



## **Corporate Social Responsibility Audit 2005**

**For**



**Shaftesbury PLC.**

Shaftesbury PLC

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**FLM2143**  
**October 2005**

<b>This report has been prepared within the RPS Group Quality Management System to British Standard EN ISO 9001 : 1994.</b>			
<b>Report Status:</b>		<b>FINAL</b>	
<b>Project Number:</b>		<b>FLM2143</b>	
	<b>Consultant</b>	<b>Signature</b>	<b>Date</b>
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## **1.0 SUMMARY & CONCLUSIONS**

### **1.1 Introduction**

Shaftesbury PLC has recognised the importance of managing its corporate social responsibility (CSR) performance i.e. the extent that it is addressing its environmental, social and ethical performance within its overall business activities and has set in place the framework for managing any CSR risks. It is important that Shaftesbury continues with its approach not least because of the increasing external drivers that are in place such as their inclusion in FTSE4Good, and their listing in the BiTC Corporate Responsibility (CR) Index. Should such scrutiny highlight any significant performance deficits – including CSR – this could adversely affect Shaftesbury's reputational value (and potentially even the share price).

This is the third CSR Audit following on from the Baseline Review of 2002 and CSR Audits of 2003 and 2004. It provides Shaftesbury with a progress report of how it has performed against its Policy Objectives, which it can usefully integrate into its engagement with external stakeholders such as FTSE4Good and BiTC – and its ongoing reporting strategy.

### **1.2 Conclusions**

Shaftesbury has made good progress during the financial year September 2004-05 managing its environmental and associated CSR-related issues. Shaftesbury has also responded to the various benchmarking assessment bodies including EIRIS (on behalf of FTSE4Good) and Business in the Community (BiTC). The Company has maintained its listing in the FTSE4Good Index Series (it is currently a FTSE4Good UK Index Constituent).

Shaftesbury participated in the inaugural BiTC Corporate Responsibility Index for 2002 and was listed in the fourth quintile. Shaftesbury improved its position in 2003 by being ranked 78<sup>th</sup> overall within the 2003 BiTC Corporate Responsibility Index. In the 2004 Index, Shaftesbury again improved its overall position to 69<sup>th</sup> and topped the Real Estate sector.

Shaftesbury reviewed and issued its Environmental, Social and Community Policy from which key Policy Objectives have been implemented through the Action Plan. Baseline data has been collected for a number of key parameters. This will now provide the platform for setting improvement objectives, where applicable and will enable Shaftesbury

to demonstrate to external scrutinisers (such as FTSE4Good, BiTC etc) continuous improvements in its performance.

Within the Head Office and parts of the managed portfolio, Shaftesbury should continue monitoring its energy use and collating data on water and waste where available. It is acknowledged that in parts of the portfolio i.e. Chinatown, meaningful data is difficult to obtain given the nature of the portfolio and the tenants.

Shaftesbury should continue to use its website as the main means of reporting on its performance against its objectives and targets and also as a means of engaging with external stakeholders.

### **1.3 Recommendations**

The recommendations below are those, which are achievable in the short to medium term i.e. within the next calendar year. A detailed programme for achieving these recommendations is identified in the follow-up CSR Action Plan for 2005-06 prepared by RPS.

- It is recommended that Shaftesbury should continue to monitor and report publicly on its performance. Use of the Company website and the Annual Report are considered to be the most sensible means of reporting. The use of case studies on the Company website should be explored to expand the existing reporting, particularly relating to partnering within the community e.g. the example of the work with National Campaign for the Arts (NCA).
- It is recommended that Shaftesbury should continue to collate year-on-year data on their energy and water use (where applicable) within the leased Head Office and ensure that this encompasses all the common areas of the portfolio. Although, it is recognised that the low level of use means that it is difficult to demonstrate improvement.
- In relation to utility use, the potential for the use of “green tariff” electricity in the Head office and the common parts was not investigated in the previous two years and now should be investigated for the forthcoming year.
- Shaftesbury should continue to improve their management of solid waste from Head Office, and particularly from its managed portfolio. An audit programme should be

initiated of key waste contractors to establish the best way for maximising the recycling of waste from Shaftesbury's portfolio

- Shaftesbury and its consultants should continue to monitor the waste that is produced from refurbishment projects. although it is accepted that it is difficult to identify a sensible Key Performance Indicator (KPI).
- Shaftesbury through their principal contractors should continue to monitor key CSR issues, such as the use of timber from sustainable sources. Documented records should be retained and targets for use of sustainable timber should be set.
- Training and awareness of subcontractors should continue to be promoted through the use of the induction leaflets. Their use should be monitored by the project managers.
- The updated Environmental, Social and Community Policy (July 2005) should be re-issued to all stakeholders: employees, subcontractors, key suppliers and key tenants. It should be promoted strongly, through awareness raising e.g. leaflets and posters to enable it to be implemented as widely as possible. In particular, promotion and awareness of the Policy to tenants should be explored using the Tenant's Awareness Leaflet.
- Shaftesbury should continue to audit its suppliers and sub-contractors to measure their performance against its Policies for environmental and health & safety performance.

## **2.0 INTRODUCTION & METHODOLOGY**

### **2.1 Background**

RPS Health, Safety & Environment (RPS) was first commissioned by Shaftesbury in March 2002 to undertake a Baseline Corporate Social Responsibility (CSR) Review of activities throughout its operations. Subsequently an Action Plan was implemented in 2002, which has been subject to an annual review and update in 2003 and 2004. This is the third annual audit of Shaftesbury's CSR activities and it assesses the progress against the objectives and targets set out in the Action Plan and Shaftesbury's overall performance with respect to CSR issues.

CSR continues to be an important issue for all companies. There is an increasing need to report comprehensive information to shareholders and other stakeholders, the company's performance with respect to its environmental and social responsibilities. Shaftesbury, amongst many other top companies, is responding to the encouragement and pressure from various external bodies to demonstrate both a better understanding of its CSR issues and its efforts to manage these effectively.

Shaftesbury's business activities have not changed in the year 2004-05 and it still operates as a property management and investment company with a defined focus in Central London – concentrated in the areas of Carnaby Street, Seven Dials/ Covent Garden and Chinatown. At September 2005, the portfolio included 70% retail, restaurants and leisure, 20% offices and 10% residential.

Shaftesbury's activities are divided into the core areas of acquisition, refurbishment and property management. All of the properties are within Conservation Areas and a number of the buildings are also listed as being of architectural and historic interest. Within the constraints of Listed Building and Conservation Area legislation, Shaftesbury refurbishes and manages properties to meet the needs of existing and prospective tenants, but retaining the existing character and features of the buildings.

## **2.2 Methodology**

The audit has involved interviews with the following members of Shaftesbury and their consultant team:

### ***Shaftesbury plc***

- Jonathan Lane – Chief Executive
- Brian Bickell – Finance Director
- Elizabeth Neville – PA to Finance Director

### ***Managing Agents***

- Stewart Avery – SRM (Part of Nelson Bakewell)
- Jane Moscrop – EA Shaw (formerly Hodnett Martin Smith responsible for Covent Garden and Carnaby Estate)

### ***Project Managers***

- Andrew Matthews – Single Point Project Management Ltd (SP.PM - responsible for Carnaby Estate)
- Robert Say – Fresson & Tee (Responsible for smaller individual projects)

Using the findings of the interviews and site visits, this Audit consists of 5 sections:

1. Policies and Responsibilities;
2. Environmental / Health & Safety Management Systems;
3. Environmental / Health & Safety Performance
4. Stakeholder Engagement; and
5. Workplace and Community.

