



Corporate Responsibility Audit 2006

For



Shaftesbury PLC.

Shaftesbury PLC

**RPS Health, Safety & Environment
185 Park Street
London SE1**

**Tel: 020 7928 0999
Fax: 020 7928 0708**

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<i>Report by:</i>	Tanya Lloyd Jones		30/10/06
<i>Reviewed by:</i>	Charlotte Brewin		30/10/06

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1.0 SUMMARY & CONCLUSIONS

1.1 Introduction

This is the fourth CSR Audit following on from the Baseline Review of 2002 and CSR Audits of 2003, 2004 and 2005. 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 2005-06 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 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 69th and topped the Real Estate sector. In 2005, the Company again topped the Real Estate sector and this time improved its position to 48th overall and was the second highest FTSE250 Company. In addition, Shaftesbury was second ranked Real Estate company in the subsidiary Business in the Environment index.

Shaftesbury reviewed and issued its Corporate Responsibility Policy from which key Policy Objectives have been implemented through the Action Plan. Year on year performance data has been collected for a number of key parameters. In addition, the company developed and issued to all its tenants an Environmental Policy and Occupiers leaflet.

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.

A summary of Key Performance indicators are below:

Performance Area	Key Performance Indicator	2003-04	2004-05	2005-06
<i>Stakeholder Engagement</i>	Ranking amongst Real Estate companies in BiTC CR Index (overall position)	2 (78 th)	1 (Joint 69 th)	1 (Joint 48 th)
	Listing on FTSE4Good	Yes	Yes	Yes
<i>Employees</i>	Proportion of employees that are female	33%	33%	47%
	Proportion of females in managerial grade	50%	50%	57%
	Number of employees having an annual training and development review	25%	66%	100%
<i>Environment</i>	Carbon dioxide emissions from direct energy use for the Head Office	24,189	25,919	17,932
	Carbon dioxide emissions associated with energy use in common parts of tenanted portfolio (kg CO2/sqft)	0.63	0.91	0.78
	Waste recycled as proportion of waste generated at Carnaby/Seven Dials (tenant generated waste)	6.5%	8.8%	2.4%
	Performance against requirements of Considerate Constructor Scheme – percentage of assessed schemes that achieved target	80% achieved target of 24/40	89% achieved target of 24/40	80% achieved target of 26/40
<i>Health & Safety</i>	Number of days/1000 employees lost to accidents	0	0	0
	Number of notifiable health & safety incidents in refurbishment projects	0	1	1 (prohibition notice)
<i>Community Investment</i>	Total value of community investment	£134,000	£531,372	TBC
	Proportion of pre tax profit spent on community investment	1.1%	3.72%	>1%

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 2006-07 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.
- 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 should be noted that the existing 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 should be extended to the Head Office and within the Seven Dials area of the common parts.
- Shaftesbury should continue to improve their management of solid waste from Head Office, and particularly from its managed portfolio. Findings from the waste audit should be used to establish the best way for maximising the recycling of waste from the Carnaby/Seven Dials part of the portfolio
- Shaftesbury should continue to work with Westminster City Council (“WCC”) to investigate potential improvement of waste management and increased recycling in Chinatown, although it is recognised that this is limited by the availability of suitable sites.
- Shaftesbury should investigate ways to reduce water consumption in the cleaning operations of the Chinatown service yards e.g. by use of steam cleaning.
- Shaftesbury through their principal contractors should continue to monitor key CR issues, such as the use of timber from sustainable sources. It is recommended that the content of the Timber Tracking questionnaires be reviewed and a more effective

method of identifying the source of timber used within refurbishment projects identified.

- It is recommended that the Specification Checklist should be expanded and reviewed in line with requirements of the 'Mayor of London Sustainable Design and Construction: the London Plan Supplementary Planning Guidance'.
- The updated Corporate Responsibility Policy (July 2006) should be re-issued to all stakeholders: employees, subcontractors, key suppliers and key tenants. It should be promoted strongly, through awareness raising by the Contractors Leaflet and the Environmental Policy and Occupiers leaflet.
- Shaftesbury should continue to audit its suppliers and sub-contractors to measure their performance against its Policies for environmental and health & safety performance.
- Shaftesbury should continue to work with WCC and build on success of community investment schemes at Seven Dials and Chinatown and extend works to adjacent areas (i.e. Lisle Street, Broadwick St and Earlham Street).

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 since been subject to an annual review and update. This is the fourth 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, on 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 2005-06 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 2006, the portfolio included 41% retail, 30% restaurants and leisure, 23% offices and 6% 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
- Penny Thomas – Company Secretary
- Donna Lambert – Communications Manager

Managing Agents

- Stewart Avery – SRM (Part of Nelson Bakewell)(responsible for Chinatown)
- Jane Moscrop – EA Shaw (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 2006.

