

no hot air

Corporate Responsibility Report 2004

making property work

Land Securities' approach to corporate responsibility reporting

Land Securities has reported on its environmental performance for the last two years and has now broadened its reporting to address the full corporate responsibility ("CR") agenda, the principles of which have been applied across the whole of the business for many years.

In developing this report Land Securities has referred to best practice reporting and guidelines from organisations such as the Global Reporting Initiative ("GRI") and Business in the Community ("BitC"). This report takes note of BitC's reporting categories of Community, Environment, Market-place and Workplace but reports through a stakeholder/interest group structure as this better reflects the range of issues for a property business. This also reflects the management structure in place around these issues with clear responsibility for each group defined at board level.

The data in this report runs to the end of March 2003, with the exception of the employee statistics which are at December 2003.

Key stakeholders/interest groups:

Investors

Land Securities has a shareholder base of approximately 33,000. A large proportion of this number are institutions based in the City. Communication with all shareholders, both institutional and private, and potential investors is constantly under review in order to ensure its effectiveness.

Occupiers, clients and their customers

Land Securities provides accommodation to a wide range of occupiers in its investment portfolio and clients of its property outsourcing business.

Employees

Land Securities employs nearly 2,000 people in the business. Their well-being and professional development is central to the Group's strategy and it is constantly aiming to improve standards.

Suppliers, advisors and agents

The Group recognises that it has a responsibility and an opportunity to influence suppliers and all business partners in the way in which they carry out their business. This helps to ensure high standards are maintained and that all areas of risk are managed effectively.

Community

Buildings and development work can transform communities for the better. There are numerous stakeholders within communities, ranging from government to local residents, with whom the Group works.

Environment

The Group has direct impacts on the built and surrounding environment through the development of new sites or buildings. It also has a major role to play in ensuring its existing buildings and those of its clients are managed to good environmental standards.

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“Financial stability, sound management and a commitment to the creation of sustainable shareholder returns. These are the core principles that have driven Land Securities' activities as the UK's leading quoted property company.”

However these are not the only principles that enable Land Securities to remain at the forefront of the property industry.

The Group has long upheld the principles of good corporate governance. It has sought to communicate freely with its investors, to exceed its customers' expectations, to respect the environment and to treat its employees and the wider community in a fair and equitable manner.

In this, our first Corporate Responsibility Report, we outline the way in which Land Securities endeavours to be a good corporate citizen.



Ian Henderson Group Chief Executive

Land Securities Group PLC provides commercial accommodation and property services to a wide range of occupiers across the United Kingdom. The Group's objective is to create long-term and sustainable returns for shareholders through its activities, which include property investment, development and property outsourcing.

Vision:
To be recognised as the UK's leading property company.

awards

AWARD CATEGORY	AWARD RECEIVED
→ CORPORATE AWARDS 2003	
PROPERTY WEEK'S PROPERTY COMPANY OF THE YEAR	Winner

For more details of the Group's activities please visit its website: www.landsecurities.com

Company profile

The Group has a market leading position in three areas of the UK property markets. These are central London offices; retail which includes shopping centres and central London retail; and retail warehouse properties. In addition, its £8bn investment portfolio includes a number of south-east industrial properties.

Its development activities include retail-led regeneration in several major UK cities, brownfield site regeneration in the south-east and new office schemes in central London.

As market leader in outsourcing, Land Securities provides accommodation and property-related services to Government and major corporations, through Land Securities Trillium ("LST").

- Land Securities is responsible for over 10 million m² of property across the UK, equal to all the office property in London's West End.
- It employs nearly 2,000 people and is committed to maintaining high standards and best practice particularly in relation to equal opportunities in recruitment, internal career progression, fair and equitable remuneration.
- The Group has strong in-house expertise ranging across all aspects of property ownership and management, including development skills, property and asset management skills, capital investment strategy and service and facilities management.
- As a leading property company the Group is active in developing industry standards and practices through its involvement with industry and other organisations. The aim is to seek continuous improvement for both the Group and the property industry as a whole and when necessary to engage with Government on its legislative agenda.
- The Group is a member of the FTSE4Good Index, the Dow Jones Sustainability Index and the BitC Corporate Responsibility Index.

List of memberships/corporate sponsorship:

- Association of Town Centre Management ("ATCM")
- British Council for Offices ("BCO")
- British Council of Shopping Centres ("BCSC")
- British Institute of Facilities Management
- British Property Federation ("BPF")
- British Quality Foundation
- British Retail Consortium ("BRC")
- British Urban Regeneration Association ("BURA")
- Business in the Community ("BitC")
- Civic Trust
- Earthwatch
- English Historic Towns Forum
- Environment Council
- Investment Property Databank ("IPD")
- Investment Property Forum ("IPF")
- London Chamber of Commerce
- London First
- Trucost
- UK Business Council for Sustainable Development

Corporate governance and risk management

The Group recognises the value in having a robust approach to corporate governance. In particular, the Group seeks to comply with all of the guidance contained within the Combined Code. During 2003, the recognition received for continued efforts in this area, through the Investor Relations award for corporate governance, was welcomed (see page 7).

An important part of the Group's corporate governance framework is its risk management process, through which social, environmental and ethical risks are considered alongside strategic, operational and financial risks. Where risks are identified as being 'key' (a combined evaluation of impact and probability), appropriate action plans are put in place with assigned responsibility and a due date for each action. Many of the risks covered through this process assist the Group in identifying its CR priorities.

for example

Gunwharf Quays, Portsmouth

Gunwharf Quays has established itself as one of the leading mixed-use regeneration projects in the UK.

The development is built on land formerly occupied by the Royal Navy and combines residential, offices, retail and leisure and marina facilities in a harbour front location, that is now accessible to the public for the first time in centuries. The 33 acre site is a good example of sustainable development incorporating land remediation, re-use of construction materials, job creation and skills training and integrated transport links.

This project has won two prestigious awards in 2003 – the BURA award for Best Practice in Regeneration and the English Partnerships award for Partnership In Regeneration.

key economic performance indicators

£8bn
Investment portfolio

£626m
Cost of goods, materials, services purchased

£75m
Cost of staff excluding joint ventures

£1,240m
Gross property income

£88m
Corporation tax



For many years the Group has adopted a social, ethical and environmentally responsible approach to business activity. Although Land Securities has always been committed to making a positive contribution to the communities upon which its business activities impact, it is now placing greater emphasis on reporting the role it plays as a 'responsible corporate citizen'.

STAKEHOLDER / AREA OF RESPONSIBILITY	BOARD MEMBER
OCCUPIERS & CLIENTS	Chief Executive – Portfolio Management Chief Executive – Land Securities Trillium
SHAREHOLDERS & OTHER INVESTORS	Group Chief Executive Group Finance Director
EMPLOYEES	Group Chief Executive
SUPPLIERS, ADVISORS, CONTRACTORS & CONSULTANTS	Chief Executive – Development Chief Executive – Land Securities Trillium
GOVERNMENT	Group Chief Executive
COMMUNITY	Group Chief Executive
HEALTH, SAFETY & ENVIRONMENT	Chief Operating Officer
CORPORATE GOVERNANCE, BUSINESS ETHICS, COMPLIANCE & VERIFICATION	Board

CR COMMITTEE	
CHAIR	Group Chief Executive
	Development Director
	Portfolio Management Director
	LST Business Standards Director
	Group HR Director
	Head of Corporate Communication
	Head of Risk Management & Internal Audit
	External strategic advisors

CR IMPLEMENTATION TEAM	
TEAM LEADER	LST Business Standards Director
	Head of Consumer Marketing
	Corporate Communication Manager
	Community Relations Manager

Corporate responsibility ("CR")

In its 2003 Annual Report Land Securities updated shareholders on the steps taken to formalise its activity under corporate responsibility. This process is now complete and this report, Land Securities' first on CR, aims to provide stakeholders with a clear understanding of its CR policies, its key objectives and the performance indicators against which progress will be measured in the future. To ensure that activities are in line with best practice, Land Securities has retained external advisors who have worked with the company on developing the CR framework and who will be monitoring future progress against objectives.

The Group has formed a CR committee, which is responsible for:

- Appraisal and review of the Group's CR policy and advising the Board of Directors, through the Director with CR responsibilities, on the committee's activities.
- Demonstrating the links between strong financial performance and good environmental and social performance, and using these to demonstrate to both shareholders and employees, as well as other stakeholders, the business benefits of an enlightened approach to CR.
- Appraisal and review of the Group's CR objectives.
- Confirming and adopting a set of annual CR targets, supporting the agreed objectives.
- Considering how the Group's policy, objectives, targets and achievements should be communicated to all stakeholder groups, including: members of staff; shareholders; the financial community; occupiers and clients; suppliers and advisors; local authorities and statutory bodies; the general public.

- Appraisal and review of the CR activities across the Group including the introduction of relevant CR business panels and the role of CR in the management of social, economic and environmental risks.
- Ensuring that the business units are playing an appropriate role in achieving the Group's CR objectives and targets.

The committee also examined the Group's CR management structure in relation to:

- Policies, programmes, initiatives and case study examples addressing CR issues.
- External standards and/or certification systems with which it already complies.
- Existing measurement and monitoring systems and performance related information.
- Organisational responsibilities for different aspects of CR.

As a result the committee has:

- Introduced a statement of business principles to define the way the Group aims to go about its business.
- Revised its business ethics policy, and objectives relating to each stakeholder group (available on the Group's website: www.landsecurities.com).
- Set performance targets for the year to 31 March 2005.



for example

Cardinal Place, London

Land Securities has one of the most extensive development programmes in the UK and through this programme it is able to regenerate city centres by upgrading facilities, improving infrastructure and creating new public spaces.

Across London it has plans for several projects, one of which is Cardinal Place in the heart of Victoria. This is a 60,000 m² office-led scheme with retail, new public spaces and public art. As part of the development programme, Land Securities has been carrying out a major communication initiative. The aim of the 'Managing the Change' programme is to keep the local residents and occupiers, impacted by the development, informed about the three-year construction programme. Led by a Community Liaison Manager, this programme includes regular newsletters, exhibitions, community forums and a dedicated website. Local stakeholders are encouraged to provide feedback at all stages in the development programme.

LAND SECURITIES GROUP PLC – BUSINESS PRINCIPLES

Land Securities Group PLC provides commercial accommodation and property services to a wide range of occupiers across the United Kingdom. Our objective is to create long-term and sustainable returns for our shareholders through our activities, which include property investment, development and property outsourcing. Our vision is to be recognised as the UK's leading property company.

We want to achieve our objective and vision within a framework of high standards that takes account of the needs of all of our stakeholders and our impact on the environment and communities in which we operate. These are the principles that define the way we go about our business:

Business ethics

The reputation of the Group, and the trust and confidence of those with whom we deal, is vital to realising our vision. We aim to maintain the highest

ethical standards in the conduct of our business and will not tolerate any behaviour or practice that compromises our integrity. Our objectives for the way in which we manage our responsibilities under Corporate Responsibility are set out in our business ethics policy.

