

# Annual Sustainability Report

goodstone

FY24

GS



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Who  
we are

01





"We are committed to delivering sustainable buildings with a focus on decarbonisation and creating a lasting, positive social impact on the local communities in which we operate. Our current developments, and the framework that we are creating, is enabling us to bring about this change and generate long term value and enhanced liquidity for our capital partners"

**Iliya Blazic, Chief Executive Officer**

Goodstone Living is a specialist real estate investment manager dedicated to creating a better way to rent. We work on behalf of our capital partners to acquire, deliver and operate new residential rental communities across the United Kingdom.

The purpose that drives our business is to create positive and sustainable outcomes for our residents, communities, partners and environment.

Our long-term focus allows us to put down roots in the local community and invest significantly in creating healthy, sustainable homes. Our approach is focused on promoting decarbonisation initiatives and creating positive social value during the delivery and operation of our rental communities. This culture of innovation and positive change is embedded in everything we do.

With approximately 1,000 new homes under construction, we are striving to deliver on our sustainability targets and will continue to grow and innovate with our stakeholders to create a better way to rent.

This report summarises our sustainability objectives, progress and performance for the 2024 financial year<sup>1</sup>, along with our ambition to be net zero by 2030.

1. This report reflects the period from 1 April 2023 to 31 March 2024 ("FY24") to align with Goodstone's financial reporting dates, unless specified otherwise.

# Our stakeholders

02



Maintaining good relationships with our stakeholders is vital to our delivery of sustainable, long-term value. Not only will our actions impact our stakeholders, but we are reliant on them to achieve our sustainability goals.



# Our approach

# 03



## Environment

### Sustainable buildings & practices

We are focused on reducing carbon emissions in both the delivery and operational phases across our growing portfolio of rental communities, as well as our corporate business activities

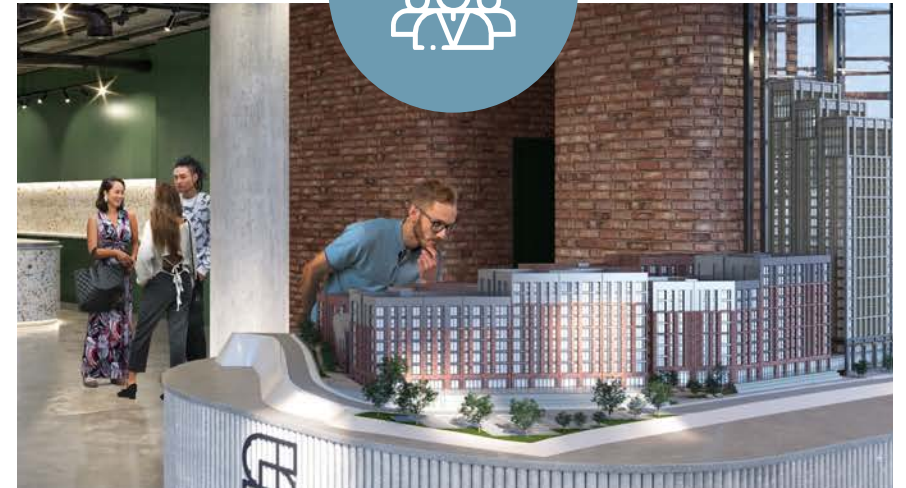
We also seek to reduce waste, prioritise water stewardship and enhance biodiversity



## Social Value

### Local jobs, Local business, Local people

We target the creation of positive and measurable social outcomes for our residents, employees, and local communities



## Governance

### Accountability & transparency

We foster a culture of ethical and sustainable practice across our leadership, including aligning our teams with sustainable performance, and sharing our targets, progress and performance with our stakeholders



# Targets, progress & next steps

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# Sustainable buildings

In the UK, the construction industry accounts for nearly half of the nation’s carbon emissions.<sup>1</sup>

We recognise the critical need for decarbonisation and the pivotal role that our sector must play in this transformation. We have adopted a whole life carbon approach to assess each new asset and identify options to reduce emissions by design, transitioning to low carbon solutions, and improving the energy and carbon performance of our communities.