3.0 POLICIES AND RESPONSIBILITIES

3.1 Policy

Shaftesbury has an integrated Corporate Responsibility (CR) Policy, which was originally drafted, and signed off by the Board in July 2002 (as the Environment, Social and Community Policy). 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 and is included as part of the tenant's pack. A short report of performance against the Policy was posted on the Company website in June 2003, and subsequently each year. A short statement on Shaftesbury's CR performance was also included in the Annual Report 2003. A more detailed statement was included within the Annual Reports of both 2004 and 2005.

In support of the overall CR Policy is an Equal Opportunities Policy and a Health & Safety Policy, which are also reviewed annually.

3.2 Responsibilities

Jonathan Lane, the Chief Executive exercises overall responsibility for the implementation of Shaftesbury's CR 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 Policy is included within the contracts with suppliers and subcontractors through the project managers for all refurbishment projects above a capital sum of £50,000.

The Policy is also included within the standard contract for maintenance contractors in the Chinatown part of the estate.

3.3 Performance Against Objectives and Targets

Policy Goal A: Disseminate the Corporate Responsibility Policy

No	Objectives 2005-06	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"> An annual awareness training was provided to all personnel and key suppliers on September 10th 2003, October 1st 2004, October 3rd 2005 and end of October 2006. The updated Policy was put on the Company website in July 2006. The Policy in full has not yet been distributed to new commercial tenants but a copy of the Environmental Policy and Occupiers leaflet including the policy in summary has been distributed to all tenants.

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

No	Objectives 2005-06	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"> Objectives and targets were set for the period September 2005-06 The Policy was reviewed and approved by the Board in July 2006.
B2	The Company will monitor and report publicly on its performance.	<ul style="list-style-type: none"> The ongoing periodic reporting continued with an update put on the Company website in June 2006. A summary statement was included in the Annual Report 2005.

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 2006. Ensure that key CR 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 an 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.

A bespoke system of environmental management is 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.

All contractors working for the property managers undertaking ongoing maintenance of the portfolio work to the health and requirements of the principal agents (EA Shaw and Nelson Bakewell). Health and Safety policies are required as part of standard contract.

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.

As in previous years a series of mechanisms have been implemented to measure the company's performance against the requirements of its Corporate Responsibility 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 was introduced in 2005 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. This was reviewed and revised in September 2006 as the previous version was found to be unsuitable for Shaftesbury's purposes.

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 (5 schemes) and Fresson & Tee (7 schemes). The scheme includes external audits against various criteria such as consideration of neighbours, cleanliness, environmental awareness, waste management, health & safety on site etc.

In April 2006, one of Shaftesbury's projects, at 2nd Floor 60 Chandos Place, project managed by Fresson and Tee and refurbished by T G Gregory & Associates Ltd, won a Silver Considerate Constructors Scheme Award for 2006. This is an excellent performance as only a small proportion of sites nationwide are recommended for an award.

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
15A Gerrard St	Roots Contractors Ltd	29.5	A commercial and residential refurbishment project/ All round compliance demonstrated.
3 Lownes Court	Roots Contractors Ltd	29	A project involving change of use from offices to a flat above a shop. All round compliance demonstrated.
102 Shaftesbury Avenue	KPM Construction Ltd	28.5	Conversion of existing shop into new one. Site showed compliance and a good attitude.
100 – 110 Shaftesbury Avenue	KPM Construction Ltd	29.5	Alterations & refurbishment of basement. Generally a high level of compliance with the CCS Code.
82-88 Shaftesbury Ave.	TG Gregory and Associates Ltd	29	Residential refurbishment. A good level of compliance with the CCS Code and an improvement on previous visits. Lack of a company specific environmental policy.
Flat 3, 9 Charing Cross Road	KPM Construction Ltd	25.5	Residential refurbishment. Site management is meeting the basic requirements of the scheme within the severe limitations of the site. Lack of badging for operatives and site manager is highlighted.
44 Monmouth St	Roots Construction Ltd	21	Residential refurbishment. Numerous issues highlighted e.g. lack of I.D for site manager, inadequate welfare facilities, no record of neighbours names, no complaint book

Projects managed by SP.PM:

Scheme	Contractor	Score	Comments
31 Kingly Street/ 9-11 Fouberts Place	Nicholas Stephens Construction Ltd	29	A refurbishment site to adapt a shop and flat over. All round compliance to the CCS Code. Lack of a company environmental policy highlighted.
8/9 Carnaby St	Haymills (Contractors) Ltd	29	A reconstruction of 2 existing commercial buildings into a single unit. Overall site management committed to the aims of the CCScheme, with good approach to environmental issues. Welfare facilities could be improved.
Unit G3 Kingly Court	Lakemead Construction Ltd	28.5	A refurbishment project set in a busy courtyard location. All round compliance with the CCSCode but lack of an environmental policy highlighted.

