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LSL

Living Responsibly Report
April 2022



LSL



Living Responsibly

Introduction from David Stewart

Being a responsible business has never been more important. I'm a firm believer that we all need to contribute positively to society and that view is increasingly shared by the many groups who care about how businesses work, from our customers and colleagues to regulators and investors.

To guide us, we have developed our Living Responsibly strategy, which includes targets that are detailed on the following pages. While these targets are important, we need to do more than just focus on a narrow set of metrics. We need to make sure there's real sincerity and substance to what we do and fully involve our colleagues in helping to shape and develop our plans.

With that in mind, we've set up ways in which our colleagues can participate in our decision-making through our various colleague forums and working groups. This allows us to get their input on how we can minimise our environmental impact, make LSL a better place to work and support our local communities. The Communities and Inclusion and Diversity Forums are run independently, chaired by colleagues and report directly to me. They have active participation from our Senior Management Team and contribute to our reporting to the Board. You will hear from the forum Chairs throughout this report.

As a services business, we don't have a huge environmental footprint compared to other businesses, but we recognise that we all have a part to play in tackling the climate crisis, so we aim to reduce our impact wherever we can. We are also looking into other ways we can contribute through the development of existing services, such as helping home buyers

understand the environmental performance of their properties, through our surveying business.

We want every part of our Group to reflect the communities we work in, so inclusion and diversity are key parts of our Living Responsibly strategy. Like many companies, we have set diversity targets for our Senior Management Team and intend to adopt targets for the Board and its Committees through the adoption of a diversity policy, once the FCA publishes its final rules.

We are also focused on ensuring equal opportunities for all of our colleagues. Real inclusion means enabling our people to progress their careers to become supervisors, team leaders, managers, or board directors. While we rightly pay a lot of attention to gender and ethnic diversity, we are also keen to address other areas where people can face discrimination, for example by ensuring we are a disability friendly employer and by showing support for other minority groups, including our LGBT+ colleagues.

Our work within our communities reflects the personal passions of our colleagues. We are developing a Group-matched charitable funding scheme, so we can support the causes that are close to their hearts. Some Divisional schemes are already in operation, and we will continue to support these alongside any Group scheme. In the last 12 months, our colleagues have contributed to a wide range of charities and community-based initiatives, including several which are cancer related, as well as others supporting homeless charities, refugees and children in poverty. In particular, the impact of the pandemic on communities and geopolitical events on the world have been at the forefront of colleague thinking and this has been incorporated into our planning and our responses.

 The contents above, page references and website addresses within the text are all interactive.



Over the coming year, we will continue to embed our Living Responsibly strategy in everything we do. I look forward to updating you on our progress.

David Stewart
Group Chief Executive Officer
Living Responsibly Sponsor

Living Responsibly Key Performance Indicators

At 31 December 2021, unless stated otherwise:

LSL Board	Senior Management Team ¹	Workforce	Total £m invested in learning and development across the Group	% of colleagues engaged in annual survey	Scope 1 emissions (tCO ₂ e) ³	% of vehicles that are hybrid or electric in our leased fleet
Gender diversity			£1.82m (2020: £1.64m)	76% (2020: 75%)	2,125 (2019/20: 2,517) <i>Target: 1,460 by 2030 (without normalisation)</i>	28% (2020: 18%) <i>Target: 57% by 2025</i>
a. Women 3 (34%) ² Men 6 (66%) ² (2020: Women, 2 (29%); Men, 5 (71%)) <i>Target: At least 40% women</i>	Women 16 (30%) Men 38 (70%) (2020: Women, 16 (35%); Men, 30 (65%)) <i>Target: At least 33% are women by 2023</i>	Women 2,444 (53%) Men 2,173 (47%) (2020: Women, 2,231 (51%); Men, 2,104 (49%)) <i>Target to be set once internal geographical benchmarking is complete</i>			Scope 2 emissions (tCO ₂ e) ³ 39 (2019/20: 1,139) <i>Target: 0 by 2024</i>	
b. <i>Target: At least one woman in the role of Chair, Group CEO, Group CFO or SID</i> 1 (SID)						
Ethnic diversity ⁴			Apprentices across the Group	Total £ donations to charitable causes made by the Group	% of energy consumed from renewable sources	% of waste recycled
Non-white Nil (0%) ² White 9 (100%) ² (2020: Non-white, Nil (0%); White, 7 (100%)) <i>Target: At least one Director from a minority ethnic background</i>	Non-white 5 (10%) White 44 (90%) (2020: Data not available) <i>Target: At least 11% are from a minority ethnic background by 2023</i>	Non-white 161 (5%) White 2,797 (95%) (2020: Data not available) <i>Target to be set once internal geographical benchmarking is complete</i>	129 (2020: 69)	£70,000 (2020: £43,000)	99% (2020: 85%) <i>2022 target: 100%</i>	41% (2020: 36%) <i>2022 target: 50%</i>