Note that definitions, where necessary, were taken from the BiTC Corporate Responsibility (CR) Index and EIRIS questionnaires to ensure compatibility with the definitions used in these surveys – and facilitate Shaftesbury's continued participation in 2005.

## **3.0 POLICIES AND RESPONSIBILITIES**

### **3.1 Policy**

Shaftesbury has an integrated Environmental, Social and Community Policy, which was originally drafted, and signed off by the Board in July 2002. The Policy has subsequently been reviewed and updated annually in July.

The Policy is available to the public via the company website and has been issued to the company's key advisers. A short report of performance against the Policy was posted on the Company website in June 2003, again in June 2004 and in August 2005. A short statement on Shaftesbury's CSR performance was also included in the Annual Report 2003. A more detailed statement was included within the Annual Report 2004.

### **3.2 Responsibilities**

Jonathan Lane, the Chief Executive exercises overall responsibility for the implementation of Shaftesbury's Environment, Social and Community Policy. The responsibility for the implementation of the specifics of the Policy is passed directly to the managing agents and the project managers. Project managers have weekly meetings with Shaftesbury.

Brian Bickell, Shaftesbury's Finance Director has overall responsibility for overseeing personnel issues such as health and safety, training and staff welfare.

Below Board-level, individuals have been identified for the implementation of specific aspects of the Policy through the Action Plan.

The Policies are included within the contracts with suppliers and subcontractors through the project managers for all refurbishment projects above a capital sum of £50,000.

### 3.3 Performance Against Objectives and Targets

**Policy Goal A: Disseminate the Environmental, Social and Community Policy**

No	Objectives 2004-05	Progress/Date Achieved
A1	Disseminate the Policy to all the Company's staff, managing agents, contractors, and tenants and ensure that it is available to the public	<ul style="list-style-type: none"> <li>An annual awareness training was provided to all personnel and key suppliers on September 10th 2003, October 1<sup>st</sup> 2004 and is due again on October 3<sup>rd</sup> 2005.</li> <li>The updated Policy was put on the Company website in August 2005.</li> <li>The Policy has not yet been distributed to new commercial tenants but is available upon request.</li> </ul>

**Policy Goal B: Review the Policy on an annual basis and report on the Company's performance**

No	Objectives 2004-05	Progress/Date Achieved
B1	The Policy will be reviewed on an annual basis and objectives and targets will be set.	<ul style="list-style-type: none"> <li>Objectives and targets were set for the period September 2004-05</li> <li>The Policy was reviewed and approved by the Board in July 2005.</li> </ul>
B2	The Company will monitor and report publicly on its performance.	<ul style="list-style-type: none"> <li>The ongoing periodic reporting continued with an update put on the Company website in August 2005.</li> <li>A summary statement was included in the Annual Report 2004.</li> </ul>

### 3.4 Recommendations

- Ensure that internal reporting to the Board is regular, coordinated and subsequent follow-up actions are implemented and tracked.
- Ensure that the Policy continues to be reviewed on an annual basis and the current version is posted on the website.
- Maintain the regular reporting process via the website to report on Company performance.
- Summarise the Company's overall performance in the Annual Report 2005. Ensure that key CSR objectives/goals are clearly identified.

## **4.0 ENVIRONMENTAL/HEALTH & SAFETY MANAGEMENT**

### **4.1 Environmental and Health & Safety Management Systems**

The focus here is on whether Shaftesbury has some sort of Environmental Management System (EMS), Health and Safety Management System – and/or related practices or other mechanisms in place either at Head Office or within the management of its portfolio. An EMS (for example) is part of the overall management system, which includes the organisational structure, responsibilities, practices, procedures and resources for determining and implementing Environmental Policy.

As was identified in earlier CSR Audits there are no plans to implement an externally-certified EMS within any part of Shaftesbury. This is to be expected given the structure of the organisation and the perception that it has relatively low direct environmental impacts.

The framework for a bespoke system for environmental management is now in place, which includes the core elements of a Policy, measurable objectives and targets, an audit programme and reporting.

Similarly, with respect to health and safety, there are no formal systems in place, although, in October 2003 a health & safety risk assessment was undertaken for Shaftesbury's Head Office and key actions identified and subsequently implemented. Health & safety is identified within the pre-tender documentation as an issue that contractors must address as part of the contract submission and is monitored on site by the contractor's site manager and Shaftesbury's project managers.

### **4.2 Internal Audit Process**

The internal audit process is a management tool comprising a systematic, documented, periodic and objective evaluation of the performance of the Policy, management system and processes designed to protect the environment. It can be carried out either internally or by an independent consultant. Alternatively ad hoc internal reviews may be focused around specific issues – e.g. energy use or waste generation or health and safety performance.

During the course of the past year a series of mechanisms have been implemented to measure the company's performance against the requirements of its Environmental,

Social and Community Policy as well as monitoring the performance within individual issue areas such as waste management, as follows:

**Annual Audit**

An annual audit programme is in place to review Shaftesbury's performance against its Policy and Action Plan, of which this report forms a part.

**Pre Purchase Audit**

A property purchase checklist is now used as part of the pre-purchase due diligence which confirms whether the property is subject to potential environmental liabilities such as previous contaminative uses or the presence of asbestos etc. Six new property purchases have been assessed in this way and no issues were identified.

**Considerate Constructors Scheme**

Refurbishment Projects of a capital value above £50,000 are signed up in accordance with the Considerate Constructors Scheme (CCS). This has been implemented for all projects of this value managed by both SP.PM (11 schemes) and Fresson & Tee (10 schemes). The scheme includes external audits by the Local Authority concerned e.g. Westminster City Council against various criteria such as consideration of neighbours, cleanliness, environmental awareness, waste management, health & safety on site etc. A summary table of the audit findings is below and are available for viewing upon request.

*Projects managed by Fresson & Tee:*

Scheme	Contractor	Score	Comments
11 Gerrard St	Roots Contractors Ltd	24.5	Small site in central London. Demonstrated all round compliance although some improvement could be achieved in site cleanliness.
48 Gerrard St	Roots Contractors Ltd	25.5	Medium sized site in central London. Demonstrated good level of compliance although need to address safety around the site entrance.
20 Earlham St	Roots Contractors Ltd	24	The site complies with the scheme but improvements could be made with regard to site welfare facilities and more order in material storage to make safer and reduce damages.
55-56 St Martin's Lane	KPM Construction Ltd	27	A medium sized flat conversion within an occupied building. All round compliance demonstrated.
13-17 Wardour St & 14-16 Rupert St	Roots Contractors Ltd	31.5	An external decoration project showing a good level of compliance. Auditor commended the site

Scheme	Contractor	Score	Comments
			manager for his thoughtful & caring approach.
11-13 Neals Yard	TDC Building Services Ltd	26	A small site with a good level of compliance. Although an accident book should be on site with details of the local hospital and police station on display.
76-78 Shaftesbury Ave	DDC Ltd	23	A small site with general compliance. Non compliances due to not receiving CCS pack therefore no posters displayed etc.