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

- Flat 2, 127 Long Acre - Project only 3 months duration (May – September 2006) and an inspection was not carried out

- Kingly Court Roof - Inspection not yet carried out

The take up and performance within the Considerate Constructor's Scheme (CCS) has continued to be maintained. All applicable schemes have signed up with reports received for 10 of the 12 schemes. Only 2 schemes achieved scores of less than the target of 26/40 and in general the average score for all the visits was above the target at over 28/40, which is very good for schemes frequently constrained by space and locality. One issue that has appeared, however, is a lack of consistency amongst the CCS monitors. This issue will be discussed further with CCS.

General issues for improvement by contractors that were raised relate to the following:

- Lack of contractor's company specific environmental policy
- Formal contact not always made to neighbouring businesses
- On site first-aiders not always identified
- Site welfare facilities
- Lack of ID cards for site managers and operatives

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

All asbestos in the Carnaby/Seven Dials part of the estate is removed at the time of purchase and the asbestos register updated accordingly. No asbestos has been removed and disposed of this year.

An asbestos register is held by Nelson Bakewell for the Chinatown part of the estate. There are no high risk areas and annual inspection is undertaken to ensure that any asbestos present is being managed. Nelson Bakewell also undertakes annual health & safety audits of each building and annual fire risk assessments.

Waste Duty of Care Audits

In the managed portfolio, waste Duty of Care audits were undertaken by RPS of the following waste facilities at the Carnaby/Seven Dials Estates:

- Thomas Neal's, Covent Garden
- Kingly Court, Kingly Street; and
- Ganton Street.

It was verified that both waste / recycling contractors employed (Bywaters and HTL Waste Management Services) have valid licenses, are using correct documentation controls, and do not seem to be in breach of any of the relevant legislation. However, neither at the time were able to provide specifics on where the materials they collect from these sites are passed. Shaftesbury's agents, EA Shaw, are in discussion with the waste management companies to further clarify the situation and improve the proportion of waste recycled.

Two refurbishment sites were also audited for Duty of Care: Horse & Dolphin Yard, London (to the rear of 100-112 Shaftesbury Avenue) and 44 Monmouth Street, London. The contractors employed for the refurbishment works on these sites were KPM Construction Ltd and Roots Contractors, respectively.

The audit of both sites confirmed that the waste management procedures practiced by Shaftesbury's contractors are compliant with the current regulations. In addition, the shortage of space on the sites visited necessitated that any waste was managed carefully and in a controlled way and the construction contractors were found to have a good awareness of what is required for good waste management.

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 CR 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 also been issued by EA Shaw to existing contractors working within the Carnaby and Seven Dials portfolio.

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.

Timber Sourcing

Timber tracking questionnaires have been completed for the 4 of the 12 sites. Of the remaining sites it has become apparent that the information is difficult to obtain from the contractors and the structure of the questionnaires needs to be reviewed.

From the information provided, the timber can be tracked to certified sources as below:

- Lakemead Construction working at Kingly Court and Kingly Court roof do not have a company timber policy, but they source wood from companies who do have such policies in place. Lakemead provided a copy of Saint-Gobain Building Distribution's policy (members of WWF-UK Forest and Trade Network and founder members of Forests Forever) with their response to the timber tracking questionnaire.
- The company working at 127 Long Acre and 31 Kingly Street & 9/11 Fouberts Place does have a timber policy (which they provided in respect of their supplier Wood Green Timber Co Ltd). They are awaiting their registration certificate for their sustainable forest products but included details of their supplier Snows Timber who are registered to BM Trada certification, FSC, TRADA-Trak, PEFC.

Use of Other Materials etc

10 out of the 12 schemes provided questionnaire responses. Of the responses received, the majority of the sites have excluded the use of CFC and HCFC containing materials but one site had to use Styrofoam underslab insulation as there was no other suitable product.

The response regarding paint use was variable with most sites not responding or saying it was not applicable, 2 sites stated that water based paints would not be used in favour of solvent based paints

Approximately half the sites 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 joinery, brickwork and ceiling materials.

Local suppliers have been used on 3 of the 12 sites. Bicycle storage has been provided at 2 sites, but for the majority there was insufficient space or it was not appropriate to the scheme to provide it (e.g. flat refurbishment).

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.

Training and awareness of contractors

In January 2006, Shaftesbury facilitated the attendance by a selection of contractors at a seminar organised by the Build Up consortium – an organisation that is part of a Pan London partnership initiative providing training and business support to construction SMEs.

Representatives from Lakemead, KPM, TDC Building, TC Gregory and Associates and Roots Construction all attended the seminar addressing environmental issues.

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.

In May 2006, a leaflet entitled ‘Environmental Policy and Occupiers’ was issued to all tenants in both Carnaby/Seven Dials and Chinatown. The leaflet addresses the core elements of Shaftesbury’s Environmental Policy and provides good practice advice on issues such as how to reduce and manage waste, save energy and water and purchase sustainably sourced goods such as timber products and paper.