## Carbon

Target	Target	Target
Net zero operational carbon for the Goodstone investment management business by 2030 <sup>2</sup>	+50% reduction in as-designed operational carbon emissions vs. UK building regulation benchmark (Part L (2021))	+30% reduction in embodied carbon vs. RIBA <sup>5</sup> 2025 benchmark
<b>Measurement parameters<sup>3</sup></b>	<b>Measurement parameters<sup>3</sup></b>	<b>Measurement parameters<sup>3</sup></b>
Investment management business only	Excluding tenant-controlled areas. Only for projects where we have design & procurement control	Only for projects where we have design & procurement control
<b>Progress &amp; activity</b>	<b>Progress &amp; activity</b>	<b>Progress &amp; activity</b>
Revised baseline carbon footprint of 158 tCO <sub>2</sub> e <sup>4</sup> for FY24 based on larger dataset	All controlled projects are currently being delivered to meet this Target	Whole Life Carbon assessments and optioneering undertaken for both controlled projects
'Corporate Net Zero Pathway' conceptualised	Smith's Garden and Dockside have a current forecast of 63% and 58% improvement on the benchmark respectively	All controlled projects are currently being delivered to meet this target
<b>Next steps</b>	<b>Next steps</b>	<b>Next steps</b>
<ul style="list-style-type: none"> <li>Refinement and validation of the Net Zero Pathway plan throughout FY25/26</li> </ul>	<ul style="list-style-type: none"> <li>Building specification includes data analytics platform (Utopi) to measure and inform carbon reduction strategies per building</li> <li>Renewable energy framework and metering and billing agreements in place – designed to work with data analytics platform</li> </ul>	<ul style="list-style-type: none"> <li>Dockside current forecast is a 47% improvement, and we are still assessing Smith's Garden through the completion of Stage 4 design, where we are striving to achieve the target</li> </ul>
	<b>Next steps</b>	<b>Next steps</b>
	<ul style="list-style-type: none"> <li>Renewable energy contracts to be agreed for regulated energy supply</li> <li>Carbon reduction strategy for tenant controlled areas to be agreed prior to completion</li> <li>Seek to ensure we continue to meet/improve our targets as we move into the operational phase of the buildings</li> </ul>	<ul style="list-style-type: none"> <li>Deliver current projects to achieve Target</li> <li>Measure and report performance vs. benchmark</li> </ul>

## Biodiversity

Target	Target
+10% improvement on existing site conditions	Net zero operational carbon for our managed real estate portfolio by 2030 <sup>6</sup>
<b>Measurement parameters</b>	<b>Measurement parameters<sup>3</sup></b>
Only for projects where we have design and procurement control	Excluding tenant-controlled areas. Only for projects where we have design & procurement control
<b>Progress &amp; activity</b>	<b>Progress &amp; activity</b>
Measured in accordance with UK statutory biodiversity metric	All controlled projects are currently being delivered to at least a 50% reduction in operational carbon vs. building regulation benchmark (Part L (2021))
<b>Next steps</b>	<b>Next steps</b>
Continue to build on our knowledge and understanding of biodiversity net gain and its significance for Goodstone's projects	'Real Estate Net Zero Pathway' for operations conceptualised
<b>Next steps</b>	<b>Next steps</b>
<ul style="list-style-type: none"> <li>Create and develop strategies that supports more than 10% BNG improvements to our controlled projects</li> <li>Develop site assessments, biodiversity management plans</li> <li>Conduct a cost assessment for achieving a range of biodiversity targets</li> </ul>	<ul style="list-style-type: none"> <li>Create and adopt implementation plan for 'Real Estate Net Zero Pathway' by 2025</li> <li>Engage with delivery partners on improving the reduction in carbon emissions during design and construction for projects where we don't have design control</li> </ul>