Projects managed by SP.PM:

Scheme	Contractor	Score	Comments
3 & 4 Kingly St	Lakemead Construction Ltd	30.5	An office refurbishment project. A good level of compliance with an apparently caring attitude toward neighbours and the neighbourhood.
3&4 Kingly St	Lakemead Construction Ltd	30	Second visit and the good level of compliance was being maintained.
3&4 Kingly St	Lakemead Construction Ltd	30.5	An office refurbishment project taking place within existing building. Good compliance with the CCS Code in a situation requiring care to avoid inconvenience to neighbours via noise deliveries etc.
15- 17 Kingly St & 25 Ganton St (First visit)	Lakemead Construction Ltd	26	A medium sized project. All round compliance demonstrated. Suggested improvements include: should develop own environmental policy; details of hospital and immediate neighbours not readily available; no warning signs at entrance.
15- 17 Kingly St & 25 Ganton St (Second visit)	Lakemead Construction Ltd	27	Auditor noted improvement in overall performance and suggestions have been given active consideration.
44/45 Carnaby St & 13 Ganton St	Ellmer Construction	27	A generally well run site in a central London location. All round compliance to the CCS Code. Not all complaints recorded. Also recommend implement own Environmental Policy, although following client's guidelines.
Bridge Link Contract – National Magazine House	Nicholas Stephens Construction Ltd	23.5	A medium sized project to refurbish and adapt office accommodation. General compliance with the CCS Code, although details of local police and hospital should be on display and the CCS Scheme should be mentioned at inductions and notified to suppliers.
6 Kingly St	Lakemead Construction Ltd	30	An office refurbishment project which demonstrated good compliance with the CCS Code in a situation requiring care to avoid inconvenience to neighbours via noise deliveries etc.
National Magazine House- Residential contract	ITC Concepts Ltd	30	Well run site – minor points noted re. Consideration of dress code.
16/18 Shorts	Lakemead	27.5	Above satisfactory site with competent & conscientious contractor. Minor items noted included

Scheme	Contractor	Score	Comments
Gardens	Construction Ltd		need for improved housekeeping & cleanliness within the site.
11 Kingly St	Nicholas Stephens Construction Ltd	29	A structural alteration project to refurbish and adapt a restaurant. Good level of compliance with CCS Code.
26 Carnaby St	Nicholas Stephens Construction Ltd	29	A refurbishment project to adapt a shop and offices above. A good level of compliance with the CCS Code.

Other schemes that are eligible, have been registered, but have not been assessed are below:

- 31 Kingly St & 9/11 Fouberts Place - Project only commenced 1/8/05 and an inspection not yet carried out
- 8/9 Carnaby St & 69 Broadwick St (J & B Construction Ltd) - Inspection not yet carried out & project only 3 months duration

Only 3 sites have not signed up and/or provided a report:

- 27 Beak St (ITC Concepts Ltd) - Report not provided by contractor
- 26 Rupert St (TDC Building Services Ltd) – Contractor not signed up to scheme
- 39 Wardour St (TDC Building Services Ltd) - Contractor not signed up to scheme

The take up and performance within the Considerate Constructor's Scheme (CCS) has shown a significant improvement upon last year's performance. 18 out of 21 schemes have signed up with reports received for 16 of the schemes, and in some cases where the schemes were of longer duration repeat visits have been made. Only 2 schemes achieved scores of less than the target of 24/40 and in general the average score for all the visits was above the target at 26/40 with some scores over 30/40 (the construction industry standard) which is very good for schemes frequently constrained by space and locality.

It was reported by the project managers that the site managers had demonstrated a positive attitude to the scheme and took pride in improving their scores. Non-compliances relate to the following:

- Minor issues with housekeeping
- Display of CCS information
- Display of details of local hospital and police station
- Site welfare facilities

### ***Building Health***

EA Shaw maintains a programme of inspections for the following:

- Water risk assessments (legionella) – 6 monthly testing
- Health & safety audits
- Fire risk assessments
- Disability Discrimination Act assessments where feasible within the constraints of listed building restrictions

An asbestos survey has been completed for the Chinatown part of the estate and the register is held by Nelson Bakewell – there are no high risk areas.

## **4.3 Environmentally & social / ethical focused supplier programmes**

A “Supplier Programme” refers to the integration of environmental and social/ethical factors into the procurement process of the organisation: for example, sourcing of water-based rather than oil-based paints, or sourcing of office furniture from certified sustainable wood resources or ensuring sub-contractors are using legitimate workers. It can take the form of information exchange, help and encouragement to suppliers, and co-stewardship agreements. In this context, suppliers, which meet Shaftesbury’s qualification criteria are defined as those companies that have been assessed and prioritised on the basis of potential environmental or business risk associated with their provision of products, processes or services, which Shaftesbury monitors as below:

### ***Use of Policy & Contractor’s Induction Leaflet***

Shaftesbury’s prioritised suppliers would in the first instance be its managing agents and project managers and through these - down the supply chain - to selected subcontractors and suppliers. The Environmental, Social and Community Policy is included as standard in all contract documentation issued by the project managers: Fresson & Tee and SP.PM. In addition, the Contractor’s Induction leaflet, produced November 2004, has been issued to all subcontractors working on Shaftesbury refurbishment projects.

The Contractor’s Induction leaflet is issued to all contractors by the managing agents, Nelson Bakewell, for the Chinatown part of the managed portfolio. It has not yet been issued to the EA Shaw managed part of the portfolio which covers Carnaby St and Seven Dials.

### ***Use of the Sub contractor's Checklist***

As part of contract documentation, the project managers Fresson & Tee and SP.PM include the sub contractors' checklists for Environmental Legislation Compliance, Waste Management and Specification Guidance, which are issued at the opening site meeting and completed in the course of the project.

This year has shown an improvement in the level of completion with all 21 sites completing the questionnaires at least in part. However, one contractor has been warned that if it does not complete the questionnaires more fully and sign with the CC Scheme it will be removed from the tender list.

### ***Timber Sourcing***

Timber tracking questionnaires have been completed for 7 of the 21 sites. Of the remaining sites the information has been promised at the completion of the project.

This is an improvement on last year and is demonstrating that awareness of the sourcing of materials is increasing amongst the contractors. From the information provided, the wood is in general sourced from temperate sources and in 5 cases the timber can be tracked to certified sources as below:

- Travis Perkins has certification from BM Trada Certification Ltd certifying that it meets the requirements of FSC Chain of Custody and PEFC Chain of Custody, it is a member of the WWF 95 Plus Group and is the most comprehensive in demonstrating the sourcing of its timber.
- Junckers Timber is a member of PEFC Denmark and WWF Skog 2000 and states that to date 50% of Junckers hardwood timber is either FSC and/or PEFC certified. The company has a considered and pragmatic approach to sourcing timber.
- T Brewer & Co Ltd have Chain of Custody certification on PEFC and FSC timber products for some of the products provided by the company.
- Timberline has Independent Forestry Group Chain of Custody Certification for PEFC timber and FSC Timber although it is unclear what proportion of the timber supplied is covered.

Of the other suppliers that responded, they were unable to produce evidence of certification but had commenced the process of considering the sourcing of the timber.

***Use of Other Materials etc***

This is also an area that has improved particularly for the larger schemes. 14 of the 21 schemes stated that water based paints were used and in some cases environmental impact data had been obtained from the suppliers (e.g. in the case of Dulux paints).

Over half the sites stated that they used standard modules and sizing to reduce material wastage and the majority of the sites incorporated the use of recycled materials into the design including existing lights, radiators and joinery.

