
Interim Sustainability Statement

2021



MERCHANT
LAND

Introduction

This document is an Interim Statement of Sustainable Practices and sets out our approach to publishing a full Sustainability Policy later this year.

As an SME landlord, investor and developer we embrace our responsibilities to deliver decarbonisation and climate change led policies and practice across our business. However, we are keen to make sure the strategies and commitments we adopt are both deliverable and achievable as well as impactful.



Context

Climate change is one of the greatest challenges we all face and critical action is required from governments, businesses and individuals if we are to protect our environment and future generations from the impacts of global warming.

The UK built environment contributes 40% to UK's carbon footprint despite some efforts since the 1990s to adopt elements of sustainable practices. Reform and new practice will be required across not only new build and the operational phases of buildings – landlords will need to address tackling these issues across their portfolios. It is estimated that 80% of built stock in the UK is expected to remain in place by 2050.

Since the 2015 Paris Agreement there has been increasing government led action at different levels – it's a critically important and fast moving time as governments and the industry develop strategies to manage climate change on a national and international level.

London declared a climate emergency in December 2018 – and was backed by the Assembly and the Mayor, who agreed to bring forward the zero carbon target from 2050 to 2030.

The Future Homes Standard was announced in the government's spring statement in 2019 and will come into effect in England in 2025 and ensure that new homes are futureproofed with low-carbon heating systems and high levels of energy efficiency. The Future Homes Standard has set a target to achieve 31% lower carbon emissions from 2021 and 75 - 80% by 2025. However the impending Planning Bill and Environmental Bills are likely to reset and push these targets further.



Context (continued)

The 10 Point Plan for 'A Green Industrial Revolution' was announced by the UK government in November 2020. The ten point plan will mobilise £12 billion of government investment, and potentially 3 times as much from the private sector, to create and support up to 250,000 green jobs.

The Sixth Carbon Budget report was published in December 2020 with the CCO advising a legally binding commitment to achieve a 78% carbon reduction in the UK by 2035 in effect, bringing forward the UK's previous 80% target by nearly 15 years.

The COP26 summit later this year will bring parties together to accelerate action towards the goals of the Paris Agreement and the UN Framework Convention on Climate Change. The conference will take place in Glasgow and will run from 1st November – 12th November 2021



Merchant Land's Response as an SME

We are initiating a planning phase to establish a deliverable but aspirational plan to eventually become a Net Zero Carbon Company. The careful consideration of appropriate target deadlines and pathways will form a critical part of this planning phase.

There are a myriad of different pathways and statements coming to market and it's important we select strategies that are achievable and reflect our portfolio and position as an SME. Some baked in flexibility will also be required in our own Sustainability Statement which we intend to publish in Autumn 2021. It's almost certain that national, international and industry led interventions, protocols and emerging market responses will overtake or challenge elements of our strategy. This in turn reinforces the importance of building in frequent reviews of not just delivery but the goals and strategies themselves.

As with SME businesses across other sectors, there are also unique challenges and opportunities in terms of small teams of people within a small privately owned business embracing Net Zero. In some instances nimble and faster decision making will give us an advantage over larger organisations. However researching, navigating and delivering our own strategy and programme will also depend on a small team rather than a dedicated Sustainability officer or executive.

We have already identified that collaboration with other SME property companies could be beneficial here and will reach out to other businesses of a smaller size later in 2021 to mutually share experiences and understanding of the road to Net Zero.



Merchant Land's Role & Impact

Nature of Interest	% of Portfolio (of gross GIA)	Other parties with control or influence as stake holders	Deadline for Sustainability Strategy	Deadline for Asset Strategy	Implementation
Freehold Only Interest in Residential Property (with long leaseholds sold off)	8%	<ul style="list-style-type: none"> Long Leaseholders who have acquired leases from Merchant Land Property Managers Residential tenants on ASTs Banks 	2021	Deadline to be set out in Sustainability Strategy	Deadline to be set out in Sustainability Strategy
Freehold Interest in Commercial Property (let on commercial leases or licenses or vacant)	20%	<ul style="list-style-type: none"> Long Leaseholders who have acquired leases from Merchant Land Property Managers Commercial tenants on a range of leases and licenses Banks 	2021	Deadline to be set out in Sustainability Strategy	Deadline to be set out in Sustainability Strategy
Long Leasehold Interest Only in Residential Property	5%	<ul style="list-style-type: none"> Freeholder and their managing agents Banks 	2021	Deadline to be set out in Sustainability Strategy	Deadline to be set out in Sustainability Strategy
Potential Purchase of a Development Site		<ul style="list-style-type: none"> Vendor Banks 	2021	Deadline to be set out in Sustainability Strategy	Deadline to be set out in Sustainability Strategy
Sites Allocated for Residential Development	27%	<ul style="list-style-type: none"> Project and Design team Local Authority Banks 	2021	Deadline to be set out in Sustainability Strategy	Deadline to be set out in Sustainability Strategy
Sites Allocated for Commercial Development	40%	<ul style="list-style-type: none"> Project and Design team Local Authority Banks 	2021	Deadline to be set out in Sustainability Strategy	Deadline to be set out in Sustainability Strategy
Joint Ventures	0%	<ul style="list-style-type: none"> 3rd party development and JV funders Banks 	2021	Deadline to be set out in Sustainability Strategy	Deadline to be set out in Sustainability Strategy
Public Realm Owned by us	0%	<ul style="list-style-type: none"> Property Managers 	2021	Deadline to be set out in Sustainability Strategy	Deadline to be set out in Sustainability Strategy
Public Realm delivered but not owned by us	7,083 sq. ft.	<ul style="list-style-type: none"> Local Authority 	2021	Deadline to be set out in Sustainability Strategy	Deadline to be set out in Sustainability Strategy

Key Principles

The practices adopted immediately by our Interim Statement are as follows:

- To **comply** with current legislation, latest guidelines and research and adopt best practice where possible
- To **integrate** sustainability practices into our headquarter working environment and processes
- To **research** and discuss sustainability within our current corporate and project supply chain
- To **explore** sustainability (including appetite and opportunities for green leasing) with our tenants
- To make all of our stakeholders and partners aware of activities to develop our Sustainability Policy and **encourage** them to share expectations or best practice
- With live projects in design or planning currently - design and construct buildings which can last for longer, make **efficient** use of land, operate more efficiently, and be powered by renewable energy sources where possible
- **Consider** and apply Circular Economy principles wherever possible across new projects and existing assets
- Always **explore** retrofitting first ahead of demolition for potential new projects
- **Explore** green funding and finance solutions
- **Research** and explore new standards and legislation are likely to emerge as this critical subject matter is worked through at an international, national, local and industry level in areas where we operate and do business
- Research and **consider** Net Zero Pathways available from external bodies such as the World Green Building Council or Better Buildings Partnership
- Proactively **seek** out staff training and CPD opportunities to allow a better understanding of the issues