4.5 Performance Against Objectives and Targets

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

No.	Objectives 2005-06	Progress/Date Achieved
D1	Undertake environmental / building health surveys of properties prior to purchase if appropriate	<ul style="list-style-type: none">The Property Purchase checklist has been updated for use so that it is more appropriate to Shaftesbury’s portfolio.
D2	Continue to maximise use of ‘brownfield’ land in central London	<ul style="list-style-type: none">All purchases have been within central London so that maintained 100% utilisation of ‘brownfield’ sites

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 2005/06	Progress/ Date Achieved
F1	Efficient use of energy and water	<ul style="list-style-type: none"> The majority of schemes have installed energy and water efficiency measures, where applicable, in compliance with the Building Regulations.
F2	Timber will be sourced, where possible, from well managed sources certified by third party certification bodies	<ul style="list-style-type: none"> Use of the questionnaire was not as successful as last year with only 4 sites providing adequate information. The approach will be reviewed in 2007.
F3	Management and disposal of construction waste	<ul style="list-style-type: none"> All 12 sites retain transfer notes 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. A waste Duty of Care audit was undertaken of 2 refurbishment sites during 2006. No issues were identified.
F4	For projects of capital value over £50,000, Shaftesbury will sign up to Considerate Constructors Scheme	<ul style="list-style-type: none"> 10/12 sites have undergone inspection under CCS. 2 have not yet been visited. Fresson & Tee's sites averaged 27/40 and SP.PM averaged 29/40 – both over the target of 26 and an improvement on 2005. Only two visits resulted in less than 26 – i.e. 80% of the scores are over the target
F5	During construction, the Company through its Project Managers, will endeavour to minimise adverse impacts on the environment	<ul style="list-style-type: none"> All contractors are provided with a copy of Shaftesbury's Policy. The contractor's leaflet has been used on all the sites that reported. The sub-contractor's checklist has been completed at least in part on all 12 sites. Shaftesbury facilitated the attendance of 5 contractors at the Build Up consortium seminar on environmental issues in construction in January 2006.

4.6 Recommendations

- Continue to audit the performance of principal suppliers against the Policy.
- Review content of Timber Tracking questionnaires and devise a more effective method of identifying the source of timber used within refurbishment projects.
- Review and expand Specification Checklist in line with requirements of the Mayor of London Sustainable Design and Construction the London Plan Supplementary Planning Guidance.
- Ensure the Contractor's induction leaflet is issued to all subcontractors working on the portfolio, both for managing agents and within refurbishment projects.
- Ensure that the Environmental Policy and Occupiers leaflet is issued to all new commercial tenants. Review the content of the leaflet on a regular basis (e.g. every two years) and revise and reissue as necessary.

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)¹, 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, over the year. A comparison of year on year data is below:

Year	Total Energy Consumption kWh	Greenhouse gas emissions kgCO₂equivalent	Average CO₂ (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
Sept 05 – Sept 06	41703	17,932	Annual: 34.55

¹ GHG – “greenhouse gases” which contribute to global warming (e.g. CO₂, SO_x, NO_x etc)

The figures compare favourably with benchmarking data provided by the Carbon Trust² relating to good practice energy use in offices (electricity consumption only):

- Office Type 1: Naturally ventilated cellular = 17.2 CO₂ (kg/sqm)
- Office Type 2: Naturally ventilated open plan = 28.1 CO₂ (kg/sqm)
- Office Type 3: Air condition standard = 66.6 CO₂ (kg/sqm)
- Office Type 4: Air condition prestige = 121.7 CO₂ (kg/sqm)

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

The significant decrease (approximately 30%) against previous years can be attributed to a reduced number of people based at Head Office. In previous years this has included varying numbers of volunteers that work for the National Campaign for the Arts (NCA), which was provided with subsidised office space by Shaftesbury. In January 2006, the NCA moved to another Shaftesbury owned premises – 1, Kingly Street, hence the reduced energy use. During the reporting period, none of the energy was sourced from 'green' electricity sources.

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.ft⁴ (sq m)	Energy Consumption kWh	Greenhouse gas emissions kg CO₂ equivalent³	Average CO₂ 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)
Chinatown & Coliseum	Sept 04 – Sept 05	344,000 (31957.6 sqm)	612,523.25 (est.)	263,385 (est.)	0.766 (8.24 kg/sqm)
Chinatown & Coliseum	Sept 05 – Sept 06	344,000 (31957.6 sqm)	364,610 (est)	156,782 (est)	0.456 (4.9 kg/sqm)
Carnaby Estate	Sept 02 – Sept 03	No data	6 months: 232821	102,441	No data