Local suppliers have been used by 14 of the 21 sites.

***Installation of energy and water efficient measures***

The majority of schemes have installed energy and water efficiency measures, where applicable, in compliance with the Building Regulations. Documentation was provided to confirm this.

#### **4.4 Environmental & Social Stewardship of Service / Facilities**

“Environmental Stewardship” means considering and influencing the environmental impacts that arise directly or indirectly from a company’s processes or services.

For Shaftesbury, the most pertinent influence it has over its tenants is the use of its portfolio and how it can encourage good environmental and social practice. There are over 800 tenants within the portfolio and Shaftesbury maintains a direct communication link to all of them. With respect to environmental and social issues, the Environment, Community and Social Policies are not currently disseminated to tenants, although a draft Tenant’s Awareness Leaflet was issued to the managing agents for discussion in July 2005. Once the content of this is agreed a sample of appropriate tenants will be selected for trialling its use.

## 4.5 Performance Against Objectives and Targets

**Policy Goal D: Prior to purchase, environmental audits are conducted where appropriate**

No.	Objectives 2004-05	Progress/Date Achieved
D1	Undertake environmental / building health surveys of properties prior to purchase if appropriate	<ul style="list-style-type: none"> <li>The Property Purchase checklist was used as part of the purchase process and confirmed that there were no issues relating to the sites.</li> </ul>
D2	Continue to maximise use of 'brownfield' land in central London	<ul style="list-style-type: none"> <li>All purchases have been within central London so that maintained 100% utilisation of 'brownfield' sites</li> </ul>

**Policy Goal F: Shaftesbury PLC expects its contractors, as supervised by its consultants to adopt 'best environmental practice' in the refurbishment of the Company's property portfolio.**

No.	Objectives 2004/05	Progress/ Date Achieved
F1	Efficient use of energy and water	<ul style="list-style-type: none"> <li>The majority of schemes have installed energy and water efficiency measures, where applicable, in compliance with the Building Regulations.</li> </ul>
F2	Timber will be sourced, where possible, from well managed sources certified by third party certification bodies	<ul style="list-style-type: none"> <li>Use of questionnaire has increased with responses received for 7 of the 21 sites. Of those 5 of the sites use suppliers with recognised certified sources.</li> </ul>
F3	Management and disposal of construction waste	<ul style="list-style-type: none"> <li>16/21 sites retain all transfer notes</li> </ul>
		<ul style="list-style-type: none"> <li>Due to the variable nature of the projects, it is not possible to identify a sensible KPI for waste data and available data is limited.</li> </ul>
F4	For projects of capital value over £50,000, Shaftesbury will sign up to Considerate Constructors Scheme	<ul style="list-style-type: none"> <li>16/21 sites have undergone inspection under CCS. Of the remaining : 2 are new sites and have not yet been visited and 3 sites failed to register.</li> </ul>
		<ul style="list-style-type: none"> <li>Fresson &amp; Tee's sites averaged 26/40 and SP.PM averaged 28/40 – both over the target of 24. Only two visits resulted in less than 24 – i.e. 89% of the scores are over the target</li> </ul>
F5	During construction, the Company through its Project Managers, will endeavour to minimise adverse impacts on the environment	<ul style="list-style-type: none"> <li>All contractors are provided with a copy of Shaftesbury's Policy.</li> </ul>
		<ul style="list-style-type: none"> <li>The contractor's leaflet has been used on 15/21 sites.</li> </ul>
		<ul style="list-style-type: none"> <li>The sub-contractor's checklist has been completed at least in part on all 21 sites.</li> </ul>

#### **4.6 Recommendations**

- Continue to audit the performance of principal suppliers against the Policy.
- Review findings of completed Timber Tracking questionnaires and identify a list of preferred suppliers to be used for procurement of timber from sustainable sources.
- Ensure the Contractor's induction leaflet is issued to all subcontractor's working on the portfolio, both for managing agents and within refurbishment projects,
- Identify selected tenants within the portfolio and issue leaflet to raise awareness with regard to environmental and social issues.

## 5.0 ENVIRONMENTAL AND HEALTH & SAFETY PERFORMANCE

### 5.1 Measuring Environmental Performance – Current Status

Generating environmental/health & safety improvement – and hence business improvement – crucially depends on Shaftesbury being able to measure, monitor and collate performance data against its significant environmental and health and safety impacts.

The generally accepted key environmental impacts – and KPIs – against which performance can be measured include:

- Inputs: energy consumption, raw materials consumption, water consumption.
- Outputs: Greenhouse Gas emissions (GHG)<sup>1</sup>, ozone-depleting substances, waste water generation and solid waste generation.
- Other issues: building health (asbestos, legionella), transport, health and safety incidents, environmental incidents including noise.

These issues are appropriate to most industry sectors and they all feature in the BiE Index questionnaire and other indices.

#### **Inputs**

##### *Energy & Water Use*

With respect to inputs Shaftesbury's main issue is controlling the consumption of resources. The Head office is a leased premises hence the use of water is part of the lease and is currently not monitored. The use of energy is monitored through a review of bills, which is tabulated below:

Quarter	Energy consumption kWh	Greenhouse gas emissions kg CO2equivalent
Sept 04– Dec 04	15759	6776
Dec 04 – Mar 05	13624	5858
Mar 05 – June 05	17013	7316
June 05 – Sept 05	13881	5969

Year	Total Energy Consumption kWh	Greenhouse gas emissions kgCO <sub>2</sub> equivalent	Average CO <sub>2</sub> (kg/sqm) (Office area: 519 sqm)
Sept 02 – Sept 03	53761	23,117	Annual: 44.54
Sept 03 – Sept 04	56254	24,189	Annual: 46.60
Sept 04 – Sept 05	60277	25,919	Annual: 49.94

<sup>1</sup> GHG – “greenhouse gases” which contribute to global warming (e.g. CO<sub>2</sub>, SO<sub>x</sub>, NO<sub>x</sub> etc)

The figures compare favourably with benchmarking data provided by the Carbon Trust<sup>2</sup> relating to good practice energy use in offices (electricity consumption only):

- Office Type 1: Naturally ventilated cellular = 17.2 CO<sub>2</sub> (kg/sqm)
- Office Type 2: Naturally ventilated open plan = 28.1 CO<sub>2</sub> (kg/sqm)
- Office Type 3: Air condition standard = 66.6 CO<sub>2</sub> (kg/sqm)
- Office Type 4: Air condition prestige = 121.7 CO<sub>2</sub> (kg/sqm)

The Shaftesbury office is air-conditioned and therefore can be benchmarked favourably against office Type 3.

The apparent increase over the three years could be attributed to the increased number of people based at Head Office. This includes varying numbers of volunteers that work for the National Campaign for the Arts, which is provided with subsidised office space by Shaftesbury. However, the Company recognises that this is an issue, which will be investigated during the forthcoming year.