¹ Senior Management Team includes three Executive Directors, and the Executive Committee and their direct reports, excluding PAs and administrators.

² At 4 March 2022.

³ Emissions data is from 1 October to 31 September.

⁴ The figures in the table are representative of those who provided a response to the diversity surveys: 91% of the Senior Management Team (including 100% of Executive Committee and Directors) and 76% of all employees responded.



We recognise that, to be successful, we can't treat strategy and sustainability as two separate topics. Sustainability needs to be integral to how we work, every day. That's why I'm delighted to lead

our Living Responsibly strategy, helping to ensure a robust link between sustainability and the Group's overall strategic direction.

As David has already set out in his message, it's important that we keep in mind the big picture, as well as the specific targets we're aiming for. The Living Responsibly Steering Committee has made sure we've taken a broad view of the topics we've discussed throughout the last year and the beginning of 2022. For example, we've considered the actions we can take to improve inclusion and diversity across the Group, as well as setting our diversity targets for the Senior Management Team and looking at how we can meet them.

Our colleague forums and working groups play an important part in our activities through the variety of issues they raise and initiatives they suggest. It's been particularly pleasing that they've highlighted areas we can improve, and we will continue to consider their suggestions during 2022.

Andy Deeks
Group Chief Strategy Officer
Living Responsibly Strategy Lead

About Us

We are one of the largest providers of services to mortgage intermediaries, specialist mortgage and insurance advice to estate agency and new build customers, and valuation services to the UK's biggest mortgage lenders. We also operate a network of owned and franchised estate agency branches.

Financial Services

One of the UK's largest mortgage and insurance networks

A number of the UK's largest mortgage and insurance brokers

Together, the PRIMIS¹ Network, with 971 firms and 2,858 financial advisers, and The Mortgage Alliance (TMA), comprise one of the UK's largest mortgage and insurance networks. PRIMIS is a multi-award-winning network, winning Best Network in the 2021 Money Marketing Awards and Residential Network of the Year in the 2021 OSB Group Key Intermediary Awards.

We also own a number of leading direct-to-consumer mortgage and insurance businesses. Embrace Financial Services and Linear Financial Solutions provide financial advice to estate agency customers, RSC New Homes and the Group First companies provide financial advice to customers purchasing new build houses and First2Protect is a specialist household insurance brand.

We are also a partner in Pivotal Growth, a joint venture with Pollen Street Capital, an independent alternative investment management company. Pivotal Growth invests in acquiring and growing profitable mortgage and insurance brokerages, to help them build long term sustainable value.

Surveying & Valuation

One of the UK's largest surveying and valuation businesses

e.surv is one of the UK's largest surveying and valuation businesses, and it includes Walker Fraser Steele Chartered Surveyors, which services the Scottish market. It is one of the UK's biggest employers of *Royal Institution of Chartered Surveyors (RICS)* registered surveyors, with circa 489 (FTE) surveyors and counts seven of the UK's ten largest lenders amongst its clients.