## Water




Target	Target
Less than 105 liters of water per adult during operations	Net zero operational carbon for our managed real estate portfolio by 2030 <sup>6</sup>
<b>Measurement parameters</b>	<b>Measurement parameters<sup>3</sup></b>
Only for projects where we have design and procurement control	Excluding tenant-controlled areas. Only for projects where we have design & procurement control
<b>Progress &amp; activity</b>	<b>Progress &amp; activity</b>
Utopi metering system will measure water use per dwelling and calculate usage per user against the 105 liters/day benchmark	All controlled projects are currently being delivered to meet this target
<b>Next steps</b>	<b>Next steps</b>
Development of water efficiency measures during construction of our two current controlled projects including: <ul style="list-style-type: none"> <li>Leak detection systems</li> <li>Installed automatic taps in all temporary accommodation</li> </ul>	'Real Estate Net Zero Pathway' for operations conceptualised
<b>Next steps</b>	<b>Next steps</b>
Smart meters incorporated into the current projects	Use tenant engagement strategy to seek to reduce water usage further
<b>Next steps</b>	<b>Next steps</b>
Water efficiency measures planned: <ul style="list-style-type: none"> <li>Greywater harvesting</li> <li>Water-efficient landscaping and fixtures</li> <li>Use of harvested water, where feasible</li> <li>Leak detection and smart meters</li> <li>Data analytics platform (Utopi) to measure and inform strategies</li> </ul>	<ul style="list-style-type: none"> <li>Deliver current projects to achieve Target</li> <li>Measure and report performance vs. benchmark</li> </ul>

1. London Energy Transformation Initiative (2020). LETI Climate Emergency Design Guide: How new buildings can meet UK climate change targets. 2. This refers to our business activities such as office energy, business travel, procured services. 3. Includes scope 1, 2 and 3. 4. The universal unit for comparing emissions of different Green House Gas expressed in terms of the global warming potential (GWP) of one unit of carbon dioxide. 5. RIBA: Royal Institute of British Architects. 6. This refers to the carbon footprint of our real estate portfolio, where Goodstone has operational control once these assets are operational and in use. Goodstone has operational control of base building energy consumption and common areas. As we do not have control over tenant energy supply contracts, tenant-controlled energy consumption is excluded from our 2030 operational net zero commitment. Key assumptions that currently underpin our commitment include 1) decarbonisation of the grid by 2035 2) carbon price of £50 per tonne.

# Goodstone’s carbon emissions

During FY24, Goodstone contributed ~13,870 tCO2e carbon emissions across its managed real estate portfolio and corporate business activity. We recognise our responsibility to create a more sustainable environment and remain dedicated to promoting decarbonisation initiatives across the whole building lifecycle of our managed real estate portfolio, as well as our corporate business.

The greatest challenge we face in our endeavours is managing and reducing scope 3 emissions across our managed real estate portfolio. This represents the largest portion of our carbon footprint. These emissions are more difficult to control, nevertheless measuring and understanding the totality of our carbon footprint is a critical step in progressing towards our decarbonisation goals.

<p><b>Corporate business emissions</b></p> 	<p><b>Managed real estate portfolio: Embodied carbon</b></p> 	<p><b>Managed real estate portfolio: Operational carbon</b></p> 
<p>The carbon emissions associated with our investment, development and property management activities</p>	<p>The carbon emissions associated with the entire lifecycle of our assets with the exception of operational carbon. This includes construction materials, construction activities, maintenance, repair, and asset decommissioning</p>	<p>The carbon emissions associated with energy and refrigerant gas during operation of our completed real estate, where we have operational control</p> <p>This includes both regulated<sup>1</sup> and unregulated<sup>2</sup> energy consumption</p>