The use of energy and water within the managed property portfolio is the responsibility of the tenants with the exception of certain common areas e.g. Stairwell lights and facilities. Again, these are measured through the use of bills and the summary data is as follows:

Portfolio	Year	Floor Area sq.ft <sup>4</sup> (sq m)	Energy Consumption kWh	Greenhouse gas emissions kg CO <sub>2</sub> equivalent <sup>3</sup>	Average CO <sub>2</sub> kg/sq ft (kg/sqm)
Chinatown	Sept 02 – Sept 03	No data	84,471	37,167	No data
Chinatown & Coliseum	Sept 03 – Sept 04	344,000 (31957.6 sqm)	337,886	145,290	0.422 (4.55 kg/sqm)

Portfolio	Year	Floor Area sq.ft <sup>4</sup> (sq m)	Energy Consumption kWh	Greenhouse gas emissions kg CO2 equivalent <sup>3</sup>	Average CO2 kg/sq ft (kg/sqm)
Chinatown & Coliseum	Sept 04 – Sept 05	344,000 (31957.6 sqm)	612,523.25 (est.)	263,385 (est.)	0.766 (8.24 kg/sqm)
Carnaby Estate	Sept 02 – Sept 03	No data	6 months: 232821	102,441	No data
Carnaby Estate	Sept 03 – Sept 04	537,000 (49887.3sq m)	806,371	346,739	0.65 (6.95kg/sqm)
Carnaby Estate	Sept 04 – Sept 05	537,000 (49887.3 sqm)	1,231,107	529,376	0.98 (10.61kg/sqm)
Seven Dials	Sept 02 – Sept 03	No data	No data	No data	No data
Seven Dials	Sept 03 – Sept 04	290,000 (26941 sqm)	578,108	248,586	0.86 (9.23 kg/sqm)
Seven Dials	Sept 04 – Sept 05	290,000 (26941 sqm)	641,642	275,906	0.95 (10.24 kg/sqm)

<sup>2</sup> Best Practice Programme – Energy Consumption Guide 19

<sup>3</sup> Carbon Equivalents multiplier is for Electricity @0.43 ref. Carbon Trust

<sup>4</sup> Floor area for whole portfolio

Consultation with the Carbon Trust indicates that there are no available benchmarking figures for common parts. Comparison with standard offices information above indicate that the consumption overall is very low and compares favourably with the lowest energy using Office Type.

There has been a slight increase in consumption in the Carnaby St/Seven Dials area, which is a result of an increased occupancy of these areas i.e. greater tenant usage of common parts. This again emphasises the difficulties of endeavouring to set standard improvement targets for a company such as Shaftesbury, particularly when the level of energy use is so low.

For Chinatown figures were collected from a 20% sample of properties, which represented typical examples e.g. common parts with lifts, stairs only etc. These figures have then been extrapolated to give a portfolio wide figure, which is comparable with that measured for the whole portfolio last year. It is intended for future years to continue to monitor energy from a standard sample of properties, as obtaining data for the entire portfolio is not cost effective particularly given that overall energy use is low.

Water meters have been installed throughout the Seven Dials/Carnaby St area to measure water use in the common parts. There have been some problems with data collection across this part of the estate but baseline information has been collected for approximately 40% of the premises, all of which are offices (see Appendix 1). Using the BREEAM best practice guidelines for water consumption in offices of 5-9m<sup>3</sup> per person the data collected shows that water usage is within, or below, the recommended usage range for 60% of the premises. A small number indicate unusually high consumption for an office e.g. 46-47 Carnaby St. This will be investigated further as a result of this audit to establish whether there has been a leakage or if there is another explanation for the high levels of use.

Water is not monitored for Chinatown and it is considered inappropriate to install meters for the very small volume of water used in the common parts. However, a meter has recently been installed for the water supply to South Service Yard, which is the highest water use location in this part of the portfolio.

Energy and water efficiency considerations are given as part of the specification of refurbishment, where it is feasible within the constraints of the listing (or otherwise) of the property. For example:

- Long-life light fittings installed in common areas;
- Timer controls on the lights in common areas;
- Individual boilers installed within each unit with thermostatic controls;
- Insulation used in roof voids to reduce losses;
- Secondary glazing installed, where possible, given listing constraints.

All the common parts for the Chinatown part of the estate have long life bulbs and timer controls. Currently 55% of Carnaby has long life/low energy bulbs and 20% of Seven Dials.

#### *Other Materials Used*

Paper is the main resource used within the Head Office. A total of 1236kg of paper was used in 2003-04, 81% of which is made of recycled materials. In 2004-05 a total of 1271kg was used, 86% of which is made of recycled materials. Overall little change year on year.

The use of raw materials within the refurbishment process is dictated by the specification that is included within the contract tender documentation. Again the issue of working within the listing/conservation area constraints restricts the types of masonry and timber

materials that are appropriate and as discussed in section 2, evidence is now sought to demonstrate that timber is sourced from certificated sources.

### **Outputs – Waste management**

#### *Head Office*

Regarding outputs from the Head Office, Shaftesbury again has the issue of being in a leased property and the limitations that imposes. The principal solid waste is paper and this is now recycled. The total figure recycled during 2003 - 04 was 6270kg of paper, during 2004 – 05 this was down to 4990kg.

In general, redundant IT equipment and furniture go in the first instance to staff, and then to selected charities. During 2004 – 05 the boardroom furniture was replaced. The table and dresser were sold via Sothebys and the chairs were disposed of to landfill. Given the number of staff employed by Shaftesbury, the volume produced and waste generated are limited.

#### *Managed Portfolio*

With respect to the managed portfolio, the responsibility for waste disposal lies with the Shaftesbury/managing agents, however, the volumes generated are a result of the tenants' activities. There are a number of estate specific initiatives that were initiated in 2003-04 relating to waste management, and these have continued for 2004-05 as below.

- Chinatown

In Chinatown, Shaftesbury continues to work closely with Westminster City Council (WCC) to manage the issues that are specific to the area such as controlling the problems of fly tipping and disposal of food waste. Shaftesbury's managing agents Nelson Bakewell assisted WCC with a survey to quantify the amount of waste produced and improve the efficiency of collection.

Shaftesbury has direct responsibility for Rupert Court (South Service Yard). This is cleaned and managed by Nelson Bakewell contracted staff and a contract is held with Onyx for waste disposal. The costs are passed back to tenants as part of service charge.

At Horse & Dolphin Yard, Shaftesbury has recently built an undercover bin store to hold 8 wheelies bins in order to free up space in the yard and improve the local environment. A contract cleaner will also attend this yard.

There is still no progress with WCC regarding recycling and/or compacting due to the lack of space and/or a suitable site available from WCC.

- Carnaby St and Seven Dials

There are currently 4 sites within Carnaby St/Seven Dials where Shaftesbury is responsible for waste management:

- Kingly Court – 6 Kingly St.
- Carnaby Court – 24 Kingly Street
- 22 Ganton Street
- Thomas Neals Centre – 29/41 Earham St.

The data for volumes generated is below:

Site	Sq.ft	General Waste (cubic L)		Glass Recycling (cubic L)		Cardboard/ Compactor (cubic L)	
		2003-04	2004-05	2003-04	2004-05	2003-04	2004-05
<b>Kingly Court</b>	<b>63,289</b>	4,004,000	2,587,000	343,200	374,000		
<i>Retail</i>	35,555						
<i>Club/Bar</i>	8,818						
<i>Restaurant</i>	9,229						
<i>Office</i>	9,687						
<b>Carnaby Court</b>	<b>24,357</b>					1,401,700	1,198,000
<i>Retail</i>	8,831						
<i>Club/Bar</i>	5,221						
<i>Office</i>	10,305						
<b>14-22 Ganton St</b>	<b>28,952</b>	1,430,000	1,779,000	286,000	374,000		
<i>Club/Bar</i>	10,161						
<i>Office</i>	18,791						
<b>Thomas Neals</b>	<b>45,170</b>	2,173,600	2,217,600				
<i>Retail</i>	21,433						
<i>Club/Bar</i>	6,365						
<i>Office</i>	17,372						
<b>Totals</b>	<b>161,768</b>	<b>7,607,600</b>	<b>6,583,600</b>	<b>629,200</b>	<b>748,000</b>	<b>1,401,700</b>	<b>1,198,000</b>

Using the data above from a total waste generation of 8,529,600, 22% was recycled and compacted, of which 8.8% was recycled. This compares with last year where more waste overall was disposed of (9,638,500 cubic L) of which: 21% was compacted or recycled and 6.5% was recycled.

