

## **Responsible Procurement Policy**

McKay Securities PLC ('the Group') is the only Real Estate Investment Trust (REIT) focused entirely on South East England and London. It specialises in the development and refurbishment of quality commercial buildings within established and proven markets. Completed projects are generally retained for growth within the Group's portfolio.

McKay faces relatively low environmental and social risks relating to its supply chain given that: The Group's operations are focused entirely on South East England and London.

McKay works with a limited number of development contractors and managing agents, who are familiar with the Group's sustainability and Health & Safety requirements.

Most completed projects are retained and managed in-house by the Group's property team. This means the Group can directly influence the suppliers involved in the day-to-day management of its buildings.

However, supply chain impacts are increasingly under scrutiny and the Group selects and uses a large number of products and services to improve and maintain its buildings. The procurement choices made can have a significant impact on people, organisations and the wider environment. For this reason, suppliers and contractors play a fundamental role in delivering the Group's sustainability vision and achieving its objectives in this area. The Group recognises that by working closely with its suppliers it can have a material impact and that it has an obligation to ensure that supply chain and procurement practices follow proper standards.

This Responsible Procurement Policy outlines how the Group and its supply chain will influence procurement choices of products and services. By operating in line with this policy the Group will play its part in reducing adverse environmental impacts, promoting human rights, health, safety and ethical behaviour, and enabling responsible supplier growth and raising standards.

All staff, contractors and their sub-contractors are expected to adhere to this policy in so far as it applies to the product or service that they are supplying. The policy will be communicated to these stakeholders at the pre-qualification stage and with every new contract or contract renewal. Key suppliers in the top five operational procurement categories will be audited on an annual basis to ensure compliance with the policy.

### **Creating Sustainable Buildings**

When development or refurbishment is undertaken within the portfolio, a professional and reputable contractor is employed to procure all items for the project and manage the project's supply chain. Strict obligations are placed on the contractor to comply with good practices and proper procurement procedures, which are specified in the Group's Sustainability Requirements for Development and Refurbishment Projects. This document clearly outlines what is expected of contractors and details specific sustainability requirements that must be fulfilled on each and every project.

For the Group's major developments and refurbishments specific requirements include:

- Minimum green building standard of BREEAM Very Good and EPC rating of C
- Use of a Health and Safety Management System (such as OHSAS 18001)
- Registration with the Considerate Constructors Scheme and adherence to its requirements
- Promotion of employment opportunities to the local community
- Adoption of an Environmental Management System aligned with or certified to ISO 14001
- Monitoring of energy and water use, waste and recycling on construction projects and efficient use of resources
- Employment of a Site Waste Management Plan and setting construction waste targets
- Reclaiming and recycling building materials as far as possible, to minimise the use of raw materials
- Purchase of all timber from FSC or PEFC sources and materials (refrigerants and insulation) with a Global Warming Potential (GWP) of less than 5
- Making suppliers and sub-contractors aware of health, safety and environmental requirements on-site and with regard to procured materials
- Engaging with stakeholders affected by the Group's activities and fostering good relations with local communities

On the Group's major projects, as a minimum all Principal Contractors must produce a monthly progress report on the delivery of the sustainability requirements set out within their contract. In addition, a Construction Data Collection Template has been developed, into which Contractors and Consultants are expected to enter site level environmental performance data on a regular basis, as part of the Group's contractor requirements. This information is reviewed quarterly by its in-house Development Manager, its Sustainability Committee and external sustainability advisors, who together monitor how the contractor is performing against the sustainability requirements.

### **Managing Sustainable Buildings**

The commercial leases in about one third of the properties owned by the Group, place most or all of the responsibility for the building's management on the occupier. However, for the rest of the portfolio – with the exception of a handful of buildings where the day-to-day property management is outsourced to a managing agent – full management responsibilities are retained by the Group. In order to be able to manage these buildings sustainably, it is important that suppliers are able to work with the Group, to bring about social and environmental benefits. To support this, sustainability requirements are incorporated into the tender process for providers of property management services (e.g. M&E, Security & Reception, Electricity, Cleaning, and Repairs & Maintenance etc.).

Minimum requirements include:

- Ensuring contractors pay all staff the "living wage" and their payment terms and conditions are fair
- Ensuring that the company has an Environmental Policy and/or Environmental Management System in place relevant to the services being provided, or is demonstrably working towards introducing one

Other considerations include:

- Ascertaining the environmental credentials of any key products and significant purchases
- Assessing the company's sustainability capabilities and its ability to help the Group meet related sustainability objectives inter alia energy efficiency and waste recycling.

The Group strives to achieve continual improvement. It is committed to advancing its policies and systems across the Group to ensure it addresses and monitors performance in all aspects of sustainability that are relevant to the business. This includes monitoring the performance of suppliers and their adherence to the Group's policies.

This policy will be reviewed and updated as necessary on an annual basis.

A handwritten signature in black ink, appearing to read 'Tom Elliott', written in a cursive style.

**Tom Elliott, Property Director**  
**2017**