Portfolio	Year	Floor Area sq.ft ⁴ (sq m)	Energy Consumption kWh	Greenhouse gas emissions kg CO2 equivalent ³	Average CO2 kg/sq ft (kg/sqm)
Carnaby Estate	Sept 03 – Sept 04	537,000 (49887.3sqm)	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)
Carnaby Estate	Sept 05 – Sept 06	537,000 (49887.3 sqm)	1,109,912	477,262	0.89 (9.58kg/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)
Seven Dials	Sept 05 – Sept 06	290,000 (26941 sqm)	663,438	285,278	0.98 (10.59 kg/sqm)

² Best Practice Programme – Energy Consumption Guide 19

³ Carbon Equivalents multiplier is for Electricity @0.43 ref. Carbon Trust

⁴ 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 continued slight increase in consumption in the Seven Dials area, which is a result of an increased occupancy of this area i.e. greater tenant usage of common parts, but conversely a slight decrease in the Carnaby Estate. 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.

In September 2006, the electricity contract for the Carnaby Estate was re-tendered to EDF and the new contract supplies 100% 'green tariff' energy. This applies to 40% of the portfolio and it is intended that this will be extended to Seven Dials for 2007.

As last year, 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 has shown a slight decrease but overall is consistent with previous years. It is intended 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 area to measure water use in the common parts. As last year, there have been some problems with data collection across this part of the estate but baseline information has been collected for approximately 80% of the premises, all of which are offices. Using the BREEAM best practice guidelines for water consumption in offices of 5-9m³ per person the data collected shows that water usage is within, or below, the recommended usage range for approximately half of the premises. Of the remaining, two figures indicate unusually high consumption for offices: 46-47 Carnaby St and 23 Ganton St. Both have old meters and it would be worth investigating if the meters are faulty or if there is a leakage.

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 was installed last year for the water supply to South Service Yard, which is the highest water use location in this part of the portfolio and the volume used for 2005 – 06 is 368 cubic metres.

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.

Within the Chinatown part of the estate low energy bulbs are used to replace existing bulbs where appropriate. Currently 65% of Carnaby has long life/low energy bulbs and 20% of Seven Dials and all new fittings include long life/low energy bulbs. This is showing a progressive increase year on year. For the forthcoming year projects at Ganton House in Carnaby and 35-37 Neal Street in Seven Dials will involve converting existing light systems to allow low energy bulbs. It is intended that these will be used as case studies to demonstrate the impact on energy usage.

Other Materials Used

Paper is the main resource used within the Head Office. A total of 1236kg of paper was purchased in 2003-04, 81% of which is made of recycled materials. In 2004-05 a total of 1271kg was purchased, 86% of which is made of recycled materials. In 2005-06 the total volume of paper purchased was also 1271kg. None of the paper has recycled content.

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 this is discussed in more detail in section 2.

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 all now recycled. The total figure recycled during 2003 - 04 was 6270kg of paper, during 2004 – 05 this was down to 4990kg and reduced further in 2005 – 06 to 4600kg, demonstrating a marginally increased efficiency in paper usage. It should be noted that paper waste generated is to a certain extent outside Shaftesbury's control as a significant proportion relates to incoming post and reports etc (including junk mail).

In general, redundant IT equipment and furniture go in the first instance to staff, and then to selected charities. 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 previous years relating to waste management, and these have continued for 2005-06 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 and oil waste. A new initiative for 2005 – 06 is that Shaftesbury's managing agents Nelson Bakewell are working with WCC to identify which tenants are not paying for refuse collection and endeavour to reduce the amount of fly-tipping and increase the level of successful prosecutions. CCTV has been installed at both Rupert Court (South Service Yard) and Horse and Dolphin to track fly tipping and inappropriate disposal of food waste.

Shaftesbury has direct responsibility for Rupert Court (South Service Yard). A contract is held with Onyx for disposal of packaging waste and cooked food waste. The costs are passed back to tenants as part of service charge. The yard is cleaned and managed by Nelson Bakewell contracted staff. This is positive in that it keeps the yard clean, and improves the local environment, but it has been noted that a large volume of water is used. For 2006 – 07, other options are to be investigated such as the use of steam cleaning, which it is hoped will use only 25% of the existing volume of water.

At Horse & Dolphin Yard, the new undercover bin store, built in 2005, has proved effective for taking bins off the street and preventing leaching of waste into the road, consequently improving the local environment for passers by and local residents. A contract cleaner also attends 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. However, options are being investigated to encourage restaurants in the area to recycle bottles. An example is Lee Ho Fook, a large restaurant in the area, which now only sources one beer in the restaurant on the understanding that all bottles are collected and recycled by the brewer. Other initiatives such as this are to be investigated.

- Carnaby and Seven Dials

There are currently 4 sites within Carnaby/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 Earlham St.