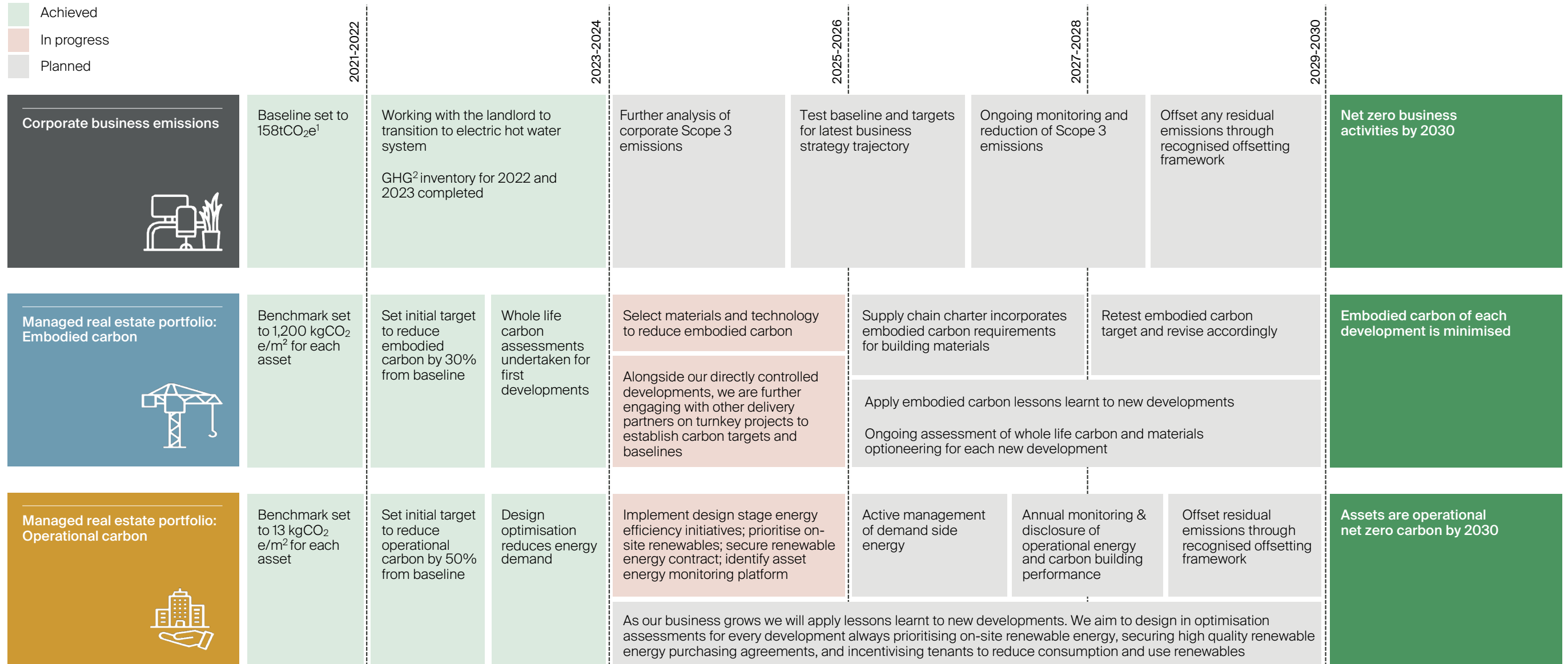
## Carbon footprint: estimated contributions

- The data below reflects emissions from corporate activities in FY24, plus embodied and operational emissions associated with Goodstone’s first two developments
- Embodied carbon is measured for ‘whole life’ carbon (60 years)
  - Goodstone is targeting +30% carbon reduction in embodied carbon vs. RIBA 2025 benchmark (baseline)
  - Goodstone is currently outperforming across its managed real estate portfolio with a 37% reduction in embodied carbon vs the market benchmark<sup>3</sup>

Corporate business emissions		
(tCO2e)	FY24 carbon emissions	
Scope 1, 2, & 3 emissions <sup>4</sup>	158	
Average emissions per employee p.a. <sup>5</sup>	11	
Managed real estate portfolio – embodied carbon		
(tCO2e)	Forecast emissions over 60 year life <sup>6</sup>	FY24 carbon emissions <sup>7</sup>
Smith’s Garden, Birmingham	45,905	7,403
Dockside, Edinburgh	19,805	6,310
<b>Total embodied carbon</b>	<b>65,710</b>	<b>13,713</b>
Managed real estate portfolio – operational carbon		
(tCO2e)	Forecast annual carbon emissions <sup>8</sup>	FY24 carbon emissions
Smith’s Garden, Birmingham	245	-
Dockside, Edinburgh	168	-
<b>Total operational carbon</b>	<b>413</b>	<b>-</b>
<b>Total FY24 carbon emissions (tCO2e)</b>		<b>13,871</b>