This year's figures show a slight improvement overall, however, the need to rely on tenants to undertake the recycling means that this is a potentially difficult parameter for Shaftesbury to continue to improve upon.

### **Refurbishment Projects**

With respect to refurbishment projects, monitoring of waste generation resulting from demolition etc. commenced in January 2003 for contracts above £50,000. The management of waste in the contract is generally the responsibility of the subcontractor. Again due to the specific nature of the portfolio, certain materials will be re-used/recycled within the refurbishment process e.g. fireplaces, masonry features etc, but the remaining solid waste is disposed of to landfill.

As identified in last year's audit, there are several problems with data collection which means that currently the available data is not in a form to set against a recognisable performance indicator:

- The small scale of most of Shaftesbury's refurbishment projects means that there is often insufficient space to segregate waste;
- Equally, the size of the contracts also means that the volumes of waste are relatively low and often waste from several contracts may be disposed of at the same time, therefore linking waste to a specific contract can be difficult;

This is a continuing problem, which is unlikely to be resolved given the unusual nature of Shaftesbury's portfolio. It is recommended that waste production will continue to be monitored, but it is recognised that a KPI will not be identified. Monitoring waste disposal has the added benefit of ensuring that the sub-contractors demonstrate 'duty of care' in the disposal of the construction waste.

### **Health & Safety Performance**

Within the managed portfolio there were zero reportable health and safety incidents throughout 2004 – 2005.

There has been one incident during the course of refurbishment works which occurred at 48 Gerrard Street on 24 September 2005. The works comprise the installation of a shopfront and Chinese style canopies externally. A hammer fell from the scaffold and hit a passer-by on the shoulder. The injured party would not give their details to the contractor and left. Shaftesbury and their insurers were duly notified and the contractor notified the

Health & Safety Executive (HSE). A subsequent visit by the HSE confirmed that there were no health and safety management issues with the site. The operative responsible for the incident was dismissed by the site agent.

**Other Issues**

Asbestos and Legionella surveys are conducted, as appropriate, by the managing agents and their subcontractors in the management of the Chinatown part of the portfolio and records are kept for each individual property.

For Seven Dials and Carnaby St Asbestos Surveys have been undertaken of all buildings and the register is held by EA Shaw.

There have been noise orders issued against two schemes: 8-9 Carnaby St and 55-56 St Martin's Lane. Both have reached subsequent agreement on hours of noisy operations. There have been no other notifiable environmental incidents within the portfolio for the year 2004 – 05.

With respect to transport issues, since the Head Office is within central London employees generally use public transport (or walk). To encourage use of public transport season ticket loans are available from Shaftesbury for its full-time employees (except directors). All staff have taken up the opportunity for the use of this loan so maximising the use of public transport. Directors also use public transport except at unsocial hours office hours.

**5.2 Performance Against Objectives and Targets**

**Policy Goal C: Comply with legal requirements**

No.	Objectives 2004 -05	Progress/Date Achieved
C1	Comply with all legal requirements for environment	<ul style="list-style-type: none"><li>There have been no legal non-compliances although noise orders (Section 60) were issued against the schemes at 8-9 Carnaby St and 55-57 St Martins Lane. In both cases there was subsequent agreement on hours of noisy operations.</li></ul>

**Policy Goal E: Minimise environmental impacts during management of portfolio**

No.	Objectives 2004-05	Progress/ Date Achieved
E1	Monitor & where possible reduce energy consumption	<ul style="list-style-type: none"> <li>• The managing agents have collected data for the Carnaby Street and Seven Dials and Head Office so that year on year comparisons are possible.</li> <li>• Usage in managed portfolio is low and is difficult to improve upon.</li> <li>• No progress on use of green tariff electricity.</li> <li>• All of Chinatown Common parts have long life bulbs. 55% of Carnaby has long life/low energy bulbs and 20% of Seven Dials.</li> <li>• A draft Tenant's awareness leaflet has been drafted and is awaiting agreement for distribution to selected tenants to encourage improvements in energy management.</li> </ul>
E2	Monitor and, where possible, minimise water consumption	<ul style="list-style-type: none"> <li>• No water data is available for Chinatown and the Head Office.</li> <li>• Water meters have been installed throughout Carnaby &amp; Seven Dials and baseline data is available.</li> </ul>
E3	Monitor and reduce waste for its managed properties	<ul style="list-style-type: none"> <li>• 4996kg of paper recycled at Head Office against 6270kg of paper recycled last year.</li> <li>• No progress with compacting/composting scheme in Chinatown due to lack of available sites from within Westminster's jurisdiction.</li> <li>• At Horse &amp; Dolphin Yard, Shaftesbury has built an undercover bin in order to free up space in the yard and improve the local environment</li> <li>• Small improvement in proportion of waste recycled at recycling and compacting facilities provided within the Carnaby St portfolio.</li> <li>• A draft Tenant's awareness leaflet has been drafted and is awaiting agreement for distribution to selected tenants to encourage improvements in waste management</li> </ul>
E4	Ensure that contractors (including cleaners, maintenance personnel etc.) comply with the Company Policy	<ul style="list-style-type: none"> <li>• Contractors' induction cards are provided to all contractors working on the Chinatown part of the portfolio. These have not yet been issued to the Carnaby St/ Seven Dials part of the portfolio.</li> </ul>
E5	Remove and dispose of hazardous materials e.g. asbestos in accordance with relevant legislation	<ul style="list-style-type: none"> <li>• Both managing agents for Nelson Bakewell and EA Shaw hold up to date asbestos registers for the managed portfolio.</li> </ul>

### **5.3 Recommendations**

- Continue to use utility bill data to monitor energy consumption in the Head Office and common areas. Use this data to calculate GHG emissions.
- Set target for purchase of 'green tariff' electricity for roll out to common areas of portfolio.
- Investigate ways to reduce energy consumption in Head Office.
- Undertake waste audits of waste contractors servicing Carnaby St and Seven Dials and identify most efficient way to maximise proportion recycled.
- Select appropriate tenants to issue Tenant's Awareness leaflet to encourage improvements in energy and waste management.
- Continue to work with Westminster City Council to investigate potential improvement of waste management and increased recycling in Chinatown.

## 6.0 STAKEHOLDER ENGAGEMENT

### 6.1 Internal Communication to Employees

Stakeholders are those who either affect, or are affected by, the activities of a company. They include customers and consumers, lenders and insurers, investors and analysts, government, regulators, local communities, NGOs or industry bodies, the media and suppliers. Regular communication with regard to CSR issues can range from provision of information to full 2-way dialogue with stakeholders including consultation, feedback and review.