Core values

All our employees should believe in and uphold our core values in striving to achieve our vision. These embody the way in which we work with and treat each other, as well as how we behave towards everyone else that we do business with. Our core values are: Integrity, Respect for the Individual, Customer Service, Excellence and Innovation.

Health & safety

We shall take all reasonable steps to secure the health, safety and well-being of all employees and anyone else who may be materially affected by our business activities, in accordance with our duties under the Health & Safety at Work Act 1974 and all other relevant legislation.

Environment and biodiversity

We will take all reasonable steps to meet our obligations under environmental legislation and to avoid or minimise any harm to the environment. We will strive to meet good practice in non-regulated areas, integrating biodiversity considerations into our activities, working in partnership with clients, agents, contractors and other suppliers.

Equal opportunities

We are committed to providing equal opportunities to all our employees, whether full-time, part-time, temporary, secondee, or job applicant, regardless of age, gender, disability, marital status, sexual orientation, religion, race, colour, creed, ethnic origin or national origin.

Human rights

We care about human rights in our workplaces, and we will strive to meet the designated requirements.

Land Securities is committed to maintaining the highest standards in its investor communication programme. By communicating with, and listening to, its existing and potential investors the Group seeks to forge long-term relationships based on mutual understanding and trust.

3 investor relations awards won in 2003

Investor relations ("IR") activity includes regular presentations and meetings with key audiences, including institutional and private shareholders and analysts. These are conducted within the constraints imposed to ensure the protection of price sensitive information which has not already been made available to all shareholders.

The effectiveness of the communication programme is monitored directly through feedback to the company and indirectly through third party perception audits, which are commissioned from time to time. The last survey was conducted by Makinson Cowell in July 2003.

ANALYSIS OF INVESTOR MEETINGS
Makinson Cowell – Investor Relations Study 2003

	CONTACTS	FUNDS	LAND SEC ¹ %	MARKET ² %
ONE-TO-ONE MEETINGS	38	32	32	22
GROUP	30	14	11	8
INVESTOR DAY	25	10	9	7
RESULTS / OTHER	81	24	12	13
TOTAL	174	80	64	50

¹ % of register covered.
² % of UK equity market.

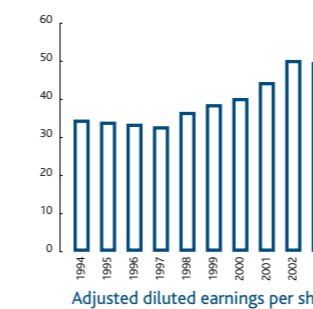
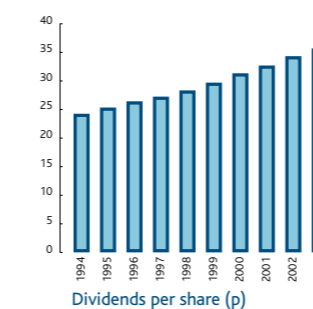
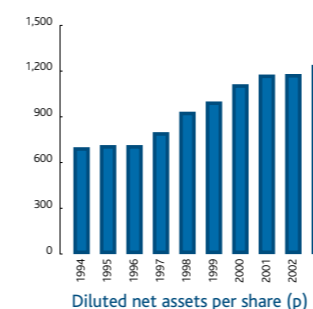
Makinson Cowell concluded that Land Securities had conducted an extensive investor relations programme, both in absolute terms and in comparison with the programmes of its other clients. The programme covered approximately 64% of the register and 50% of the UK equity market. Makinson Cowell's conclusion was that the Group's activities match what it regards as investor relations best practice.

The Group carries out a pro-active media programme to ensure that news and comment is delivered through the national, local and trade press. The website is considered to be an important medium for the dissemination of information and new technology will provide further opportunities to keep key audiences informed. Land Securities endeavours to use the best of these tools to ensure timely and efficient distribution of information. In the past 12 months, the following enhancements have been made to the website:

- Share price toolbox
- Interactive report and accounts (Interims 2002 onwards)
- Corporate calendar with key dates
- Debt investor sub section
- Key financials downloads
- Improved format of presentations
- Video interviews with Group Chief Executive
- Audio webcast of presentations

how we did

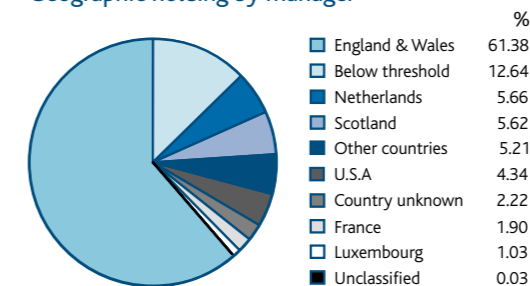
Long-term track record



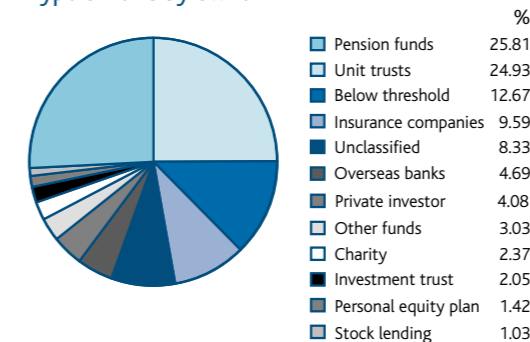
These figures exclude the results of fixed asset property sales after tax and, for 2001 thereafter, bid costs, exceptional items and the effects of adopting FRS19.

shareholder analysis

Geographic holding by manager



Type of fund by owner



These analyses represent 100% of the register. 'BELOW THRESHOLD' represents the proportion of the register not analysed. 'UNCLASSIFIED' represents holdings where account designations are insufficient to provide accurate allocations and may therefore cover a number of different holding types.

awards

AWARD CATEGORY	AWARD RECEIVED
→ IR AWARDS 2003	
BEST IN SECTOR	Winner
BEST CORPORATE GOVERNANCE	Winner
BEST INVESTOR RELATIONS OFFICER	Highly Commended
MOST PROGRESS IN INVESTOR RELATIONS	Highly Commended
GRAND PRIX FOR BEST OVERALL INVESTOR RELATIONS	Highly Commended
BEST DISCLOSURE PRACTICE	Highly Commended
BEST COMMUNICATION OF SHAREHOLDER VALUE	Highly Commended
→ PWC AWARD	
'BUILDING PUBLIC TRUST' AWARD FOR BEST COMMUNICATION OF CORPORATE STRATEGY	Winner
→ PROSHARE AWARDS	
BEST WEBSITE FOR PRIVATE INVESTORS	Highly Commended

174

investor contacts

Land Securities has a total of more than 2,000 occupiers and three main property outsourcing clients. The Group estimates that it has approaching 300 million customer visits to its retail properties and over 300,000 people occupy the properties it manages through its property outsourcing contracts and managed office properties.

for example



Empress State – a Landflex building

Land Securities is offering office occupiers a more flexible approach to the planning of their accommodation requirements through its Landflex product.

It is an innovative solution that matches office accommodation to the requirements of dynamic business plans. Landflex gives occupiers control over all aspects of their accommodation.

Client and occupier satisfaction

Client and occupier satisfaction is key to the long-term success of Land Securities' business objectives and the Group monitors this through annual surveys of its retail, office and property outsourcing clients.

In October 2002 the first 'Occupier Satisfaction Survey' with 500 retailers across eight shopping centres was undertaken. Questions covered four key areas: communication; responsiveness to requests; ability to meet needs; whether an occupier would be willing to recommend Land Securities as a landlord. All areas of shopping centre management were covered from the centre's physical appearance and on-site management to service charges and marketing. As a result of the findings the Group devised action plans for each centre and increased communication with retailers through newsletters, intranets and one-to-one management meetings. Since then the Group has carried out its second survey which showed improvement across all areas.

Similar surveys are carried out with the occupiers of the Group's central London managed office portfolio. Both these surveys were carried out by independent research companies.

Shopping centres – overview

- Retailers perceive strong improvements in the Group's demonstration of understanding customer needs and communication at Centre level.
- Improved willingness to recommend Land Securities as a landlord.
- Some significant improvements in service levels.
- Some very good evidence of engaging retailers at local level.
- Positive feedback from retail directors about Land Securities' open style and commitment to improve.

LAND SECURITIES' CUSTOMER SATISFACTION SURVEYS – SHOPPING CENTRES

Objective	Result 2002	Target	Result 2003
Understanding retailer needs	3.26	3.39	3.71
Communication	3.49	3.58	3.92
Willingness to recommend	80%	85%	89%
Responsiveness	N/A	3.80 by 2006	3.90
Overall satisfaction	3.71	3.75 by 2006	3.81

Central London managed offices – overview

- Evidence of improved communication and commitment to service.
- Strong improvement in willingness to recommend.
- Still inconsistent customer experience across portfolio in terms of service delivery (including security).
- Disruption problems with refurbishment at Fenchurch Street and post handover problems at Portman House.
- Customer survey process is valued but feedback needs to be more timely.

LAND SECURITIES' CUSTOMER SATISFACTION SURVEYS – OFFICES

Objective	Result 2002	Target	Result 2003
Understanding customer needs	3.42	3.84	3.37
Communication	3.46	3.73	3.57
Willingness to recommend	74%	78%	89%
Responsiveness	N/A	3.80 by 2006	3.67
Overall satisfaction	3.50	3.75 by 2006	3.53

Scale
1=very poor 2=poor 3=average 4=good 5=excellent

for example

BBC White City

The BBC is now occupying the first phase of the White City scheme, developed by Land Securities under the BBC property partnership.

The 50,200 m² scheme, comprises offices and technical space and will house the most technologically advanced broadcast facilities in Europe. The three main parts of the development project consist of an Energy Centre and Broadcast Centre, which were completed on schedule and the Media Centre which is six months ahead of programme and is currently being fitted out for future occupation.

The £243 million first phase of White City, known as 'Media Village', also includes a major basement car park, a central boulevard and retail parade. It will house some 3,000 BBC employees as well as employees from other companies.

Facilities management is being provided, the cost of which is included as a part of the overall unitary charge.

Land Securities has a total of more than 2,000 occupiers and three main property outsourcing clients



89% of retailers and office occupiers surveyed would be willing to recommend Land Securities as a landlord

Health & safety

Land Securities is committed to ensuring that all reasonable measures are taken to secure the health, safety and well-being of all its employees and anyone else who may be materially affected by or connected with its business activities, including contractors, customers and members of the public.

for example



Red Cap wardens

Land Securities is helping to build a better environment for its retailers and occupiers by participating in the privately funded 'Business Improvement Districts' in which its property is located. Through Land Securities' involvement in the New West End Company, it is ensuring that the West End benefits from enhanced cleaning, security and marketing initiatives including branding and research projects.

The property outsourcing concept was created by Trillium in the late 1990s. It provides a complete property outsourcing package, combining:

- Property financing
- Facilities services
- Capital projects delivery
- Estate strategy and asset management
- Provision of new space (property acquisition and development)

Current clients include the Department of Work and Pensions ("DWP"), BBC and BT through a joint venture with the Pears Group.