Notes: 1. Building energy consumption resulting from the specification of controlled, fixed building services and fittings, including space heating and cooling, hot water, ventilation, and lighting. 2. Energy consumption of the home that is not ‘controlled’, i.e. energy consumption from aspects of the home on which Building Regulations do not impose a requirement. This includes but are not limited to personal computers, refrigerators, elevators, ovens, and lamps. 3. Reflects percentage carbon reduction compared with the baseline. Baseline for embodied carbon is the RIBA 2025 benchmark (1,200 kgCO2e/m<sup>2</sup> for each asset). 4. Calculation reflects FY24 period, emissions between 1 January 2023 to 31 March 2023 were 39 tCO2e. 5. Annualised, based on average number of Goodstone Living employees throughout FY24. 6. Lifecycle carbon assessment A-C (excluding B6 & B7 and including sequestration): Smith’s Garden based on 899 kgCO2e/m<sup>2</sup> GIA; Dockside based on 635kgCO2e/m<sup>2</sup> GIA. Assumes 60 year asset life. 7. Pro rata construction phase A1-A5 (excluding sequestration) emissions: Smith’s Garden based on 28% programme completion; Dockside based on 41% programme completion. 8. Goodstone’s operational carbon sources include refrigerant gas and fuel oil (Scope 1), electricity consumption in landlord-controlled areas (Scope 2), electricity consumption in tenant-controlled areas and, transmission and distribution (Scope 3). GHG emission factors from the Department for Energy Security and Net Zero have been used to assess the operational carbon for Goodstone’s managed real estate portfolio.

# Net zero pathway



1. Baseline footprint updated for Goodstone's London office space (Yalding House) and larger dataset. 2. GHG: Green house gas.



# Social value creation

Our vision is to create social value across all communities in which we operate, with a focus on: Local jobs, Local business, Local people.

Last year we established social value strategies for the construction phase of our projects, each tailored to the needs of our local communities. In FY24, we have achieved over 50% of our social value monetary target for our assets.

## Local jobs

### Vision

Create meaningful local employment to unlock opportunities for the local community, especially for individuals facing the greatest social barriers

### Targets

- At least 5 local construction apprenticeships per project<sup>1</sup>
- Local hiring targets of 75% for on-site operations team
- London living wage (or equivalent) is targeted for all project employees
- Track Diversity, Equity and Inclusion (DEI) and demographic data of construction workforce, to focus on achieving local authority planning and economic development requirements

### Progress to date<sup>3</sup>

**51%**  
of Smith's Garden's social value target achieved through work experience, local jobs on site and tablet loan schemes

**71%**  
of Dockside's social value target achieved through local jobs on site, fundraising and tablet loan schemes

## Local business

Support local business growth by offering collaboration opportunities to local enterprises and agencies

- Preferential access for locally-owned businesses with target to offer subsidised rents (>10% discount to open market) if businesses can demonstrate locality
- Partnerships with at least 3 local businesses per project to generate operating synergies (i.e. reward programs)
- 60% of the supply chain from the regional area, including minimum 25% from local area

### Next steps

Build and deploy social value monitoring and reporting systems to track effectiveness in generating social value. This will include using British Standard Institution, Social Value UK, and HM Treasury – aligned methodologies, both quantitative and qualitative, to measure social value, and capture the impact of our schemes

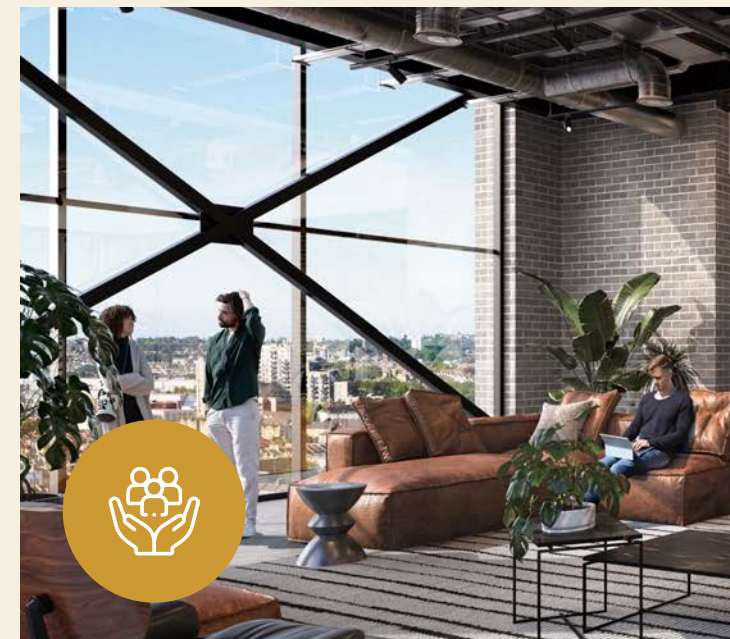
Buildings to target Fitwel 3–star certification

