

Responsible Procurement Policy Document - 2015

LondonMetric faces relatively low environmental and social risks in relation to its supply chains for development and asset management activities given that:

- our operations are solely in the UK
- we undertake a limited number of new build construction and development activities, and increasingly most of our expenditure is on larger scale but fewer distribution developments
- our construction activities are not complex in nature
- we work with a very limited number of contractors on repeat projects who typically use the same sub-contractors and suppliers on each project.

However, supply chain impacts are increasingly under scrutiny. We recognise that we have an obligation to ensure that our supply chain and our procurement practises follow proper standards and deliver social and environmental benefits.

Responsible Development

Where we undertake developments of assets, we employ a professional and reputable contractor to procure all items for the project and manage the project's supply chain.

Their supply chains are typically focused on local-level sourcing or sourcing from the UK and other European countries with strict social, ethical and environmental standards and legislation. However, we place strict obligations on the contractor to comply with good practices and proper procurement procedures. Our approach to managing any potential risks is outlined in our responsible development requirements which govern a range of social and environmental impacts.

These responsible development requirements are embedded in our contracts with those contractors and focus on two key areas:

i. Labour standards, human rights and health & safety

- Ensure sufficient employee training with regards to H&S procedures, and to provide regular H&S performance reporting
- Run construction sites according to the Considerate Constructors Scheme
- Promote employment opportunities to the local community
- Provide employment opportunities for people from disadvantaged backgrounds
- Commit to employing those from the NEET category where possible (NEET = 16-24 year olds not in education, employment or training)
- Promote equal opportunities
- Provide fair remuneration for site workers, in line with the living-wage as far as possible
- Uphold labour rights within supply chains including freedom of association and collective bargaining
- Uphold human rights within supply chains

ii. *Minimisation of resource use and pollution risk*

- Build large developments and refurbishments to a minimum requirement of BREEAM Very Good
- Put processes in place to minimise air and water pollution, and waste arising from the site, during construction activities
- Put in place processes to protect important species of flora / fauna on site and around site margins
- Seek to minimise energy use on site, and to minimise carbon footprint through use of renewable fuels / low carbon power
- Operate a formal site waste management plan
- Undertake environmental impact monitoring and include an environmental performance update in regular site reports
- Use reclaimed, recycled and locally-sourced materials in preference to virgin materials, to minimise the use of raw materials
- Specify and purchase third-party certified wood-based materials and products
- Comply with the red list of specific materials that should not be used on the basis of their human and environmental impacts
- Train on-site staff in the environmental management aspects identified in the contract
- Monitor sub-contractor performance on the environmental management aspects identified in the contract

For each project we employ a project manager whose job it is to ensure that the contractor delivers proper services under the project contract, including our responsible development requirements. At each project management meeting, some of which will be attended by a LondonMetric representative, the project manager will monitor how the contractor is performing on these responsible development requirements. In addition, at the end of the project, the contractor will have to have satisfied the project manager that that all requirements have been fulfilled before the project is signed off and the contractor can be paid in full.

Responsible Asset Management

Our standing portfolio has very limited landlord management responsibilities, as the vast majority is comprised of retail and distribution warehouses on Full Repairing and Insuring (FRI) leases. For those assets where we retain management responsibilities, we outsource day-to-day property management to our managing agents, who have a Responsible Supply Chain policy governing their procurement of goods and services on our behalf. Our contract with them includes specific requirements for the screening of suppliers when issuing and reviewing tenders for goods and services over a specific threshold spend and monitoring of suppliers' ongoing adherence to that policy.

The specific considerations include:

- Reviewing the environmental credentials of any regular orders and significant purchases; this includes the procurement of a wide range of items from IT equipment or stationery to furniture
- Expectation on contractors to demonstrate that they are building local skills, through being proactive in offering local businesses the opportunity to compete for work, local employees the opportunity to apply for jobs, and in offering apprenticeships
- Encouraging contractors to provide their staff with wages that exceed minimum wage levels; and for companies based in the greater London area, tracking whether the London Living Wage is adopted
- Reviewing whether the company has an Environmental Policy in place, environmental management and risk management practices relevant to the services being provided