Estate Agency

Some of the UK's largest estate agency brands

We own two of the UK's largest estate agency brands, Your Move and Reeds Rains, as well as a network of smaller brands, collectively called LSLi, and Marsh & Parsons. Together, we own 225 estate agency branches and have 128 franchised branches.

We also have further specialist businesses in our Estate Agency Division. LSL Land & New Homes provides a complete range of services for housebuilders and property investors. Homefast Property Services provides conveyancing packaging services and, together, LSL Corporate Client Department and Templeton LPA provide a range of asset management services.

1 PRIMIS is the trading name of First Complete Limited, Advance Mortgage Funding Limited and Personal Touch Financial Services Limited.

Our Culture and Values

Our Group culture and values will support the continued evolution of our Living Responsibly strategy in 2022. Individual businesses within LSL have adopted values locally that are consistent with the Group's values.

Our 2022 Living Responsibly strategy

Our 2022 Living Responsibly strategy includes five key priorities, which between them address the areas where we believe we can have the most impact, as we develop a more sustainable business. The Living Responsibly Steering Committee developed our key priorities by conducting a materiality assessment across the Group in 2021, as well as taking into account sustainability best practice, stakeholder priorities (including colleague and investor feedback) and the initiatives we already had under way.

These priorities will be reviewed during 2022 and, where appropriate, updated to reflect the evolution of the Group's priorities.



Group Culture

We describe our desired culture as having:

The right people: who accept accountability for their actions.

Doing the right things: which deliver customer expectations.

In the right way: being open, challenging themselves and supporting others.

Group Values

Our values, which underpin our culture, are:

- People focused
- Market leaders
- Honesty
- Delivering on promises
- Teamwork
- Innovation

1. Promoting inclusion and Diversity on our Board and in our Workforce



Building a diverse Board and a workforce that is representative of the communities we operate in.



2. Engaging, Supporting and Investing in our Colleagues



Acting on feedback including the view of our Inclusion and Diversity Forum, supporting good mental health and wellbeing and investing in learning and development for colleagues.



3. Supporting Colleague Priorities and Connecting with our Local Communities



Consider colleague feedback, support the Communities Forum and ensure we make a positive contribution to society.



4. Minimising our Environmental Footprint



Limiting our impact on climate change and reducing our consumption of resources.



5. Ensuring Good Governance



Development of Board reporting, subsidiary governance and supplier management.



Our Approach to Living Responsibly

We have established a governance framework for managing our Living Responsibly programme and ensuring we deliver a positive impact. Recognising the importance of sustainability to both the Group and our stakeholders, in early 2022 we are establishing reporting and monitoring routines to ensure the Board can track the progression of our key priorities against our strategy, and to discuss any proposals that emerge from the Living Responsibility Steering Committee.

The diagram below sets out our governance framework.

The Board has overall responsibility for our environmental, social and governance (ESG) approach and our Living Responsibly strategy. David Stewart, as Group Chief Executive Officer, is the Board sponsor of our Living Responsibly strategy and Andy Deeks, Group Chief Strategy Officer, leads the development of our programme. We have also established a Living Responsibly Steering Committee which reports into and is chaired by the Group Chief Executive Officer. It is responsible for setting our sustainability strategy, taking into account input from our three Divisions and our Group functions. The strategy is led by our Group Chief Strategy Officer, helping to ensure we consider

sustainability matters in developing our overall Group strategy. The Committee comprises the sponsors and leads of our sustainability workstreams and Divisional committee representatives and meets quarterly or more often if required. In 2021/22 it met five times and the output of those discussions is set out in this report.

We also have a number of Divisional sustainability committees, Group-wide forums and working groups. They each generate and implement sustainability initiatives, share best practice, and escalate any issues of concern to local management teams and/or the Living Responsibly Steering Committee.