## Local people

Offer new high-quality housing targeted at local communities to foster social cohesion and pleasant, safe street level environments

- Rental homes offered at mid-market price points to ensure +50% of units are attainable to +50% of local residents<sup>2</sup>
- Where possible, manage affordable housing using Discounted Market Rent strategy on a 'pepper potted' and 'tenure blind' basis
- Wellbeing and safety-centric design focused on achieving the Fitwel 3 star certification

1. Local defined as travelling less than 30 minutes to work. 2. Accessibility is determined by setting our rents based on the published rent-to income ratios and household earnings per submarket. 3. Progress reflects a point during the construction programme (both sites are less than halfway through construction). We expect to meet or exceed our targets by construction completion.




# Social value case study


We conduct social value audits prior to construction and operations to develop bespoke social value strategies for each project.

We then track social value performance indicators to measure the impact on local communities from each of these targeted initiatives.

 **177** New jobs created

 **147** Total apprentice weeks

 **46** Workforce hours volunteered for training & upskilling residents

 **367** Number of local people supported through community enhancements

Asset snapshot: FY24 social value performance <sup>1</sup>	Smith's Garden, Birmingham		Dockside, Edinburgh	
	Target by completion	Achieved of target (as at Mar-24)	Target by completion	Achieved of target (as at Mar-24)
<b>Construction phase targets</b>				
<b>Local jobs</b>				
New jobs created (FTE) <sup>2</sup>	138	124	60	53
Local hires (% of total workforce)	50%	33%	50%	42%
Apprenticeships created	17	5	6	6
Local hires (% of total apprenticeships)	100%	80%	100%	100% <sup>3</sup>
<b>Local business</b>				
Spend on local businesses/suppliers	£5m	£0.3m	£20m	£1.8m
% of total build cost	4%	6% <sup>4</sup>	25%	9% <sup>4</sup>
<b>Local people</b>				
Volunteering/skills training provided to local community	30 hours p.a.	-	30 hours p.a.	46 hours
Community projects supported	22 projects (650 local residents reached)	4 projects (95 local residents reached)	28 projects (700 local residents reached)	16 projects (272 local residents reached)
Total social value expenditure	£2.3m	51%	£1.7m	71%



1. Figures taken as at 31 March 2024, which represents a point during the construction programme. We expect to meet or exceed all targets by completion of the construction phase. 2. FTE: full time employee equivalent. 3. 100% of apprentices from Scotland; 17% are from immediate local suburb. 4. Represents percentage achieved of the target spend.



# Strong governance

Creating a culture of sustainable practice and positive change by embedding ESG<sup>1</sup> in all decision-making processes

## Corporate business

### Principles

Embed sustainable development and resilience across all our business activities

### Progress & activity

- Established Goodstone Living’s Sustainability Working Group
- ESG objectives included in annual business plan and staff performance objectives
- Restated Goodstone’s ESG strategy in light of third-party audit

### Next steps

- Refine our supply chain charter to include ethical and sustainable sourcing in the selection of building materials – including embodied carbon requirements

## Real estate

Improve ESG governance across our managed real estate portfolio

- Benchmarked ESG Strategy against recognised ESG frameworks and peers
- Partnered with specialists to drive innovation in carbon reduction, sustainable design, and social value
- Started monitoring, measuring and reporting on key sustainability indicators, in line with leading industry benchmarks
- ESG incorporated into annual business plan and staff performance objectives (at real estate level)
- Developed an underwriting framework to assess ESG impact in all new potential projects