As a result the Group manages extensive outsourced property portfolios. Dedicated teams work in partnership with the client to ensure the occupants of the buildings get the accommodation and property services they need. Customer satisfaction plays a major role in ensuring the success of these contracts and customer service surveys are undertaken annually to monitor performance in this area.

The surveys cover security, cleaning, catering and responsiveness. In 2003, second customer service surveys have shown overall improvements in levels of customer satisfaction at both the BBC and the DWP.

DWP – 2003 customer satisfaction census

Each year, the Department for Work and Pensions asks its staff to assess their level of satisfaction with the outsourced services they receive from LST. The survey, which is analysed at building, business unit and regional level, is an invaluable tool in informing both the Department and LST of the improvements that need to be made to achieve the highest levels of service delivery and customer satisfaction. The following table shows the consolidated levels of satisfaction for the individual questions where the respondents considered LST's service as either 'Very Satisfactory' or 'Satisfactory'.

All service areas showed an overall improvement over the 2002 census with the exception of security, where there was a slight reduction of 0.1 percentage point.

DWP SATISFACTION SURVEY – NATIONAL RESULTS

	2002 %	2003 %
CLEANING WITHIN OFFICES	72.5	74.3
CLEANING WITHIN PUBLIC WAITING AREAS	82.0	88.7
CLEANING WITHIN TOILETS	78.5	75.1
CLEANING EXTERNAL	68.5	65.2
SECURITY IN NORMAL WORKING ENVIRONMENT	95.0	91.1
SECURITY ENTERING AND LEAVING BUILDING	84.0	82.3
SECURITY IN PUBLIC WAITING AREAS ENVIRONMENT	81.5	86.8
FURNITURE MAINTENANCE	84.0	95.1
FURNITURE PROVISION	64.0	77.6
FAULT REPAIR	87.5	84.6
RESTAURANT FACILITIES SERVICE LEVEL	74.4	83.5
CSC PROFESSIONALISM / SERVICE	97.0	98.9
CSC SERVICE LEVEL FOLLOWING CONTACT	89.5	87.8
LST SERVICE LEVEL	86.9	89.6

awards

AWARD CATEGORY	AWARD RECEIVED
→ PROPERTY WEEK 'OCCUPIERS' PROPERTY STRATEGY OF THE YEAR 2003	Winner – LST/DWP
→ RICS PUBLIC SECTOR PARTNERSHIP AWARD	Winner – LST/DWP
→ RICS INNOVATION AWARD	Winner – LST Customer Call Centre

key performance indicators

368

health & safety audits undertaken

143

employees attended NEBOSH & IOSH training

No fines

for incidents of health & safety non-compliance

One

prohibition notice served to prohibit roof access in a DWP building

168

RIDDOR injuries

Zero

work-related fatalities among direct employees

As a minimum, Land Securities complies with all relevant health and safety ("H&S") legislation and statutory provisions.

As part of its offer to clients and occupiers, Land Securities provides a range of services. These include conducting risk assessments and asbestos surveys, together with H&S audits across its investment portfolio as well as the BBC and DWP portfolios. The professional in-house team also provides advice to on-site operational and management teams.

Its strategy is to develop an effective H&S management system based on risk management principles and to ensure a cycle of continuous improvement.

In support of this, the provision of H&S services throughout the Group is split into four distinct areas:

- Land Securities Group – Employee H&S Issues
- Land Securities Development
- Land Securities Portfolio Management
- Land Securities Trillium

Each of these has in place policies and procedures relevant to the business activity undertaken by that particular area.

With 10 million m² of property under management, incidents occur from time to time. These incidents may result from trespass, or sub-contracted building works or weather related accidents or client accidents. In these cases the Group co-operates fully with the relevant authorities and works with its stakeholders to minimise re-occurrence by more effective training, processes or management action.

Land Securities undertakes comprehensive recording and analysis of accidents, incidents, near misses and 'reportable' injuries, diseases and dangerous occurrences within its investment portfolio and on behalf of its

clients. This is undertaken on a client and regional basis, and the aim is to identify trends or risks that can be eliminated or mitigated.

Employees

In respect to its employees the Group recognises the important role Land Securities' employees play in the prevention of accidents and injuries in the workplace. The H&S team promotes an active safety culture and engages employees in the formulation, development, planning and implementation of H&S policy, performance measuring and H&S auditing. The Group also actively encourages the submission of ideas and suggestions to improve standards of health, safety and welfare, including promotional campaigns that encourage pro-active H&S awareness throughout the business.

Land Securities' recruitment, selection, and training procedures ensure that all employees are fully competent in their duties, and that specialist advice, training and any appropriate safety or personal protective equipment is available at all times. Good levels of H&S are maintained throughout the Group by providing ongoing training for key members of staff.

Land Securities issues a comprehensive H&S handbook to all employees as part of the induction programme. The handbook covers general H&S awareness, as well as specific issues connected with an employee's role and the building in which they work. In addition, as part of the PRIME contract, a similar handbook is provided for all new Department of Work and Pensions employees as part of their H&S induction training.

LST has created an employee H&S management system based upon the requirements of OHSAS 18001. The system is fully documented on the intranet and the Group is currently working towards formal accreditation.

Land Securities employs nearly 2,000 people across the UK, responsible for the management of its property portfolio, development and delivery of accommodation and services across its property outsourcing activities. The Group's main objective in relation to its employees is to become the 'employer of choice' in the quoted property sector.

for example



The Foundation
 Launched in 2000, The Foundation is an avenue through which LST employees can provide support to the wider community through involvement in educational and community activities. At St Anne's school in Whitechapel, LST volunteers act as reading partners on a weekly basis, providing the children with one-to-one tuition – so far involving 42 employees and 60 children. Over the coming year The Foundation has planned new initiatives with the school, which include a gardening project and a special needs awareness programme.

Land Securities aims to create an environment where innovation and creativity are rewarded and career paths are clearly defined. The Group has linked its reward structure to performance and provides its people with opportunities for personal and professional development.

Human resource management

In its dealings with employees Land Securities will:

- Actively engage with employees through an open communication process.
- Recruit and develop the people and skills to succeed in tomorrow's market and provide a pro-active training and development programme for all employees.
- Support employees in their own efforts in community work.
- Not tolerate any sexual, physical or mental harassment.

Rewards and recognition

Land Securities believes that employee performance and contribution to the Group's business objectives should be recognised and rewarded accordingly. The rewards and recognition programme supports this aim and ensures that pay, incentives and benefits are highly competitive, fairly deployed and motivational.

Employee communication

The Group's intranet, which updates employees regularly on activity across the organisation, was shown in the last employee survey to have substantially improved internal communication.

Land Securities' programme of internal communication also includes:

- Regular presentations to employees on business activities and business planning.
- Management and staff away days.

- Publication of results and business updates through the intranet.
- Weekly emailed news updates.
- Six-weekly publication of the Group's e-magazine Landmark.
- Monthly environmental newsletter.

The Group also carries out an annual employee opinion survey, the results of which are communicated to all employees. The survey receives an above average response rate and demonstrates upper quartile results for employee satisfaction and morale, and second quartile results for loyalty as compared to the ETSM benchmark.

Training and development

The company is committed to providing training and development opportunities to ensure that it maximises the potential of all employees and helps them to achieve their own aims and the company's business objectives.

A wide range of further education and training initiatives are made available through the personal development planning process.

The company sets and closely monitors its targets for internal promotions and maintains a comprehensive succession and career development system.

LST has 'Investors in People' accreditation and the Group is seeking this across the entire organisation.

Broadening horizons

Land Securities has a tradition of encouraging its site-based staff to be involved in community initiatives in the locality in which they are based and is also keen to encourage employees to become involved in activities outside their normal workplace. As such it has introduced a volunteering programme where the Group will match the employee's time spent on voluntary activities.

for example

Treehouse

A school and educational support for autistic children.

Through its employees, Matthew Punshon, Simon Whitelock and Neil Pennell, Land Securities has been supporting the Treehouse Trust charity, which provides education and support to children with autism. The Trust has planning permission for the construction of an 80-place school on a greenfield site in Muswell Hill where it will be spending approximately £10 million. Land Securities and supplier Bovis Lendlease will be assisting the Trust by providing support in kind to the Trust while it builds its new school.

This help will be in two forms:

- To provide advice and support to lessen the need for the use of consultants, thereby minimising cash spend during the Trust's fund raising period and prior to construction.
- To use Land Securities' skills to reduce construction costs in order to reduce the amount required in the fund raising activities.

Land Securities estimates that its contribution will help to save the Trust up to £1 million on its current estimate of costs.



Values into Action

Land Securities' core values are:

- Integrity
- Respect for the individual
- Customer service
- Excellence
- Innovation

All Land Securities' employees are encouraged to embrace these values in order to distinguish the Group as a market leader and employer of choice. To ensure recognition of the Group's values, the company has a 'Values into Action' award programme. This programme rewards individuals (both Group employees and service partners and suppliers' employees) who are seen to demonstrate the core values in the workplace. More than 75% of employees who responded to the 2003 employee survey felt that the Values into Action recognition programme reinforces the Group's values.

Ideas into Action

'Ideas into Action' is an initiative that encourages all Land Securities' employees to suggest ideas which might improve business practices or results. The scheme was launched in direct response to an employee survey that highlighted the need to encourage and reward staff for innovation and creativity. Each employee's idea is judged against a set of criteria, which determines which ideas are implemented and the level of reward each employee receives. The criteria are:

- Ease of implementation
- Originality
- Cost value benefit
- Alignment to corporate values
- Breadth of implementation

awards given for "Values into Action"

33

£570,000

spent on training in 2003

Suppliers

Land Securities appreciates the benefits of partnership. By working closely with its suppliers, advisors and agents it is able to deliver effective property solutions across the accommodation it manages totalling some 10 million m².

Human resources policy

The employment policies of the Group maintain its commitment to equal opportunities. The criteria for selection and promotion are the individual's suitability for the position of employment offered and his or her skills and abilities. The Group maintains a policy of giving full and fair consideration to the employment of applicants who are disabled and for incorporating the needs of people who may become disabled during the course of their employment with the Group.

Ethical behaviour

The Group's business ethics policy is circulated to all staff and provided to all new employees in their induction pack. On an annual basis all managers will be required to confirm compliance with the commitments contained within the policy.

CHARITY COMMITTEE

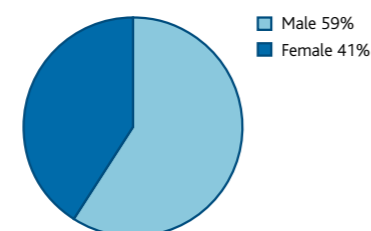
The Group operates a Charities and Sponsorship Committee which acts independently of the Board of Directors and comprises employees from each business unit. It administers a budget which is set by the Executive Directors each year. Support is generally only given for charitable work undertaken in the UK and favourable consideration is given to charities carrying out medical research or those involved in the relief of suffering. Special consideration is also given to appeals from charities located in areas of the UK where the Group has an involvement.

In 2003 nearly £780,000 was donated, including payments to charitable trusts investigating sites of considerable archaeological importance.