The data for volumes generated is presented in the table on page 25. In 2005-06 there was a total waste generation of 10,205,800 cubic litres of which 2.4% was segregated for recycling on site and 19% was compacted. This compares with previous years as follows:

- In 2004-05, total waste was 8,529,600 cubic litres, 22% was recycled and compacted, of which 8.8% was recycled on site.
- In 2003-04, total waste was 9,638,500 cubic litres of which: 21% was compacted or recycled and 6.5% was recycled on site.

The total volume of waste generated has increased, particularly at 14-22 Ganton Street. This is due to additional occupiers being given access to these waste facilities. The reason for the reduction in on site recycling is because the current contractor sorts the waste after collection. Specific figures for Shaftesbury's tenants' waste are not available but the contractor estimates that 47% to 78% of waste is recycled on a daily basis.

Environmental/Health & Safety Performance

Site	Sq.ft	General Waste (cubic L)			Glass Recycling (cubic L)			Cardboard/ Compactor (cubic L)		
		2003-04	2004-05	2005-06	2003-04	2004-05	2005-06	2003-04	2004-05	2005-06
Kingly Court	63,289	4,004,000	2,587,000	2,982,100	343,200	374,000				
<i>Retail</i>	35,555			(includes glass recycling)						
<i>Club/Bar</i>	8,818									
<i>Restaurant</i>	9,229									
<i>Office</i>	9,687									
Carnaby Court	24,357						1,401,700	1,198,000	1,984,400	
<i>Retail</i>	8,831									
<i>Club/Bar</i>	5,221									
<i>Office</i>	10,305									
14-22 Ganton St	28,952	1,430,000	1,779,000	2,754,400	286,000	374,000	247,500			
<i>Club/Bar</i>	10,161									
<i>Office</i>	18,791									
Thomas Neals	45,170	2,173,600	2,217,600	2,237,400						
<i>Retail</i>	21,433									
<i>Club/Bar</i>	6,365									
<i>Office</i>	17,372									
Totals	161,768	7,607,600	6,583,600	7,973,900	629,200	748,000	247,500	1,401,700	1,198,000	1,984,400

Refurbishment Projects

With respect to refurbishment projects, 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 2005 – 2006.

There has been one prohibition notice served by the Health and Safety Executive on one of Shaftesbury's subcontractors at 15a Gerrard St (restaurant scheme) on works to open joists at 2nd and 3rd floor levels.

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 Asbestos Surveys have been undertaken of all buildings and the register is held by EA Shaw.

There has been one Section 60 Control of Noise notice issued at 8/9 Carnaby St. There have been no other notifiable environmental incidents within the portfolio for the year 2005 – 06.

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 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.

Bicycle storage facilities are provided as part of refurbishment projects within the space constraints of individual schemes.

5.2 Performance Against Objectives and Targets

Policy Goal C: Comply with legal requirements

No.	Objectives 2005 -06	Progress/Date Achieved
C1	Comply with all legal requirements for environment	<ul style="list-style-type: none">There have been no legal non-compliances although one noise order (Section 60) was issued against the scheme at 8-9 Carnaby St

Policy Goal E: Minimise environmental impacts during management of portfolio

No.	Objectives 2005-06	Progress/ Date Achieved
E1	Monitor & where possible reduce energy consumption	<ul style="list-style-type: none"> • Energy use in the Head Office has decreased this year due to the move by the NCA to Kingly St. • The managing agents have collected data for Carnaby and Seven Dials and Head Office so that year on year comparisons are possible. • Usage in managed portfolio is low and is difficult to improve upon. • Green tariff electricity is now used within 100% of the Carnaby part of the portfolio, which represents 40% of the overall portfolio. • All of Chinatown Common parts have long life bulbs. 65% of Carnaby has long life/low energy bulbs and 20% of Seven Dials. This is an increase on last year. • A leaflet entitled 'Environmental Policy and Occupiers' has been issued to all tenants to raise awareness with regard to reducing energy consumption.
E2	Monitor and, where possible, minimise water consumption	<ul style="list-style-type: none"> • No water data is available for the Head Office. • A water meter has been installed at the South Service yard at Chinatown to monitor water used for cleaning. • Water meters have been installed throughout Carnaby & Seven Dials and data is available for 80% of this part of the portfolio. • A leaflet entitled 'Environmental Policy and Occupiers' has been issued to all tenants to raise awareness with regard to reducing water consumption.
E3	Monitor and reduce waste for its managed properties	<ul style="list-style-type: none"> • 4600kg of paper recycled at Head Office against 4996kg of paper recycled last year. • Initiatives to improve waste management have been implemented such as the installation of CCTV at Horse & Dolphin yard and South Service yard to monitor and reduce fly tipping. • At Horse & Dolphin Yard, the undercover bin store built by Shaftesbury has proved successful freeing up space in the yard and improve the local environment • Waste recycling and compacting facilities are well used by tenants within the Carnaby /Seven Dials portfolio. It is unclear what is the total proportion of the waste that is recycled, although the contractor claims a figure of between 47% and 78%. • A leaflet entitled 'Environmental Policy and Occupiers' has been issued to all tenants to raise awareness with regard to reducing waste.
E4	Ensure that contractors (including cleaners, maintenance personnel etc.) comply with the Company Policy	<ul style="list-style-type: none"> • Contractors' induction cards are provided to all contractors working on both the Chinatown and Carnaby / Seven Dials parts of the portfolio.
E5	Remove and dispose of hazardous materials e.g. asbestos in accordance with relevant legislation	<ul style="list-style-type: none"> • Both managing agents for Nelson Bakewell and EA Shaw hold up to date asbestos registers for the managed portfolio.