- Monitor and report on ESG performance targets in line with leading industry benchmarks
- Incorporate ESG risks (including climate change) into ESG due diligence process

## Leadership

Drive leadership accountability throughout organisation

- Corporate Diversity, Equity & Inclusion (“DEI”) policy adopted and DEI working group established
- Experienced Board of Directors in place with ultimate responsibility for corporate decision-making. Established sub-committees responsible for Investment, Risk, Health and Safety and Remuneration
- Senior management team appointed and responsible for implementation of management systems
- Risk management framework developed, approved and implemented
- Compliance training completed by all team members

- Adopt Goodstone’s DEI framework and strategy by end of 2024

1. ESG: Environmental , Social and Governance.



# Case studies

# 05

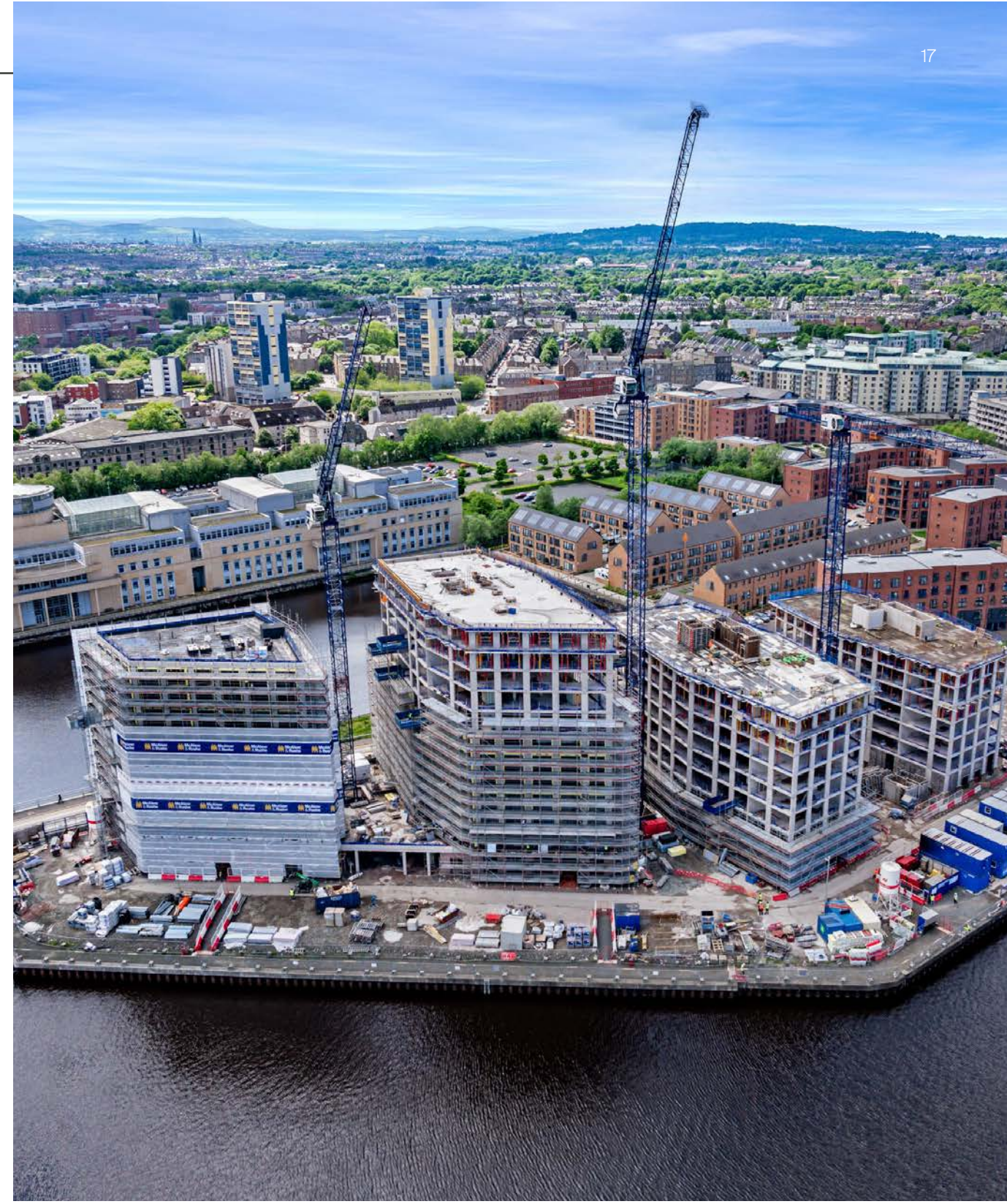


# Dockside, Edinburgh

	Embodied carbon <sup>1</sup> per 60 years			Operational carbon <sup>2</sup> per year		
	Baseline <sup>3</sup>	Target	Forecast	Baseline <sup>4</sup>	Target	Forecast
Carbon (kgCO <sub>2</sub> e/m <sup>2</sup> )	1,200	840	635	13	6.5	5.4
% Improvement on baseline		30%	47%		50%	58%

Decarbonisation Initiatives	Targeted building certifications	Social value creation
<ul style="list-style-type: none"> <li>100% photovoltaic coverage to roof areas</li> <li>Double-glazed windows</li> <li>All electric space heating solution</li> <li>Cement replacements</li> <li>Air source heat pumps for hot water generation</li> <li>All parking spaces enabled for EV charging</li> </ul>	<ul style="list-style-type: none"> <li>Fitwel 3 Star</li> <li>Wired Score Platinum</li> <li>EPC B rating</li> <li>BREEAM Very Good (commercial spaces)</li> </ul>	<ul style="list-style-type: none"> <li>Expected social value creation equivalent to £1.7million<sup>5</sup> (71% invested)</li> <li>53 full jobs including 6 apprentices</li> <li>Employability support and skills training for 70 NEETs<sup>6</sup>, young people and local people</li> <li>80 low-income families and older people gaining digital skills access via donated tablet device</li> <li>Neighbourhood safety and street art initiatives</li> </ul>