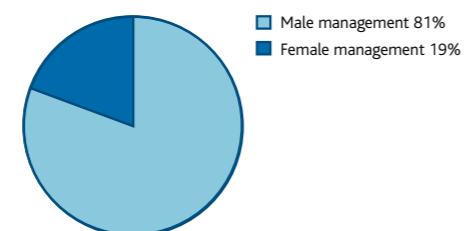
key performance indicators

The following figures have been calculated based on total staff across the Group, in total 1,578 employees as of 1 December 2003, excluding employees transferred from BT.

Gender

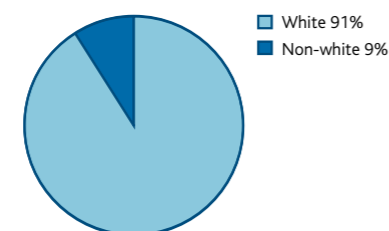


Management gender



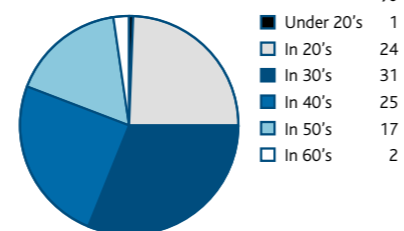
• There are no women on the Board.

Staff ethnicity



• 4% of staff have not specified their ethnic origin.
• There are no staff from ethnic minorities on the Board.

Ages split



Other indicators

- Average length of continuous service is 5.87 years.
- Training budget is £400 per person per annum.
- Present average of training days per person is 2.5 days per annum, excluding all business improvement activity and further education.

Land Securities aims to develop long-term relationships with its suppliers, advisors and agents that are based on mutual trust and shared values. Therefore, in addition to specific commitments on business ethics that are detailed on the corporate website, Land Securities is also committed to incorporating minimum CR standards into its procurement activities.

Supply chain management

Land Securities has an extensive supply chain in place. In addition to the range of routine suppliers that support any business, through its property outsourcing business it also has a large number of contractors involved with capital works projects, development schemes and the provision of services through 14 service partners. In total, these contractors employ over 11,000 staff and these people work on the full spectrum of activities at over 8,500 serviced properties.

LST strives for true partnering relationships and believes mutual trust and openness is key to achieving this. It includes 'partnering' as a contractual obligation and offers long-term contracts that afford stability, continuity, investment and innovation; to ensure its partners feel part of the company rather than suppliers held at arms length.

Large volumes

The large volumes of building services components used by Land Securities (for example: carpeting, re-decoration contracts and internal fit out components) enable it to match the design, sourcing, manufacture, quality, life cycle costs and unit price of these items to its specific requirements, including corporate and environmental principles.

Health, safety and the environment

Large organisations have complex supply chains and they must accept some accountability for the impacts of their suppliers. It is UK government policy that well-informed clients should take advantage of the supply-chain mechanism to help communicate the benefits of good environmental management.

Land Securities benchmarks its environmental footprint, including the impacts of its suppliers, through involvement with the Trucost rating method. Environmental factors are increasingly built into the Group's purchasing criteria and, in particular, the Group is looking at all of its sources of timber and paper.

LST has ISO 14001 environmental certification. To protect this, and to ensure compliance with its business principles, the purchasing team insist upon clearly specifying and evaluating any potential suppliers' health, safety and environmental policies, procedures and performance, including the environmental impact of goods and services. These matters are weighed against the normal considerations of price, quality, and service standard and, where necessary, the evaluation is weighted to give prominence to matters of particular concern. The purchasing of sustainable timber and wood products is a priority. The Group seeks FSC certification from its suppliers but is also seeking guidance from the WWF 95+ Group and others on the most effective means of ensuring that non-sustainable timber products do not enter the supply chain at any stage. This process will be extended during the forthcoming year to include other business units within the Group and to encompass other social and ethical considerations.

Land Securities is working in partnership with British Land, to investigate the corporate responsibility implications of purchasing for construction, mainly on construction material and supply chain management. The aim is to agree a set of voluntary guidelines, which can be applied to construction activities. Other companies involved are Bovis Lend Lease, Canary Wharf Group, Carillion, Haden Young, HBG Construction, HSBC, Kier Group, RMC and Sir Robert McAlpine.

Sharing knowledge

New purchasing processes initiated by LST will be cascaded throughout the Group. The aim is to encompass all of Land Securities' significant suppliers and introduce guidelines covering their evaluation, selection, appointment and review to ensure both the delivery of best practice purchasing procedures and compliance with the Group's business principles.

LST partnership arrangements include a 'Training Alliance' aimed at ensuring that the true partnering relationship exists at all levels.

In addition to promoting the Group's vision and core values, the Training Alliance instigates joint training modules and initiatives that are of benefit to all, especially the customers – the building users.

Monitoring suppliers

Land Securities aims to undertake significant supplier performance reviews on a regular basis.

The scale and breadth of Land Securities' activities means that it is involved in a wide range of community initiatives across the UK. Many of the Group's properties have an environmental and social impact which extends beyond the physical and financial investment the Group makes in them.

for example



The retail experience

Many initiatives are in place across the Group's portfolio to enhance the retail experience of visitors to its schemes. Security is an important aspect of this experience. In Sunderland, the 15-strong security team provided by OC Securities at the Bridges shopping centre, won the British Security Industry Association's award for 'best team in Britain 2003'. This was awarded to the team for its consistently excellent service to the management, retailers and customers at the Centre, by focusing on customer friendly service, first aid skills and safety.

Shopmobility is a further initiative that provides easier access to the centres and enables shoppers to benefit from the free provision of either a powered scooter or wheelchair for the duration of their visit.

This is particularly in evidence across the Group's shopping centres and development projects. As Land Securities works hard to integrate its activities into communities, it is involved with a wide range of community stakeholders, including local residents and visitors, businesses, local authorities, education authorities and other government agencies. It aims to provide a safe, clean, pleasant and accessible environment for occupiers and visitors to its properties.

Retail asset ownership

Land Securities' properties can enhance surrounding environments by creating a sense of ownership and belonging to become the hub of the community. This is particularly true of the 14 shopping centres owned by Land Securities where the company aims to provide safe and clean retail environments and active programmes of community engagement which include specific initiatives. A good example is 'Shopmobility', aimed at increasing access for less mobile shoppers, anti-truancy programmes, education initiatives and CCTV schemes. Of the Group's 14 centres, five have Shopmobility schemes in place, of the six car parks it manages, two provide mother and child parking, and four car parks have 'Secured Parking' status.

Land Securities has also introduced a customer care training initiative for its employees and those of its service providers. After a successful trial at one centre, this initiative has been rolled out across the shopping centre portfolio, aiming to provide high levels of customer care and service to visitors.

Business improvement districts

Land Securities is also responsible for the management of the environments it has created. It currently participates in nine town centre management schemes. It is a member of numerous business improvement districts and central London Circle initiatives, which are private sector led partnerships responsible for improving, promoting and helping to manage designated city centre areas. In particular Land Securities has been active in supporting the New West End Company which works in partnership with Westminster City Council to provide additional customer service, safety and cleaning to the Council's own programmes for Oxford, Regent and Bond Streets.

awards

AWARD CATEGORY	AWARD RECEIVED
→ BRITISH SECURITY INDUSTRY ASSOCIATION	Winner – for consistently excellent service, The Bridges, Sunderland Security Team
→ BEST SECURITY MANAGER SECURITY EXCELLENCE AWARD	Winner – Stratford Centre
→ THE TIDY BUSINESS STANDARDS AWARD	Gold – The Bon Accord Centre, Aberdeen and Silver Award, St John's, Liverpool
→ LEEDS IN BLOOM	Silver Cup – White Rose, Leeds
→ ATCM AWARDS	Winner – Town Centre Car Parking Award – The Bridges, Sunderland
→ 2003 LEISURE PROPERTY AWARDS	The Gate, Newcastle – Best commercial UK mixed use leisure scheme

4000

child users of study centre since opening



for example

White Rose shopping centre – Leeds

At the White Rose Shopping Centre, Leeds, pupils and their teachers took part in a scheme focusing on the importance of regular school attendance and the negative impact that truancy has on a child's life and future prospects.

The initiative, devised by Newlands' Education and supported by Education Leeds and local police, involved a behind-the-scenes look at the shopping centre's security camera control room, followed by a session in the White Rose Study Support Centre. The Study Support Centre was developed in partnership with Leeds City Council and Education Leeds. The centre has been fitted out with IT equipment and an area for arts and crafts sessions, and all facilities are fully accessible for people with disabilities.

Peter Cook, the manager of White Rose received a 'Values into Action' award for innovation, in recognition of his initiative.



£635,800

investigating sites of archaeological importance in 2003

for example

Epstein Statue

Land Securities' involvement in public art spans many years. In the 1960s it commissioned Sir Jacob Epstein to create a work of art especially for a location in front of Bowater House on the edge of Hyde Park.

The large bronze statue, depicting Pan and his followers, is said to be Epstein's last work. This was donated to the Royal Parks soon after its completion.

Property development

Land Securities' extensive redevelopment programme aims to regenerate major towns and city centres across the UK which, in addition to providing new commercial and residential floorspace, also provides an opportunity to upgrade existing infrastructure and to improve the public realm through the creation of aesthetically pleasing open squares and spaces.

By virtue of its Section 106 obligations, the Group is able to deliver a wide range of local amenities to support the commercial content of its developments. Examples include the provision of public art, affordable housing, park and ride facilities, community/heritage centres, libraries etc.

The Group recognises the need to deliver schemes which are both economically and socially viable. In this regard strong communication and support from the local community and stakeholders plays an integral role in the successful planning and implementation of development projects. Public engagement is a process which is initiated at the feasibility stage and carries on through the construction programme.

Public consultation and engagement

Communication with the local public, amenity groups, national bodies and stakeholders must be initiated during the very early stages of the planning process. Nevertheless, momentum must also be maintained throughout the actual development process in order that the public remain constantly informed of progress and events.

A consultation programme will include many of the following initiatives:

- The engagement of the local public and stakeholders in the preparation of the development brief.

- Creation of working party groups, advisory boards and/or community forums to review and assist in the design development process.
- Presentations to the local public, amenity groups and schools.
- Exhibitions to generate interest from the public.
- Local media programmes.
- Local advertising, brochures and leaflet distribution.

A recent example of this activity is the work in progress in Bristol, where Land Securities, as part of the Bristol Alliance, commissioned Opinion Leader Research to undertake a two-stage programme of public and stakeholder consultation on the redevelopment of the central shopping area of Broadmead in Bristol. The programme was designed to ensure full public and stakeholder contribution to the brief for the new site concept plan, and to comment on this plan once it had been assembled.

Managing the change

During the development process, which can involve demolition, archaeology, construction, and highways diversions, a substantial amount of disruption can occur in a town/city centre. This can be further exacerbated by the phased nature of major urban regeneration projects which encompass large central areas. The Group acknowledges that communication is an essential tool in order to minimise disturbance.

The Group has evolved change management strategies at the construction stages of major city centre projects which involve implementing a series of initiatives aimed at mitigating disturbance to the local community. In addition, it promotes close working relationships with the contractors and local authorities to ensure that the community is kept fully informed of events as they occur.