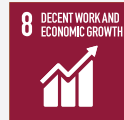
Benchmarking our Sustainability Performance

During 2021, we benchmarked our arrangements against two rating agencies (ISS ESG and MSCI), to assess our progress on corporate sustainability. We have sought to understand where we can improve and identify best practice with respect to our practices and disclosures.



Our Commitment to the UN Sustainable Development Goals

We have chosen to focus on supporting the following UN Sustainability Goals that best reflect our Living Responsibly strategy.



Goal 8: Decent Work and Economic Growth

Our strategy includes investment and the development of digital, data and technology solutions for the benefit of our companies and our customers.



Goal 10: Reduced Inequalities

Throughout our Group, we are undertaking initiatives which are designed to promote equal opportunity, diversity and inclusion.



Goal 13: Climate Action

We have adopted a net-zero operations target to be achieved by 2040, which considers our offices and company vehicles.

In addition to these we also contribute towards the achievement of other sustainability goals:

Goal 3: Good Health and Well-being

We have in place arrangements to promote health and safety at work including support for colleague mental wellbeing, with access to a Mental Wellbeing hub to support all colleagues including e-learning materials designed by the Samaritans and details of our Employee Assistance Programmes.

Goal 4: Quality Education

We provide opportunities for growth and development of our employees through our learning and development initiatives.

Goal 7: Affordable and Clean Energy

We look to maximise energy efficiency through our upgrades to LED lighting at our locations.

Goal 15: Life on Land

We expect our suppliers to operate responsibly, and we are developing a Supplier Code of Conduct.

In 2022, we intend to progress these goals as part of our Living Responsibly strategy.

1. Promoting Inclusion and Diversity on our Board and in our Workforce

Board and Senior Management diversity is overseen by the Nominations Committee which is chaired by Bill Shanon, LSL Non Executive Chair. Workforce diversity is sponsored by Helen Buck, Estate Agency Executive Director.



Our people are central to everything we do. We want to attract and retain great people from a diverse range of backgrounds, invest in them to help them deliver their best and ensure we have a culture that includes everyone.

With that in mind, we are pleased to have established our first Inclusion, Diversity and Equality (ID&E) strategy in 2021, which will help us to attract new talent and benefit from their diversity of thought. We also continue to invest in and develop our colleagues and have adapted the way we work to reflect how the pandemic has impacted working patterns and preferences. As people increasingly work flexibly, two-way communication is becoming more important than ever.

As the ID&E Executive sponsor, I'm excited about our progress and our plans. Our Inclusion and Diversity Forum is making an immense contribution in helping to make LSL an even better place to work.

Helen Buck

Executive Director – Estate Agency Executive Director
Workforce Inclusion & Diversity Sponsor

We want to build businesses that are great places to work and where everyone belongs. By promoting and supporting diversity and inclusion, we will cultivate an environment where everyone feels welcome and able to perform at their best. Diversity also facilitates creativity and innovation, while improving our colleagues' work-life satisfaction, by creating a workplace that reflects their social and cultural influences outside work.

We also want to sustain continuous learning and development for colleagues. This includes educating colleagues to help them be consciously inclusive and support everyone in reaching their potential.

Nurturing an Inclusive Culture (Gender and Ethnicity Targets)

Through our Group HR led projects, we are delivering a series of initiatives that support career progression and promote colleague health and wellbeing. We want the Group to be a place that welcomes people of all backgrounds and identities through inclusive working practices, a culture where we understand and respect all colleague needs and where we encourage an environment where colleagues feel free to speak up.

Diversity Data:

During 2021, we asked our colleagues for the first time to anonymously provide their diversity information, as part of our annual employee survey. This is helping us to better understand our workforce and how representative we are of our local communities. We also undertook a similar exercise amongst our Senior Management Team, as part of our 2021 Group Senior Management Team talent review.