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.
- Use projects at Carnaby and Seven Dials as case studies with respect to increased efficiencies for energy usage from use of low energy bulbs.
- Extend proportion of portfolio with 'green tariff' electricity for use in common areas of portfolio.
- Consider purchasing 'green tariff' electricity for Head Office.
- Continue to work with waste contractors servicing Carnaby and Seven Dials to identify most efficient way to maximise proportion recycled.
- Continue to use the leaflet 'Environmental Policy and Occupiers' to encourage improvements in energy, water and waste management.
- Continue to work with Westminster City Council to investigate potential improvement of waste management and increased recycling in Chinatown.
- Identify ways to reduce water consumption in the cleaning operations of the Chinatown service yards e.g. by use of steam cleaning.
- Investigate further the high water readings at 46-47 Carnaby St and 23 Ganton St.

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 Corporate Responsibility Policy has been issued to all Head Office staff and awareness training regarding the contents of the Policy and progress against the Action Plan has been undertaken annually since August 2002.

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 Corporate Responsibility 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 Jonathan Lane of Shaftesbury communicate regularly with the major investors in the company with respect to Shaftesbury's business performance.

Shaftesbury participated in the inaugural BiTC Corporate Responsibility Index for 2002 and was listed in the fourth quintile. Shaftesbury improved 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 69th and topped the Real Estate sector. In 2005, the Company again topped the Real Estate sector and this time improved its position to 48th overall and was the second highest FTSE250 Company. In addition, Shaftesbury was second ranked Real Estate company in the subsidiary Business in the Environment index.

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

As in previous years, Shaftesbury published a summary of its performance against the Action Plan in its Annual Report for 2005 and then published on its website an interim review of its performance against the Action Plan 2005-06.

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 Manager whose role is to maintain contact with the smaller retail tenants.

Shaftesbury has issued the Corporate Responsibility Policy to all its Chinatown tenants and all new retail tenants in the Carnaby/Seven Dials Estate. In addition, an Environmental Policy and Occupiers leaflet has been issued to all tenants throughout the portfolio.

Local Councils & Regulatory Bodies

Shaftesbury predominantly deals 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 2005 –06 was an initiative by Shaftesbury with WCC to improve the road surface in Gerrard Street (Chinatown), which is approaching completion. Shaftesbury contributed £500,000 which

equates to about 25% of the total cost. In addition, Shaftesbury is contributing a further £150,000 to enable Horse and Dolphin Yard to be resurfaced.

The Chinatown projects are comparable to the scheme which commenced in 2004 and is still ongoing in which Shaftesbury worked with Camden Council and the Seven Dials Trust 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. Shaftesbury contributed £360,000 through the Seven Dials Trust, which is a registered charity. This contribution equates to about one third of the costs.

All the schemes have proved so successful, and popular with the local communities that the Seven Dials project is to be extended to Earlham Street and the Chinatown project extended to Lisle Street.

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"> • Shaftesbury has maintained listing on the FTSE4 Good Index • Shaftesbury improved its position to 48th within the 2005 BiTC Corporate Responsibility Index and topped the Real Estate Sector for the second year. • Shaftesbury is listed on the Kempen SNS Smaller European Index
G2	Provide the standards of accommodation and services that have been agreed	<ul style="list-style-type: none"> • Shaftesbury continues to maintain regular and direct contact with tenants • A Communications Manager maintains contact with smaller retail tenants.
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"> • No non compliances

6.4 Recommendations

- Ensure that managing agents issue the Policy to all new commercial tenants and new customers when granting new tenancies and also issue copies of the Environmental Policy and Occupiers leaflet.

- 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 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.

- Follow up the issue of the Environmental Policy and Occupiers leaflet to identify particular issues that can be promoted with a selected sample of tenants.

- Build on success of community investment schemes at Seven Dials and Chinatown and extend works to adjacent areas (i.e. Lisle Street and Earlham Street)

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 18 employees with 16 based in its Head Office. The Corporate Responsibility Policy is supported by an Equal Opportunities Policy (signed and dated September 2006) which, contains policy statements with respect to recruitment and promotion, job descriptions and selection, training, disabilities, harassment and complaints.