A 'Managing the Change' programme can incorporate the following initiatives:

- An on-site community liaison/information manager.
- Information centre.
- On-line information website.
- Weekly/quarterly newsletters.
- On-site Job Centres and training/development schemes (in collaboration with local authorities).
- Schools education packs.
- Temporary public art strategy.
- Presentations, site tours, public viewing galleries.
- Pro-active media programmes.
- Regular meetings with consultation and advisory groups.

An example of the above is the Whitefriars project in Canterbury which is an excellent example of a major retail-led development in the heart of the city centre. It will have been on-site for over five years and has incorporated highways/service diversions, archaeology and a phased demolition and construction programme. In this regard, the key to successful delivery and strong support from the local public has been the implementation of a robust change management programme which has incorporated many of the above initiatives.

Public art

Land Securities is also committed to providing unique visual experiences for visitors through the use of street theatre and public art. It has for many years made a contribution to the environment through the provision of public art and continues to employ local and internationally renowned artists to create relevant pieces of public art for its developments. One of its CR targets for the coming year is to develop a public art strategy for its investment and development activities.

for example



Whitefriars Canterbury – The 'Big Dig'

The 'Big Dig' at Whitefriars, Canterbury, was one of the largest urban archaeological excavations ever undertaken in the UK.

The 30 month on-site programme was funded by Land Securities, working in partnership with the Canterbury Archaeological Trust. The detailed excavation work was carefully phased to integrate with the six year construction programme, with as many as 70 archaeologists and volunteers on-site at any one time. The total cost was £3.5 million.

The Group takes a considered and structured approach to managing its environmental impacts and has advanced well over the 12 month period to 30 March 2003. It believes that genuine progress can be made through a targeted programme of incremental improvements.

for example



Energy management

Land Securities is one of 34 organisations that has taken part in the UK's voluntary emissions trading scheme. This has been developed to investigate and establish a commercial mechanism for reducing emissions of CO₂. From its investment portfolio, the Group has entered its entire managed office investment portfolio setting a target that equates to a year on year reduction of approximately 1% or about 250 tonnes of CO₂ per annum.

Overview

This is the third year of reporting on environmental performance and Land Securities is pleased with the sustained progress made. LST was successful in achieving certification to ISO 14001 standard for the EMS implemented across the PRIME estate. It is believed that this is the first, and certainly the largest, multi-site certification for any property and facilities management company. The Group is in the process of revising the EMS that covers its development and investment property activities. The procedures are being verified by the business and it is intended that the new systems will be implemented in 2004.

The Group continually reviews the high level policies and documents it has in place to ensure that these remain relevant to its business activities. As a result it has added an extra corporate environment objective to reflect the activities of LST with its clients: 'to assist the Group's property outsourcing clients to meet their own environmental objectives, to the extent that this falls within its remit.' It has also adopted a separate policy of biodiversity, applicable across the Group and to help understand this aspect of its business, became a corporate member of Earthwatch. This led to the Group participating in a pilot project for establishing a new UK benchmark for managing biodiversity. Land Securities was the only property company taking part in this trial, operated by the Wildlife Trusts, supported by Earthwatch, and was awarded the Benchmark Standard in October 2003. The Group was awarded the new Biodiversity Standard for producing a management plan to cover all of the locations it develops or manages. This will also be rolled out across all 1,700-plus sites that it now manages for the DWP.

Energy/CO₂

The Group continues to take an active role in managing energy. This helps to manage costs efficiently on behalf of occupiers and to control the emissions of CO₂ associated with fossil fuels.

As well as having a long-term commitment under the MACC2 programme, the Group is one of just 34 organisations to be participating in the voluntary UK Emissions Trading Scheme, which was developed to investigate and establish a commercial mechanism for reducing emissions of CO₂. The Group has entered its entire managed office investment portfolio into this scheme, setting a target that equates to a year-on-year reduction of approximately 1%, or about 250 tonnes of CO₂ per annum.

In the first year of operation the Group beat its target by 1,699 tonnes earning additional permits, which were banked for future use or trading. As a result, a small financial reward was received and shared with its mechanical and engineering service providers, who played an important part in achieving this success.

The Group is also working closely with the Carbon Trust on a range of projects, with a value approaching £100,000, looking at technological solutions for reducing emissions and examining the barriers which can prevent the implementation of effective schemes.

LST is involved in implementing a rolling 'spend to save' scheme across the PRIME estate, investing in energy efficient technology to achieve long-term savings. As at October 2003, £319,000 of projects had been initiated with an estimated simple payback of 38 months and an annual saving of around 860 tonnes of CO₂.

ISO 14001

certification achieved for 20% of managed portfolio

PRINCIPAL ENVIRONMENTAL IMPACTS			
Management of the environmental aspects of all of the Group's activities are covered in its environmental management system ("EMS"). The procedures comprising the EMS are retained and made available via the employee intranet.			
IMPACTS	DETAIL	CONTROL PROCESS	MANAGEMENT TECHNIQUE (EXAMPLES)
→ Emissions to air	Dust from construction activities. Combustion emissions. Ozone-depletion.	Project environmental requirements. Maintenance contracts.	Damping down of loose material. Specification of equipment. Maintenance schedules and procedures.
→ Emissions to water	Run-off from construction sites. Discharges from occupied premises.	Project environmental requirements. Lease conditions.	Isolation of drainage systems. Site inspections of highest risk locations. Pollution Incident Response Plans.
→ Emissions to land	Contamination from occupied premises. Acquisition of contaminated land. Flood prevention.	Lease conditions. Business procedures.	Site audits of highest risk locations. Land remediation. Drainage attenuation (sustainable urban drainage). Pollution incident response plans.
→ Raw materials	Resource conservation. Extraction/production impacts.	Environment policy.	Use of materials from sustainable sources or with a recycled content. Procurement guidelines and supply chain management.
→ Use of energy	Fossil fuel usage. Greenhouse gas emissions.	Energy policy.	Initial design criteria. Specification of equipment. Energy management – monitoring and targeting. Energy audits. Carbon emissions trading. 'Spend to save' programmes.
→ Use of water	Resource conservation.	Environment policy.	Initial design criteria. Specification of equipment. Monitoring and targeting 'spend to save' programmes.
→ Transport	Emissions reduction. Traffic reduction.	Environment policy.	Promoting alternatives to meetings. Promoting use of public transport. Transport plans for developments.
→ Biodiversity	Protection of existing habitats. Habitat creation and enhancement.	Environment policy and objectives. Biodiversity action plans for developments. Biodiversity management plan for occupied premises.	Planting indigenous species. Controlled use of pesticides and fertilisers. Land/waterway management.
→ Waste management	Waste minimisation. Reducing landfill.	Environment objectives and targets.	Waste minimisation campaigns. Good housekeeping. Re-use and recycling initiatives.
→ Nuisance	Noise, odours, dust. Visual intrusion.	Project environmental requirements. Lease conditions.	Monitoring and contractual penalties.

1,952

tonnes of CO₂ reduced in 2003 for properties in emissions trading scheme

	2002 SCORE	2002 RANK	2001 SCORE
BIE INDEX OF CORPORATE ENVIRONMENTAL ENGAGEMENT	78%	2nd	67%
PEG SURVEY	76%	2nd	69%

Water

Changing rainfall patterns increase localised water shortages in the UK. LST's 'spend to save' approach is also applied to water, with almost £81,000 invested on waterless urinals, with an estimated payback of just 11 months.

Land Securities Development is not only concerned about water efficiency, but also with how well new projects can cope with very heavy rain. It is important that the drainage infrastructure is not overburdened by new development and that projects do not contribute to flooding.

Property Management

In support of the goal defined in the Group's corporate environment policy (published on the website) all its shopping centres have developed and adopted site-specific environmental policies. Nine have taken part in an external benchmarking survey, with around 60 centres owned by other companies.

As part of the ongoing management of its properties, a programme of inspections of managed industrial properties is being carried out, to assess the level of risks which may arise from these sites, and to help occupiers improve their environmental management procedures.

Design

The BREEAM method is the most widely used and recognised tool for assessing the environmental impacts of buildings, across a wide range of types. Land Securities is committed to using this approach to benchmark its developments and has set targets for new offices, industrial and retail premises. This means that environmental factors have to be considered from the very early stages of new design briefs.

BREEAM ASSESSMENTS TABLE

CERTIFICATED	
190 HIGH HOLBORN	Very Good
30 GRESHAM STREET	Very Good
EMPRESS STATE BUILDING	Very Good
CROSSWAYS 5065	Very Good
PROJECT JUNIPER PHASE II	Very Good
CROSSWAYS C3	Very Good
7 SOHO SQUARE	Good
PAYCOCKE ROAD	Good

PRE-CERTIFICATION AUDITS

CARDINAL PLACE	Very Good (2nd Audit)
BANKSIDE 123	Pass (1st Audit)

Construction

A programme for the environmental auditing of all development projects was implemented. The Group can visit any development site to audit legislative compliance and compliance with its own corporate and project specific objectives and has to date carried out seven visits to all current development locations. The Group's contractors have welcomed this initiative and have co-operated fully in implementing any improvements and recommendations arising from these visits. Land Securities has also decided to produce environmental statements for all projects with construction costs over £5 million, irrespective of the requirements of local authorities.



for example

Kent Thameside

Kent Thameside is one of Europe's largest regeneration areas. Land Securities' contribution comprises Crossways Business Park, Eastern Quarry, Ebbsfleet, Swanscombe and Springhead. The entire scheme will not be complete for another 20 years.

At the heart of the Kent Thameside vision is a rapid transit system that will help reduce the need for travel by private transport. The project is a mixed use development, with commercial, industrial, retail, leisure and residential property being planned to form a coherent community. Churches, schools and other social buildings will contribute to a neighbourhood that is intended to be an example of sustainable development in action.

emissions managed

The investment portfolio is subject to change as a result of sales, acquisitions, demolition and construction. As a consequence, 'snapshots' of performance may lead to unreliable conclusions being drawn. The Group is making strenuous efforts to manage and reduce energy consumption across its portfolio but, although genuine reductions are being made, as shown by the performance in the UK Emissions Trading Scheme, the overall picture is complicated by changes in the composition of the portfolio.

In particular, there are three factors that need to be considered when looking at these statistics:

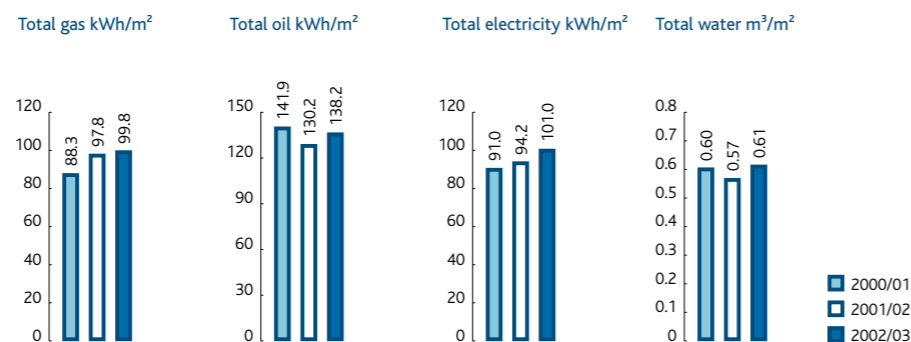
- Over the last two years, the Group has sold several shopping centres, which have large areas but low energy usage densities, and acquired air-conditioned offices which have much smaller floor areas but are more energy intensive. This tends to push the overall figure for energy per unit area upwards.
- It takes time to implement energy efficiency procedures in newly acquired properties.
- The utility consumption figures include electricity used directly by occupiers which are, therefore, outside of the Group's control. This is not the case for the UK Emissions Trading Scheme figures, which only look at energy associated with services provided by Land Securities.

