our annual company report, and aligned to the new Taskforce on Climate-related Financial Disclosures reporting guidelines. We will review our sustainability risk register twice annually as a minimum, and ensure our public reports and disclosures provide a transparent and consistent appraisal of our ESG performance against recognised industry criteria. We will procure third party verification and assurance over selected ESG metrics where we believe this to be of value to our stakeholders.

We will invest in technology and software solutions to automatically monitor energy and water consumption across our portfolio. We will utilise this data to develop a new landscape of internal property-level and senior management sustainability reports to engage all levels of the organisation in the monitoring of our sustainability performance, and aid improvements in our operational protocols in place at each property. This will also aid the accuracy and efficiency with which we report our sustainability performance.

### Signposting – where to go for further information

<https://www.clsholdings.com/sustainability/our-perspective>



<b>BREEAM</b>	Building Research Establishment Environmental Assessment Method
<b>Carbon Offsets</b>	A way to compensate for carbon emitted by the organisation by funding an equivalent carbon saving outside of the organisation.
<b>EPC</b>	Energy Performance Certificate
<b>ESG</b>	Environmental Social Governance
<b>F-Gas</b>	Fluorinated gas
<b>KPI</b>	Key Performance Indicator
<b>Net Zero Carbon</b>	The balancing of emitted greenhouse gases with an equivalent amount of emissions that are removed or sequestered from the atmosphere.
<b>NLA</b>	Net Lettable Area
<b>Oxford Principles</b>	The Oxford Principles for Net Zero Aligned Carbon Offsetting (the “Oxford Offsetting Principles”) provide guidelines to help ensure the procurement of carbon offsets actually helps to achieve a net zero society.
<b>PV</b>	Photovoltaic
<b>Science Based Target</b>	Science-based targets show companies how much and how quickly they need to reduce their greenhouse gas (GHG) emissions to prevent the worst effects of climate change in accordance with climate science.
<b>Scope 1 GHG emissions</b>	Scope 1 emissions are direct greenhouse (GHG) emissions that occur from sources that are controlled or owned by an organization
<b>Scope 2 GHG emissions</b>	Scope 2 emissions are indirect GHG emissions associated with the generation of energy that is purchased by the organisation.
<b>Scope 3 GHG emissions</b>	Scope 3 emissions are all indirect emissions (not included in scope 2) that occur in the value chain of the organisation, including both upstream and downstream emissions.
<b>SMART</b>	Specific, Measurable, Achievable, Realistic, Time-bound
<b>TCFD</b>	Taskforce on Climate-related Financial Disclosures
<b>TOMs</b>	Themes Outcomes & Measures



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[www.clsholdings.com/sustainability](http://www.clsholdings.com/sustainability)