Notes: 1. From product, construction, maintenance, repair and end-of-life. 2. Includes regulated energy in use. 3. RIBA 2025 target. 4. Baseline Target Emission Rates (TER) determined per relevant Building Regulation requirements. 5. Total spent on social value initiatives. 6. Young people not in education, employment or training (NEET).





# Smith's Garden, Birmingham

	Embodied carbon <sup>1</sup> per 60 years			Operational carbon <sup>2</sup> per year		
	Baseline <sup>3</sup>	Target	Forecast	Baseline <sup>4</sup>	Target	Forecast
Carbon (kgCO <sub>2</sub> e/m <sup>2</sup> )	1,200	840	899	13	6.5	4.8
% Improvement on baseline		30%	25% <sup>5</sup>		50%	63%

Decarbonisation Initiatives	Targeted building certifications	Social value creation
50% photovoltaic coverage to roof areas Triple-glazed windows All electric space heating solution Off-site volumetric modular delivery Air source heat pumps for hot water generation All parking spaces enabled for EV charging	Fitwel 3 Star Wired Score Platinum EPC B rating BREEAM Very Good (commercial spaces)	Expected social value creation equivalent to £2.3 million <sup>6</sup> (51% invested) 124 FTE jobs including min. 5 apprentices, plus additional jobs at Modern Methods of Construction (MMC) partner's future factory Work experience, employability support and other skills training including learning or mental health difficulties 120 low-income families & older people gaining digital skills access via donated tablet device STEM <sup>7</sup> and conservation/green skills and courses for 64 children and young adults

Notes: 1. From product, construction, maintenance, repair and end-of-life. 2. Includes regulated energy in use. 3. RIBA 2025 target. 4. Baseline Target Emission Rates (TER) determined per relevant Building Regulation requirements. 5. Data capture methodology under review in line with stage 4 design, with technical team working on a solution to meet the 30% target. 6. Total spent on social value initiatives. 7. STEM: Education refers to educating students in Science, Technology, Engineering, and Mathematics.



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