A similar effect can be seen across the property outsourcing portfolio, where, in response to client requirements the Group adds to, refurbishes and/or reduces the properties in this portfolio.

A more reliable conclusion can be reached by looking at performance over longer timescales, which is why the Group has committed to reducing average emissions by 10% by 2010, under the 'Making A Corporate Commitment' scheme.

how we did

Land Securities managed investment portfolio Utilities consumption



UTILITIES CONSUMPTION

	NON AIR-CONDITIONED OFFICES			AIR-CONDITIONED OFFICES			RETAIL		
	2000/01	2001/02	2002/03	2000/01	2001/02	2002/03	2000/01	2001/02	2002/03
AREA (m ²)	94,559	87,311	87,311	233,791	234,330	231,692	597,211	437,263	377,835
GAS USED (kWh)	19,930,656	16,001,230	10,489,775	44,872,978	45,742,943	48,230,051	16,887,056	12,444,687	10,851,365
kWh/m ²	210.77	183.27	120.14	191.94	195.21	208.16	28.28	28.46	28.72
AREA (m ²)	41,385	26,347	27,900	18,586	11,008	11,008	none	none	none
OIL USED (kWh)	5,645,851	4,016,044	4,153,582	2,865,350	846,859	1,224,063	-	-	-
kWh/m ²	136.42	152.43	148.87	154.17	76.93	111.20	-	-	-
AREA (m ²)	150,855	114,767	100,308	224,554	251,436	251,651	811,303	825,878	747,263
ELECTRICITY USED (kWh)	12,854,702	8,114,784	7,085,556	65,407,295	79,998,653	76,036,029	29,790,191	24,156,310	27,854,734
kWh/m ²	85.21	70.71	70.64	291.28	318.17	302.15	36.72	29.24	37.28
AREA (m ²)	146,977	111,027	103,750	215,426	238,467	238,467	467,374	386,724	402,625
WATER USED (m ³)	168,706	103,750	140,979	236,100	229,538	233,378	94,202	84,681	79,103
m ³ /m ²	1.15	0.93	1.36	1.1	0.96	0.98	0.2	0.22	0.20

This data refers to buildings operated by LS Portfolio Management, and includes all energy usage where Land Securities has responsibility for the accounts. In some buildings this includes electricity under the control of tenants within their own demises.

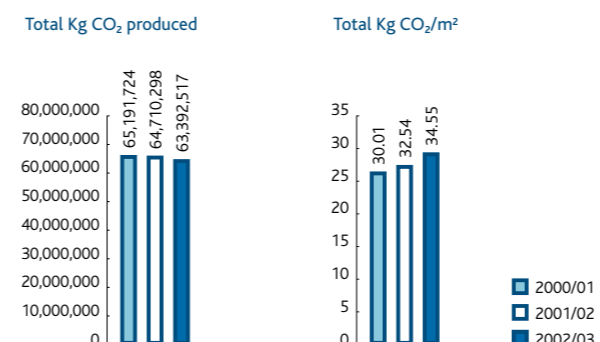
Areas

The floor area used for normalisation purposes is the net lettable floor area, but this is not an exact figure as the net lettable floor areas can change in an individual building during the course of the year.

Confidence

Land Securities believes that the utilities usage figures:
 • cover more than 95% of the investment portfolio and are accurate to within +/-5%
 • cover more than 95% of the property outsourcing portfolio and are accurate to within +/-10%

Land Securities managed investment portfolio Greenhouse gas emissions



Conversion factors
 Electricity: 1 kWh = 0.44kg of CO₂
 (Official conversion factor is now 0.43, but 0.44 is used for consistency)
 Gas: 1 kWh = 0.19kg of CO₂
 Oil: 1 kWh = 0.25kg of CO₂

GREENHOUSE GAS EMISSIONS

	2000/01	2001/02	2002/03
FUEL	Kg CO ₂	Kg CO ₂	Kg CO ₂
ELECTRICITY	47,542,693	49,398,689	48,829,580
GAS	15,521,231	14,095,883	13,218,526
OIL	2,127,800	1,215,726	1,344,411
TOTAL	65,191,724	64,710,298	63,392,517
	Kg CO ₂ /m ²	Kg CO ₂ /m ²	Kg CO ₂ /m ²
ELECTRICITY	40.06	41.44	44.42
GAS	16.77	18.57	18.97
OIL	35.48	32.55	34.55
TOTAL	30.01	32.54	34.55

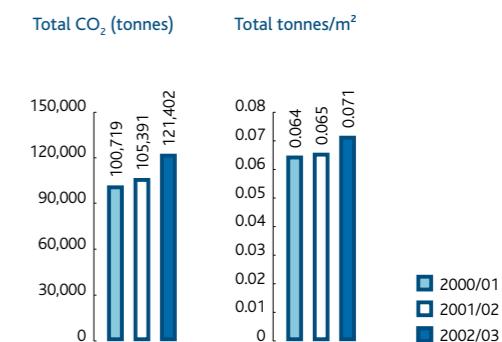
UK EMISSIONS TRADING SCHEME

BASELINE EMISSIONS	25,643 TONNES CO ₂
2002 TARGET	25,390 TONNES CO ₂
2002 ACTUAL EMISSIONS	23,691 TONNES CO ₂

data verified by ERM

This earned the company £13,500 from the scheme for successfully meeting the target and it enabled permits to be banked to the additional value of 1,699 tonnes, which may be used to offset emissions at any time during the scheme or can be sold in the marketplace. This target equates to a year-on-year reduction of around 1%.

Land Securities Trillium Utilities consumption and greenhouse gas emissions



UTILITIES CONSUMPTION & GREENHOUSE GAS EMISSIONS

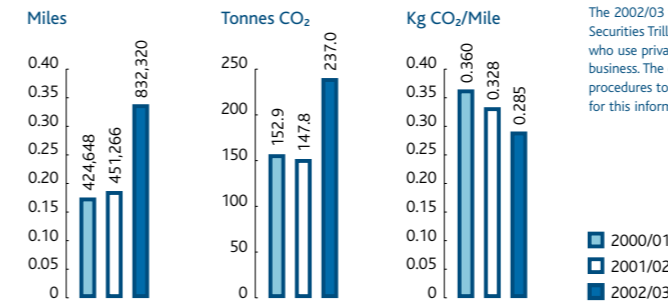
	2000/01	2001/02	2002/03
AREA (m ²)	1,581,314	1,622,861	1,700,000
ELECTRICITY (kWh)	106,114,852	122,000,000	164,865,460
GAS (kWh)	254,999,098	247,819,149	237,607,201
OIL (kWh)	26,561,088	23,381,342	21,456,112
TOTAL ENERGY (kWh)	387,675,038	393,200,491	423,928,773
CO₂ EMISSIONS			
ELECTRICITY	45,629	52,460	70,892
GAS	48,450	47,086	45,145
OIL	6,640	5,845	5,364
TOTAL CO₂ (tonnes)	100,719	105,391	121,402
Tonnes/m²	0.064	0.065	0.071

7 green apple awards won 2001-2003

Environment

how we did

Company car mileage



The 2002/03 figures now include Land Securities Trillium and also include staff who use private vehicles on company business. The company is developing procedures to improve the data capture for this information, which is incomplete.

for example

Bio-gas fuels villages in India

In drought-stricken India, villagers are tempted to cut down trees in a desperate search for wood for their stoves. As a result of Land Securities' involvement with Care for the Wild, and its first environment day, it has donated £1,200 to villages for them to construct bio-gas tanks.

Bio-gas consists mostly of methane and is formed when bacteria break down cattle dung. It is collected in a closed, semi-submerged chamber and can be used for lighting and cooking.

Bio-gas not only cuts down the dependence on fire wood but also makes life a lot easier in other ways; by cutting down on the amount of smoke created indoors during cooking, it reduces the risk of lung and eye disease. Light and heat is available on tap, food cooks much more quickly and the slurry generated as a by-product of fermentation can be used as a fertiliser.

It is also hoped that by improving living standards these systems will reduce locals' incentive to assist tiger poachers.



Training

To encourage continuous improvement and make sure that people have the skills appropriate to their jobs, in 2002/03 a total of 269 person-hours of specialist training was provided. The Group continues an extensive training programme in the current year with WSP Environmental.

Communication

The Group communicates its environmental strategies and initiatives widely across the business. The intranet includes extensive environment sections tailored to each business unit. A monthly online newsletter is available and a quarterly Green Review is emailed to all Directors and senior managers. Environmental briefing notes are produced and the Land Securities' annual environment day is used to promote awareness. This year this event was held on World Environment Day. Events were held at its shopping centres and employees raised money in support of Rainforest Concern. The Group also worked closely with the BBC supporting its similar event, providing the top prize for the BBC's environmental competition, a place on an Earthwatch expedition to Hungary to monitor bird migration.

Participation in industry and more general environmental forums help the Group to understand better current and potential problems and to share the Group's experiences. In addition to Land Securities' corporate memberships (see page 2) it is active on the environmental groups of the BPF and BCO. The Group was also involved in the following projects:

- BRE – development of new BREEAM method for the retail sector.
- CIRIA – development of guidelines and training for the Working With Wildlife programme.
- CIC – development of a Sustainable Development brochure.

awards

AWARDS CATEGORY	AWARD RECEIVED
→ GREEN APPLE AWARDS 2002	
LST	Green Apple Environment Awards for Commerce & Industry 2002. National Bronze Award. Awarded for the environmental section of employee intranet
Land Securities	Green Apple Environment Awards for Community Projects 2002. National Silver Award. Awarded for the corporate environment day (shopping centres & public involvement)
Land Securities	Green Apple Environment Awards for Commerce & Industry 2002. National Gold Award. Awarded for its programme to manage and reduce CO ₂ emissions across the managed investment portfolio
→ GREEN APPLE AWARDS 2003	
Land Securities	Green Apple Environment Awards for Commerce & Industry 2003. British Green Champion. Awarded for its complete corporate environmental programme
LST	Green Apple Environment Awards for Commerce & Industry 2003. National Gold Winner. Awarded for its waste management and recycling initiatives across PRIME
White Rose Centre	(Through Green Apple Awards) Chartered Institute of Waste Management National Champion for Waste Recycling 2003. Awarded for the Centre's innovative scheme to encourage recycling of waste
→ PFM AWARDS	
LST in partnership with DWP	Winner – 'Partners in Sustainability'

for example



Recycling

The Group's main recycling efforts are focused on three areas, PRIME, the BBC and the investment portfolio, principally in shopping centres, where significant volumes of cardboard and other waste are generated by the occupiers. The Group's responsibility for dealing with occupier waste disposal varies from centre to centre but a recycling league table was introduced to motivate centre management and the overall level of recycling has risen steeply.