With respect to Shaftesbury's internal stakeholders – the employees - the Environmental, Social and Community Policy has been issued to all Head Office staff and awareness training was undertaken regarding the contents of the Policy on August 7<sup>th</sup> 2002, September 10<sup>th</sup> 2003 and October 1<sup>st</sup> 2004. This will continue to be undertaken annually.

The forum for staff feedback is possible at monthly staff meetings. No staff questionnaires are issued, as it is not considered necessary within the structure of the company.

As stated in Section 2.0, the Environmental, Social and Community Policy is issued to the Shaftesbury's principal consultants who then include the Policy within contract documentation for subcontractors. All the key project managers and property management consultants attend the annual awareness training.

### 6.2 External Communication to Stakeholders

#### *Investors & Shareholders*

Brian Bickell and Jonathon Lane of Shaftesbury communicate regularly with the major investors in the company with respect to Shaftesbury's business performance. In addition, Shaftesbury met with representatives from Jupiter SRI who wished to better understand the business. The following were identified as areas for improvement within the overall approach to reporting:

- Key CSR objectives/goals headlined in the annual report so that it is clear to investors where Shaftesbury's priorities lie e.g. this year's objective of raising tenant's awareness.
- Highlight positives in the form of case studies on the website e.g. 'Partnering with the local community to the benefit of the prosperity of the area'

Shaftesbury participated in the inaugural BiTC Corporate Responsibility Index for 2002 and was listed in the fourth quintile. Shaftesbury improved its position in 2003 by being listed 78th out of 137 participating companies within the 2003 BiTC Corporate Responsibility Index. In the 2004 Index, Shaftesbury again improved its overall position to 69<sup>th</sup> and topped the Real Estate sector.

Shaftesbury's Chief Executive, Jonathan Lane, has maintained dialogue with BiTC since the publication of the index regarding the relevance of the Index to investors. He also spoke at a meeting organised by BiTC in September 2005, and attended by a number of leading SRI funds, presenting the viewpoint of a participant in the index.

Shaftesbury continues to maintain its listing on the FTSE4Good Index and is also listed on the Kempen SNS Smaller European Index.

Shaftesbury published a summary of its performance against the Action Plan in its Annual Report for 2004 and then published on its website an interim review of its performance against the Action Plan 2004-05.

### ***Tenants & Customers***

There are over 800 tenants within the portfolio and Shaftesbury has personal contact with them all. These tenants range from a large number of small specialist businesses and restaurants, particularly in the Chinatown estate, to the larger retail lets in the Carnaby estate. Each tenant has direct contact with at least one director of the company and tenants are encouraged to contact the company with any issues or concerns. This is particularly the case for the Chinatown estate where specific cultural issues need to be recognised when dealing with the community. In addition, full time estate managers are on each of the three estates to deal with day to day problems.

Shaftesbury continues to maintain a close and direct relationship with its tenants, which has been further enhanced by the activities of the Communications Administrator whose role is to maintain contact with the smaller retail tenants.

Shaftesbury has not yet issued the Environmental, Social and Community Policy to individual tenants but it is available if requested.

### Local Councils & Regulatory Bodies

Shaftesbury predominantly deal with Westminster City Council (WCC) but also with the London Borough of Camden. Shaftesbury maintains direct contacts at Councillor and Senior Officer level. The main issues of concern relate to planning, solid waste removal, street lighting and street cleaning.

Shaftesbury also provides support and finance. The largest project in 2004 –05 was an initiative by Camden Council and the Seven Dials Monument Charity to upgrade the whole of Monmouth Street through widening of pavements, resurfacing the street with raised tables for pedestrian access and a new street lighting scheme. This project will continue until 2005-06.

On a day to day basis the Communications Administrator, liaises with the local authorities and sits on the West End Marketing Alliance which is an initiative supported by the Greater London Authority (GLA) and WCC.

Shaftesbury requires its Project Managers to sign up with the relevant Local Authority's Considerate Constructors' Scheme for all refurbishment schemes which are of sufficient capital value i.e. in excess of £50,000. (See section 3.0 for more detail)

## 6.3 Performance against Objectives and Targets

### Policy Goal G: Shaftesbury will conduct its business with integrity

No.	Objectives 2004/05	Progress/ Date Achieved
G1	Be honest, open, helpful and polite	<ul style="list-style-type: none"> <li>Shaftesbury has maintained listing on the FTSE4 Good Index</li> <li>Shaftesbury was listed 69th within the 2004 BiTC Corporate Responsibility Index and topped the Real Estate Sector</li> <li>Shaftesbury is listed on the Kempen SNS Smaller European Index</li> </ul>
G2	Provide the standards of accommodation and services that have been agreed	<ul style="list-style-type: none"> <li>Shaftesbury continues to maintain regular and direct contact with tenants</li> <li>A Communications Administrator maintains contact with smaller retail tenants.</li> </ul>
G3	Obey all relevant laws and regulations and comply with other key policy goals with regard to customer relations.	<ul style="list-style-type: none"> <li>No non compliances</li> <li>Shaftesbury worked with WCC to ensure that Shaftesbury's tenants comply with new Licensing Act.</li> </ul>

## **6.4 Recommendations**

- Ensure that managing agents issue the Policy to all new commercial tenants and new customers when granting new tenancies.
- Continue to undertake awareness training for environmental/social responsibility of full time staff to highlight Shaftesbury's performance against the Policy and Action Plan.
- Continue to participate in the BiTC Corporate Responsibility Survey.
- Continue to monitor and report publicly on its performance. Use of the Company website and the Annual Report are considered to be the most sensible means of reporting. The use of case studies on the Company website should be explored to expand the existing reporting.
- Identify appropriate tenants within the portfolio to issue leaflets to raise awareness with regard to environmental and social issues

## 7.0 WORKPLACE & COMMUNITY ISSUES

### 7.1 Workplace Issues

Workplace issues refer to employment concerns such as equal opportunities, employment rights and obligations, training and development of employees.

#### *Equal Opportunities*

Shaftesbury has a total of 16 full time employees with 14 based in its Head Office. The Environmental, Social and Community Policy contains policy statements with respect to Equal Opportunities in Employment. With respect to maternal/paternity rights, the company is flexible. In 2004 they allowed a female senior surveyor extended leave on full pay prior to maternity leave.

An assistant Company Secretary, who will be part time, has been recently recruited and is due to join the company in October 2005. Employees are selected with respect to the skills required. There have been no resignations.

In 2004, Shaftesbury started a programme especially tailored to encourage women employees to extend their skills. The success of this process has been demonstrated by one Shaftesbury's Secretaries, who was promoted to Communications Assistant.

There are three women in senior executive positions (50% of senior executive staff) but there are no women on the Board. However, it is important to note that since Shaftesbury only has 16 full time staff, a number of specialist advisors are employed by the company to provide the necessary expertise – including lawyers, accountants, surveyors, project managers etc. Of these, women represent 50% of the senior advisors.

#### *Training*

CSR Awareness Training was undertaken in August 2002, September 2003 and October 2004 for all full-time Shaftesbury staff. In addition, a briefing of the management team was undertaken on May 9<sup>th</sup> 2005 to provide an interim update on progress of the CSR programme.

It is considered unnecessary for the internal Shaftesbury staff to have more detailed training given that their remit is to oversee the management of the property portfolio and they rely on the project managers and property management agents to deal with day-to-day issues relating to environmental, health & safety and social issues.

Given the small number of staff the most effective measure is the percentage that receive training for the benefit of their jobs. For this financial year there has been a low take up of training opportunities by staff, because the locations have not been convenient. For the forthcoming year, more accessible training locations will be identified.