A Company Secretary, who is part time, was recruited 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 of Shaftesbury's Secretaries, who has now been promoted to Communications Manager. In addition, during 2006, the company introduced a childcare voucher scheme for all employees, which is of assistance to working parents.

There are four women in senior executive positions (57% of senior executive staff, excluding directors) but there are no women on the Board. However, it is important to note that since Shaftesbury only has 18 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

CR Awareness Training has been undertaken annually since August 2002 for all full-time Shaftesbury staff. In addition, a briefing of the management team was undertaken in May 2005 and June 2006 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. Training and development needs are assessed as part of the annual review process for all employees including Directors. In addition, executive and non executive Directors' needs are assessed as part of the annual board evaluation process. Professional staff attend appropriate training as required to maintain their Continued Professional Development (CPD).

Employee Development

In October 2005, a formal review process was initiated which allowed individuals to identify goals to work towards for each year as well as identify training requirements. This process is to be repeated in October 2006.

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.

There are no health and safety incidents to report this year. Two members of staff attended a first aid course in October 2006.

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 Corporate Responsibility 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, the Art Fund and the Lawn Tennis Association. The company also provides support 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 2005 –06 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 Chinatown Association
- The Chinatown Working Party
- The Seven Dials Trust
- The Covent Garden Community Association
- Yellow Earth Theatre Company
- The Classical Road Show
- The Art Fund
- The Royal Shakespeare 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, Covent Garden and Chinatown. These estate managers act as interface between Shaftesbury and the tenants as well as the local Councils.

In addition, during 2005 -06 Shaftesbury has been involved with the following initiatives to further improve its standing in the community:

Art at Carnaby and Seven Dials

Following the success last year of the joint initiative with NCA in promoting Art at Kingly Court, Shaftesbury has continued to work with the NCA to extend the initiative to Carnaby and Seven Dials. This has proved a very successful initiative in demonstrating the business benefits of community support and promoting links between local businesses and local artists.

Other Initiatives

Throughout the year Shaftesbury's Communication's Manager has helped to facilitate and coordinate sponsorship for various local community events:

- In May 2006, Shaftesbury sponsored the Classical Road Show, Zambezi Tales (a celebration of all things African). This involved WCC primary schools participation with the Royal Philharmonic Orchestra.
- Shaftesbury contributed sponsorship to the City Showcase, a one week event which brought Fashion and Music to the general public.
- In June 2006, also contributed sponsorship for West End Live, an initiative by WCC fund live performances of top West End shows in Leicester Square.
- Both individuals and art schools such as Central St. Martins, Slade and Goldsmith colleges have held various art projects and exhibitions in Shaftesbury's empty properties, throughout the year. Exhibitors were encouraged to make donations to the Samaritans.
- In September 2006, an empty unit in Carnaby was used to help enroll volunteers for the Samaritans at their headquarters in Carnaby. Shaftesbury has also subsidised a PR agency support to help promote the event.
- As part of the London Design festival, during the last two weeks of September, four empty Shaftesbury properties were used by Beyond the Valley (a group of young designers from St Martins College) to showcase their designs. Shaftesbury not only provided the space it also has funded an advisor to provide ongoing guidance to the designers to obtain additional financial support throughout the year.
- In September 2006, Shaftesbury helped to organise fashion shows at Kingly Court to coincide with London Fashion Week and thereby promoting and giving exposure to Shaftesbury retail tenants.

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 2005 - 06	Progress/ Date Achieved
H1	Ensure all employees have a performance review annually	<ul style="list-style-type: none"> Annual Review process undertaken in October each year. Staff are made aware of CR Policy and strategy implementation through the annual awareness training seminar undertaken since 7th August 2002. Management staff had an additional CSR training session on June 5th 2006.

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

No.	Objectives 2005/06	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"> There were zero reportable Health & Safety incidents within the Head Office and the managed portfolio There has been one prohibition notice served by the Health and Safety Executive on one of Shaftesbury's subcontractors at 15a Gerrard St (restaurant scheme) on works to open joists at 2nd and 3rd floor levels (see Section 5.0)

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

No.	Objectives 2005/06	Progress/ Date Achieved
J1	Monitor the effectiveness of the equal opportunities policy	<ul style="list-style-type: none"> During 2006, the company introduced a childcare voucher scheme for all employees, which is of benefit to working parents.

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 2005/06	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"> • 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.
K2	Shaftesbury will continue to engage with the local community through the provision of advice and resources.	<ul style="list-style-type: none"> • Continued support to nominated charities through staff involvement for 2005-06. • Art at Carnaby and Seven Dials continued the success of Art at Kingly Court. • Support through funding and facilitation of a number of community events throughout 2005 –06. • Successful mentoring of small local business Beyond the Valley through funding of an advisor. • Ongoing mentoring of peer group companies e.g. assisted a local company in identification of appropriate charities for distribution of obsolete computers.

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.