The Group's endeavours have been recognised at its White Rose Shopping Centre which was named 'Waste Recycling National Champions' by the Chartered Institute of Waste Management at the 2003 Green Organisations 'Green Apple' awards ceremony held in London. The award gave recognition to the Centre's programme of rewarding the cleaning contractor by returning income from recycling as a bonus to the site staff, taking recycling rates from almost zero to over 20%.

84% of 2003 targets met



Target summary:

- 16 of the 19 targets are 100% achieved (84%)
- 1 of the 19 targets has not been achieved (5%)
- 1 target subsequently became non-applicable
- 1 target is not due for completion yet and its completion is, therefore, not measurable at this time

targets

ANNUAL REVIEW OF ENVIRONMENTAL TARGETS (2002/03)	
ENVIRONMENTAL TARGETS 2002/03	% ACHIEVED EVIDENCE AND COMMENTS
→ To submit all new major office developments and major office refurbishments, and all new industrial warehouse premises for assessment using BREEAM methodology	100%
→ To continue helping BRE to develop a BREEAM assessment for shopping centres	100%
→ To carry out energy audits at a further 10 managed properties during 2002/2003	100%
→ To continue to monitor and report on the progress of the Cardinal Place development, with respect to the environmental policy and objectives	100%
→ To monitor and report on the progress of the Bristol-Broadmead development, with respect to the agreed environmental objectives of the project	100%
→ To review the compliance of principal construction contractors and service providers in relation to the environmental objectives	100%
→ To increase the proportion of waste that we recycle at managed premises by 5%	100%
→ To provide a minimum of 150 man hours of targeted environmental training to employees during 2002/2003	100%
→ To reduce the amount of paper used in 140 London Wall, 5 Strand, and 11 Strand by 10% by April 2003	0% This target was not achieved since paper use has increased during the year
→ To satisfy the corporate declaration under MACC2 to reduce average CO ₂ emissions by 10% by 2010 compared with 1999/2000	Target not due yet This is a long-term target which needs to be achieved by 2010. However, it is useful for LS to consider its average CO ₂ emissions on a yearly basis to identify the general trend, and its ongoing progress in achieving reductions. Due to a restructuring of the property portfolio during 2001/02, levels of CO ₂ increased. This resulted mainly from the sale of a number of shopping centres with low energy density and the acquisition of a number of air-conditioned offices
→ To satisfy the voluntary obligations under the UK Carbon Emissions Trading Scheme	100%
→ To establish central waste collection and recycling in at least three properties operated by Portfolio Management	100%
→ To carry out a feasibility study for installing photovoltaic technology at a managed retail park	100%
→ To participate in a feasibility study for using a fuel-cell as a source of energy within buildings	100%
→ To commission the survey work and carry out the environmental assessment necessary for the production of an Environmental Statement in support of the planning application for Eastern Quarry	100%
→ To involve eight centres in a benchmarking study of the environmental impacts of shopping centres	100%
→ To consider the practicalities of introducing a fluorescent tube recycling scheme across the PRIME estate	100%
→ To introduce a co-ordinated programme of Utility Conservation Measures aimed at reducing the consumption of all utilities across the PRIME estate	100%
→ To clarify whether the new Enhanced Capital Allowances for energy efficient plant and machinery are available to property developers and investors as well as to owner occupiers/occupiers	N/A Land Securities made an initial verbal approach to HM Treasury to clarify the rules of Enhanced Capital Allowances but this was subsequently superseded by an announcement of the new interpretation of the rules

Waste/recycling

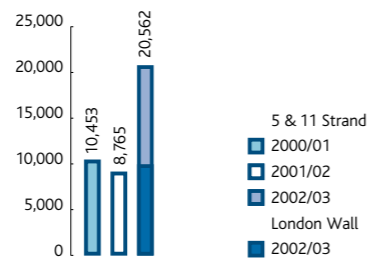
The Group's main recycling efforts are focused on three areas where it has direct control, these are: the DWP, the BBC and the investment portfolio, principally in its shopping centres, where significant volumes of cardboard and other waste are generated by its occupiers. The Group's responsibility for dealing with occupier waste disposal varies from centre to centre, but there are financial and environmental advantages to be realised from centralised schemes run by the centre management teams. The Group introduced a recycling league table to motivate management at each centre. The overall level of recycling has risen steeply and the Group continues to investigate ways to improve this still further over the coming months.

Across the PRIME estate, in 2002/03 a total of 17,480 tonnes of waste was collected, mainly paper, and 10,413 tonnes was recycled, an average of 60%.

For the BBC, 915 tonnes of waste was recycled in 2002/03, approximately 25% of the total waste generated.

how we did

Paper usage at head office
Per capita paper usage



PAPER USAGE

	5 & 11 Strand		London Wall	
	2000/01	2001/02	2002/03	2002/03
REAMS OF A3	112	132	298	225
REAMS OF A4	4,626	5,065	7,150	5,055
SHEETS OF A4 EQUIVALENT	2,425,000	2,664,500	3,873,000	2,752,500
STAFFING LEVELS	232	304	305	350*
PER CAPITA USAGE	10,453	8,765	12,698	7,864

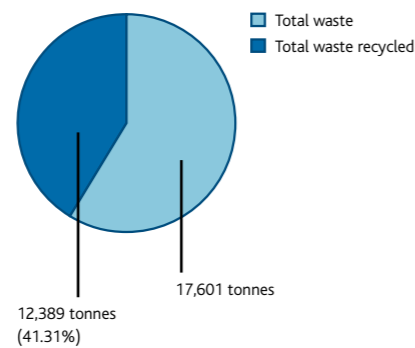
*All staffing levels are averaged over the year, the figure for London Wall is complicated by hot desking and home working.
NOTE: Increase in paper usage, partially attributable to new policy for in-house production of documents.

RECYCLING

WASTE SUMMARY

		2001/02 tonnes	2002/03 tonnes
SHOPPING CENTRES	TOTAL WASTE	6,972	8,898
	RECYCLED WASTE	675	1,040
OFFICES	TOTAL WASTE	0	21
	RECYCLED WASTE	0	21
DWP	TOTAL WASTE	n/a	17,480
	RECYCLED WASTE	n/a	10,413
BBC	TOTAL WASTE	n/a	3,591
	RECYCLED WASTE	n/a	915
TOTALS	TOTAL WASTE	6,972	29,990
	RECYCLED WASTE	675	12,389

Recycling – waste summary



STAKEHOLDER GROUP	TARGETS TO 31 MARCH 2005
CORPORATE	
	<ul style="list-style-type: none"> • Become a member of AccountAbility • Develop CR policies, objectives and targets and report on CR activities • Introduce a Group CR implementation panel • Develop and maintain the intranet to communicate CR across the organisation • Identify top three key leading CR indices and maintain above average performance in each • Develop an online standard community proforma for employees to record key aspects of community initiatives • Develop and communicate Group-wide criteria for donations and sponsorship and communicate across Group (in relation to the monies currently expended through community initiatives)
INVESTORS	
	<ul style="list-style-type: none"> • Carry out a survey of investors to judge effectiveness of IR programme
CLIENTS AND OCCUPIERS	
	<ul style="list-style-type: none"> • Achieve the targets set out under the Group's three year balanced scorecard covering customer needs, relationship management and reputation
EMPLOYEES	
→ Employee survey	<ul style="list-style-type: none"> • Out-perform the Expert Training Systems' ("ETS") benchmark on employee satisfaction (overall average score of 37 other participating companies) by 0.2 • Improve the overall Group's score against the question "I am rewarded fairly for the work I do" to an average of 2.7
→ Training and development	<ul style="list-style-type: none"> • Ensure that personal development plans are in place for all managers • Ensure that each employee benefits from three days training per annum
→ Equal opportunities	<ul style="list-style-type: none"> • Become involved with (or sign up to) one high profile business-led campaign related to equal opportunities and workforce diversity in order to raise internal awareness of potential opportunities
→ Corporate governance	<ul style="list-style-type: none"> • Review obligations and procedures covered by the company's gift policy (covering both gifts sent to, and received from, external parties) and implement the policy across the Group • Review obligations and procedures covered by the company's whistle-blowing policy and implement the policy across the Group
→ Homeworking	<ul style="list-style-type: none"> • Increase the proportion of Land Securities employees who have access to home working facilities, as appropriate
→ Payroll-giving	<ul style="list-style-type: none"> • Review the existing payroll-giving schemes and re-launch across the organisation
→ Community	<ul style="list-style-type: none"> • Develop the Land Securities Trillium Foundation to incorporate Land Securities Group
→ Employee-volunteering	<ul style="list-style-type: none"> • Introduce an employee-volunteering scheme across the entire Group allowing all employees to become involved in a community related initiative during company time
COMMUNITY	
→ Retail and mixed use development projects >25,000m ²	<ul style="list-style-type: none"> • Implement school liaison programme • Introduce Community relations managers • Plan and initiate a public art strategy
→ Shopping centre initiatives	<ul style="list-style-type: none"> • Review the White Rose Numeracy Packs with a view to introducing similar schemes at additional three shopping centres • Review study learning centre at White Rose and investigate potential for introduction at a further centre • Seek accreditation by the Association of Chief Police Officers to a Secure Car Park award at one shopping centre car park • Undertake a review of the demand for Shopmobility as a customer service at all those shopping centres which do not currently offer it and, for those that do, introduce liaison groups made up of disabled shoppers and centre staff • Undertake a review of the number of parent-child car parking spaces available at each of the shopping centres in the portfolio with a view to setting a company standard across all centres
→ Development initiatives	<ul style="list-style-type: none"> • Establish a robust public consultation strategy on all major developments in order to achieve community support for planning and redevelopment • Produce comprehensive and fully audited Environmental Impact Assessments which incorporate environmental, social and economic issues on all major development projects in support of the planning application process