### ***Personnel Development***

With effect from October 2005, a formal review process has been initiated which will allow individuals to identify goals to work towards for each year as well as identify training requirements.

### ***Staff Welfare and Health & Safety***

The workplace environment is viewed positively by Shaftesbury's employees. Again the relaxed management structure of Shaftesbury means that if staff consider that improvements are required to their individual work station, they are able to make those requests which are dealt with accordingly.

Flexible working is accommodated according to individual circumstances and the holiday allowance has increased from four weeks to five.

A full risk assessment of Health & Safety issues was undertaken in October 2003 by RPS. The high-risk issues identified have all been resolved and there are no incidents to report this year. Two members of staff are due to attend a first aid course in October.

## **7.2 Community**

Community is defined in the BiTC Corporate Responsibility Index as relating to "the interface between business and society, which can be both positively or negatively affected by its activities".

Shaftesbury is proactive in addressing its responsibility to the local Community. The Environment, Social and Community Policy identifies Shaftesbury's approach to charitable giving and involvement with the Community.

Shaftesbury has long established relationships with several NGOs which are directly relevant to its business, in particular the company provides advice to the Theatres Trust, the Royal Shakespeare Company and the Lawn Tennis Association. The company also

provides subsidised accommodation and free business assistance to the National Campaign for the Arts, the Association of British Orchestras and the Orchestra of the Age of Enlightenment who would otherwise be unable to afford to be in central London.

The groups receiving help and advice in 2004 –05 were:

- The National Campaign for the Arts
- The Association of British Orchestras
- The Orchestra of the Age of Enlightenment
- The Theatre Trust
- The London branch of the Samaritans (located in Carnaby)
- The Hungerford Drugs Rehabilitation Project
- The Soho Family Centre
- The Soho Green Charity
- The Chinatown Association
- The Chinatown Working Party
- The Seven Dials Monument Charity
- The Covent Garden Community Association
- The Phoenix Garden Project
- Chinatown charities including Yellow Earth Theatre Company

Within its managed portfolio Shaftesbury continues to maintain strong community links by providing a full time on site estate manager in each of its key locations: Carnaby Street, Covent Garden and Chinatown. These estate managers act as interface between Shaftesbury and the tenants as well as the local Councils.

In addition, during 2004 -05 Shaftesbury has been involved with the following initiatives to further improve its standing in the community:

#### ***Art at Kingly Court***

Shaftesbury continues to work as a partner with NCA in promoting Art at Kingly Court. This is proving a very successful initiative in demonstrating the business benefits of community support.

The NCA developed the project to address the concerns expressed by its members about the infrastructure in place to support emerging visual artists. Art at Kingly Court aimed to offer a showcase to emerging visual artists and support them in the development of their practice as a creative industry, whilst simultaneously increasing the public's engagement with the visual arts.

Shaftesbury's primary aim was to raise awareness of the unique shopping facilities offered in Carnaby and the surrounding area, particularly amongst 15-35 year olds, and to promote Kingly Court as a fashionable and cultural place to shop.

Both these key aims have been achieved and following its success the NCA has been successful in securing project funding from Creative London part of the London Development Agency to continue the project under the name Art at Carnaby. Shaftesbury remains committed to the NCA and supporting them with the ongoing project.

### ***Other Initiatives***

In October of this year Shaftesbury's Communication's Administrator is coordinating two fundraising events:

- A series of fundraising events for the charity Jeans for Genes are to be held at Newburgh Street, Carnaby. The Charity deals with children with Genetic Disorders and is affiliated to Great Ormand Street Hospital. All shops in Newburgh Street will have collection boxes within their stores and carrying out discounts with proceeds going to the charity. A bloc party is also being held in Newburgh Street to raise awareness of the charity too. All retailers have given to the event in way of products, which will be raffled off on the evening. In addition, Shaftesbury will be holding a competition via their website where for every entry, Shaftesbury will put a £1 towards the charity.
- Shaftesbury has offered a unit in Shorts Gardens (free of charge) to the organizers of Breast Cancer Research to hold a "Pink Party" within the unit. Shaftesbury has contacted many of its retailer tenants who will be offering the charity "pink" products, such as trainers, t-shirts etc.

### 7.3 Performance Against Objectives and Targets

**Policy Goal H: Shaftesbury recognises the need for investing in its employees and provides opportunities for training and personal development**

No.	Objectives 2004-05	Progress/ Date Achieved
H1	Ensure all employees have a performance review annually	<ul style="list-style-type: none"> <li>Annual Review process due to commence in October 2005</li> <li>Staff are made aware of CSR Policy and strategy implementation through the annual awareness training seminar undertaken since 7<sup>th</sup> August 2002.</li> <li>Management staff had an additional CSR training session on May 9<sup>th</sup> 2005.</li> </ul>

**Policy Goal I: Shaftesbury is committed to providing its employees with safe and favourable working conditions that are free from unnecessary risk.**

No.	Objectives 2004/05	Progress/ Date Achieved
I1	Fully comply with all the requirements of the Health & Safety at Work Act 1974 etc. for employees and those that may be affected by its activities	<ul style="list-style-type: none"> <li>A Health &amp; Safety Risk Assessment was undertaken in October 2003 by RPS. All high risk issues were resolved by November 2003.</li> <li>There were zero reportable Health &amp; Safety incidents within the Head Office and the managed portfolio</li> <li>There was one notifiable Health &amp; Safety incident (September 2005) during the refurbishment contract at 48 Ganton St. The HSE visited the site and identified no further concerns (see Section 5.0)</li> </ul>

**Policy Goal J: Shaftesbury is committed to providing equal opportunities for all its employees and potential employees**

No.	Objectives 2004/05	Progress/ Date Achieved
J1	Monitor the effectiveness of the equal opportunities policy	<ul style="list-style-type: none"> <li>Programme tailored to encourage women employees to extend their skills, has lead to their promotion in the Company e.g. from Secretary to Communications Assistant</li> </ul>

**Policy Goal K: The Company provides financial help and advice to local community groups and charities operating within Carnaby Street, Covent Garden and Chinatown**

No.	Objectives 2004/05	Progress/ Date Achieved
K1	Seek to continue to qualify as a member of the One Per Cent Club and will continue to align its charitable giving and community involvement to its chosen areas of investment in the heart of London's West End.	<ul style="list-style-type: none"> <li>• Support has continued of a wide selection of charities and community groups in the West End and Shaftesbury has maintained membership of the One Per Cent Club.</li> </ul>
K2	Shaftesbury will continue to engage with the local community through the provision of advice and resources.	<ul style="list-style-type: none"> <li>• Continued support to nominated charities through staff involvement for 2004-05. Also now support Orchestra of the Age of Enlightenment.</li> <li>• Art at Kingly Court has proved very successful and is now extended to Art at Carnaby.</li> <li>• Support small charities in Chinatown: Yellow Earth and Streetwise Opera.</li> <li>• Successful mentoring of National Magazine Company has meant their continued support of Soho Family Centre.</li> <li>• Ongoing mentoring of peer group companies e.g. Donaldsons as a result of attendance at BiTC meetings.</li> </ul>

## 7.4 Recommendations

- Continue to maintain membership of One Per Cent Club.
- Continue to partner local community groups and charities.
- Continue to mentor local companies to help them improve their involvement with the local community.