STAKEHOLDER GROUP	TARGETS TO 31 MARCH 2005
SUPPLIERS	
	<ul style="list-style-type: none"> • Develop and agree a Group-wide procedure for the incorporation of minimum CR standards into Land Securities' procurement policy
ENVIRONMENT	TARGETS TO 31 MARCH 2004
→ Built environment	<ul style="list-style-type: none"> • Submit all new major office developments for BREEAM assessment with a target of 'very good', and to submit all new industrial and retail warehouse premises and major office refurbishments for assessment, with a target of 'good' • Produce voluntary 'environmental statements' for internal use for all developments with construction costs in excess of £5 million • Continue to monitor and report on the progress of the Cardinal Place development, with respect to environmental policy and objectives* • Monitor and report on the progress of the Bristol-Broadmead development, with respect to the agreed environmental objectives of the project • Implement the agreed procedures for reviewing the compliance of principal construction contractors and service providers in relation to the company's environmental objectives, with audits of at least 30% of all new developments and of refurbishment projects valued in excess of £5 million • Explore and implement ways of improving the environmental performance of the Group's shopping centres against the benchmarks set in 2002
→ Environment management	<ul style="list-style-type: none"> • Continue helping BRE to develop a BREEAM assessment for shopping centres • Communicate biodiversity policy to senior managers in all business units • Complete environmental audits at 90% of managed industrial estates by April 2004
→ Energy management and conservation	<ul style="list-style-type: none"> • Increase the proportion of waste that we recycled at managed premises by 10% in relative terms • Introduce recycling into at least two additional managed properties • Reduce the per capita consumption of paper in 140 London Wall, 5 Strand and 11 Strand by 5% by April 2004, compared to 2002/03 • Carry out energy audits at a further 10 managed properties during 2003/04 • Satisfy the corporate declaration under MACC2 to reduce average CO₂ emissions by 10% by 2010, compared to 1999/2000 • Satisfy the company's voluntary obligations under the UK Carbon Emissions Trading Scheme • Survey the demand amongst tenants for buying electricity generated from renewable sources and maximise the Group's procurement opportunities accordingly, subject to market conditions • Introduce photovoltaic technology at a managed retail park • Continue exploring the feasibility of using a fuel-cell as a source of energy within buildings • Investigate the feasibility and application of wind power generation to the PRIME estate • Provide a minimum of 150 man-hours of targeted environmental training to staff during 2003/04
→ Sustainable development	<ul style="list-style-type: none"> • Investigate applicable guidelines and standards for sourcing construction materials in a sustainable manner • Commission research by Cambridge University into socio-economic, environmental and community related aspects of sustainable development, in the context of the Group's Kent Thameside project

* With respect to the objectives and targets adopted in 2001

Biological diversity – Biodiversity

Conservation of biodiversity involves the management of human interactions with genes, species, and ecosystems so as to provide the maximum benefit to the present generation while maintaining their potential to meet the needs and aspirations of future generations; encompasses elements of saving, studying, and using biodiversity.

BREEAM – Building Research Establishment Environmental Assessment Method

Launched in 1990. BREEAM is the world’s most widely used means of reviewing and improving the environmental performance of buildings and offers best practice in environmental design and management. www.bre.co.uk

BCO – British Council for Offices

Established to research, develop and communicate best practice in all aspects of the office sector. www.bco.org.uk

BCSC – British Council for Shopping Centres

Established in 1983 to provide an organisation for those engaged in shopping and shopping centre development and management. www.bscs.org.uk

BPF – British Property Federation

The property industry’s main lobbying organisation; its strategy is to identify those aspects of the Government agenda where the property industry could make a real difference. www.bpf.propertymail.com

BIDs – Business Improvement Districts

BIDs are specifically identified areas where a local partnership works together to deliver improvements to their working and living environment and are based on an equitable and sustainable funding stream derived from all key interests within an area. However the UK legislation currently in Parliament will enable an additional local rates levy to be raised on commercial property occupiers only.

BiE – Business in the Environment

A part of Business in the Community, BiE works with companies to recognise the business benefits of effective environmental management and improved environmental performance. www.business-in-environment.org.uk

Central London Circle initiatives

The Circle Initiative was set up to establish five local partnerships in central London with a view to becoming BIDs. The five partnerships are Better Bankside, Circle Waterloo, Holborn Business Partnership, Paddington Circle and Piccadilly Circus Partnership.

CIC – Construction Industry Council

Represents over 500,000 professionals working for, and in association with, the construction industry and more than 25,000 construction firms. It is the representative forum for the industry’s professional bodies, research organisations and specialist trade associations.

CIRIA

Leading provider of performance improvement products and services in the construction and related provider industries. www.ciria.org.uk

Combined Code

This Code supercedes and replaces the Combined Code issued by the Hampel Committee on Corporate Governance in June 1998. It derives from a review of the role and effectiveness of non-executive directors by Derek Higgs and a review of audit committees by a group led by Sir Robert Smith.

CSC – Customer service centre

Call centre for use by property outsourcing and Landflex clients and their customers.

DWP – Department for Work and Pensions

Responsible for the Government’s welfare reform agenda. It delivers support and advice through a modern network of services to people of working age, employers, pensioners, families and children and disabled people. www.dwp.gov.uk

EMS – Environmental management system

An EMS is a continual cycle of planning, implementing, reviewing and improving the processes and actions that an organisation undertakes to meet its business and environmental goals.

ETSM benchmark

The ETSM benchmarks are based on data compiled from over 60 Employee Surveys carried out by Expert Training System over the last two years. (The total number of responses to individual questions stored in the ETSM databank is over 930,000 with over 55,000 respondents from 63 surveys).

FRS19

Accounting for deferred taxation arising from capital allowances on investment properties.

FSC – Forest Stewardship Council

FSC is an international, non-governmental organisation dedicated to promoting responsible management of the world’s forests. www.fsc-uk.demon.co.uk

Health and safety audits

All companies undergo an audit of health, safety and environmental programmes to assess compliance to regulatory requirements and companies’ policies.

Investors in People

Investors in People UK was established in 1993 to provide national ownership of the Investors in People Standard and is responsible for its promotion and branding, quality assurance and development.

IOSH – The Institute of Occupational Safety and Health

The main Institute for Health and Safety professionals, entry to which is usually via the NEBOSH training courses.

ISO 14001

ISO 14001 is the international standard for certification of Environmental Management Systems. Reviewed regularly by accredited auditors, it gives assurance that organisations are implementing procedures to minimise environmental risk and harm. www.iso.ch/iso/en/ISOOnline.frontpage

MACC2 – Make a Corporate Commitment

MACC2 is the UK Government’s Making a Corporate Commitment campaign, a voluntary approach to encourage businesses to reduce their environmental impacts. Land Securities has made a commitment to reduce emissions of Carbon Dioxide.

NEBOSH – The National Examining Board in Occupational Safety and Health

This forms the examination Board for entry into IOSH and develop (not run) both professional and non-professional H&S training courses.

NGOs – Non-governmental organisations

A non-governmental organisation (NGO) is any group which is organised on a local, national or international level. Driven by people with a common interest, NGOs bring concerns to Corporates and Government, advocate and monitor policies and encourage participation in matters of local, regional and national interest. Some are organised around specific issues, such as human rights, environment or health.

OHSAS 18001

Occupational Health and Safety system that enables integration with other management system standards.

PEG – Property Environment Group

The Property Environment Group assists its members in the challenging task of improving their environmental performance – by providing them with the necessary information, tools, training and contacts.

PFM – Premises and Facilities Management

PRIME

In 1998, the DWP signed an agreement, transferring the ownership and management of almost all its estate to LST. The agreement is known as the PRIME agreement (Private sector Resource Initiative for the Management of the Estate). The portfolio included 650 properties, covering 1.6 million m².

PWC – PricewaterhouseCoopers

RIDDOR – Reporting of Injuries, Diseases and Dangerous Occurrences Regulations

Covers the statutory reporting of the same to the appropriate enforcing authority.

RICS – Royal Institute of Chartered Surveyors

RICS is the worldwide property organisation, with over 110,000 members globally, dedicated to promoting excellence and safeguarding public interest in all property related matters.

Section 106

This is a legal agreement under section 106 of the Town and Country Planning Act 1990. It is required to bind an applicant to the provision of planning obligations sought by the local planning authority in association with the development of the land to which a planning application relates. Section 106 agreements typically cover planning obligations such as the provision of affordable housing and payments of any sort towards employment training or open space provision, for example.

Secured Parking Status

To be awarded Secured Car Park status owners and operators must meet a stringent set of standards, including good design and management, an effective level of CCTV facilities, additional security guards, better lighting, secured fencing, comprehensive signage, and improved disabled parking.

Shopmobility

The schemes aim to promote equality of access and to encourage independence of people with disabilities (permanent or temporary), through the provision of mobility equipment such as scooters, wheelchairs and power chairs.

Town Centre Management

The Association for Town Centre Management is dedicated to helping town and city centres realise their natural roles both as prosperous locations for business and investment, and as focal points for vibrant, inclusive communities.

WWF 95+ Group

The World Wildlife Fund 95+ Group has become widely recognised as a highly successful partnership between WWF and business promoting and progressing responsible management of the world’s forests.

Objectives and scope

The purpose of this statement from Upstream is to provide stakeholders with the following:

- Third party verification of the level of Land Securities’ achievement against the environmental targets set for 2002/2003.
- Assurance that the information contained in this report about Land Securities’ CR management systems and procedures is accurate and complete.

It does not, however, seek to provide verification of the accuracy and completeness of all the data presented against Key Performance Indicators (“KPIs”) and the various case studies included in various sections of the report.

Methodology

Performance against the environmental targets was evaluated on the basis of the following:

- Review of documented evidence providing proof of target completion.
- Detailed review of environmental management procedures where appropriate.
- Interview of key staff with environmental responsibility.

In addition, information about CR management systems and procedures has been validated by Upstream through attendance at the Land Securities quarterly CR Committee meetings, and through ongoing involvement in the company’s strategic CR decision-making.

Opinion and commentary

On the basis of the above, Upstream draws the following conclusions:

- The environmental targets agreed for 2002/2003 were comprehensive in their scope, covering environmental impacts arising from the company’s design, construction, property management, and occupational activities, and including both management and performance targets.
- As Land Securities’ target under MACC2 is not due for completion until 2010, it has not been included in the current review of progress.
- Out of a resulting total of 19 environmental targets, 16 have been 100% achieved by the company (84%). Progress against one target has not yet begun (5%) and another target subsequently became non-applicable.

- Land Securities has considerably improved and formalised procedures for the governance of wider Corporate Responsibility impact areas beyond the environmental, although it has been addressing such issues individually for some time. This improvement is demonstrated by the allocation of Board level responsibility for different stakeholder groups, and by the establishment of both a CR Committee and a CR Implementation Committee to develop and deliver revitalised CR objectives.
- The company has made significant progress in reporting on its performance against KPIs in the areas of customer satisfaction, Health & Safety and employee relations.
- The company has for the first time set itself a broad range of future targets covering all stakeholder groups rather than just environmental performance.
- There is evidence that Land Securities is making a strategic move towards sustainability through more integrated and innovative service provision. Initiatives such as Landflex and the Spend to Save programmes of capital investment in more efficient technologies across client portfolios provide evidence of sustainable business practice and a partnership approach.

Recommendations

Upstream would suggest that, in order to pursue best practice, future challenges for Land Securities might include:

- Aligning the timeliness of target-setting across all areas of CR so that all targets reported on relate to the same time period and reports are issued shortly after their completion deadlines.
- Placing the company’s performance in the context of wider ecological, social and economic trends, as well as enabling comparability against industry benchmarks.
- Evolving current stakeholder consultation processes to inform the future development of its CR accounting and reporting activities, in particular the choice of impacts that it reports on and the KPIs it chooses to measure and monitor performance.

Julie Hirigoyen
Director,
Upstream

Land Securities would be pleased to receive your feedback or comments on any of the information contained in this report. Please contact:

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