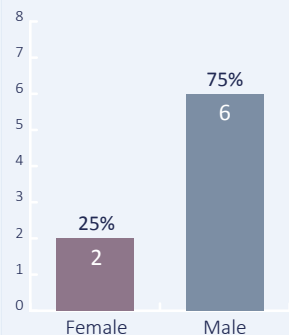
Below is our diversity survey data in relation to our Board, Executive Committee, Senior Management Team and the wider workforce at 31 December 2021*.

Data at 31 December 2021:	Total number of survey respondents	White ethnic	Non-white/ethnic minority
Directors ¹	8	100%	0%
Executive Committee ²	9	78%	22%
Senior Management Team ³	49	90%	10%
All Employees ⁴	2,958	95%	5%

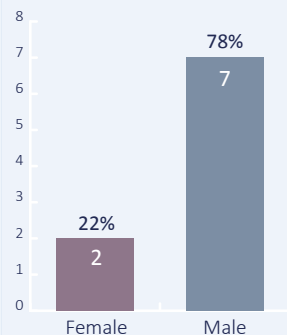
As of the 4 March 2022, the Board is composed of nine Directors. Three of the Directors are women; Helen Buck, Sonya Ghobrial and Gaby Appleton. Gaby is also a Senior Independent Director.

Gender information at 31 December 2021

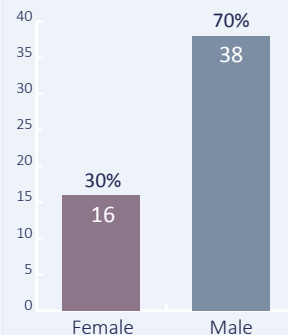
Directors¹



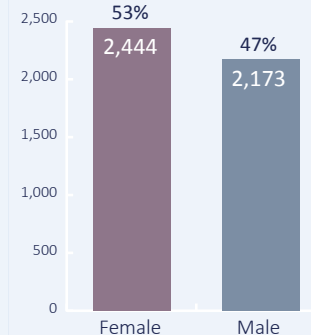
Executive Committee²



Senior Management Team³



All Employees⁴



* The figures in the table are representative of those who provided a response to the diversity surveys: 91% of the Senior Management Team (including 100% of Executive Committee and Directors) and 76% of all employees responded.

1 Board on 4 March 2022, Sonya Ghobrial joined the Board as a Non Executive Director. After this date the Board included six men and three women Directors (total of nine Directors).

2 Executive Committee includes the three Executive Directors.

3 Senior Management Team includes three Executive Directors, and the Executive Committee and their direct reports, excluding PAs and administrators, at 31 December 2021.

4 All Employees includes the Senior Management Team.

As part of the 2021 annual All Employee Survey and the Senior Management Team Survey, we also asked our employees to provide us with information on their gender identity, which we recognise may differ from legal sex and enabled colleagues to identify as non-binary.

We are in the process of collecting further detailed data on the diversity of our colleagues and we plan on reporting our progress on this data collection in our Living Responsibly reporting next year.

We have also set the following diversity targets which will be adopted during 2022:

Category	Gender	Ethnicity
Board	<p>a. At least 40% women; and</p> <p>b. At least one woman in the role of Chair; Group CEO; Group CFO; or Senior Independent Director.</p>	At least one Director from a minority ethnic background.
Executive Committee	Targets included within Senior Management Team targets.	
Senior Management Team	At least 33% are women.	At least 11% are from a minority ethnic background.
Workforce	For our wider workforce, we will benchmark our internal data against the 2021 Census data once it is published, to set local targets that ensure our business represents the communities in which we operate. These targets will be published on our website once they have been set.	

Gender Pay Reporting

We publish gender pay reports for all subsidiary companies in excess of 200 employees and also actively review internally the gender pay gaps that exist within smaller companies of the Group. We're pleased to report reductions in our gender pay gaps across most of our Group companies, since reporting began in 2017. Full gender pay reports are available on the individual business websites.

Ethnic Pay Reporting

We also welcome the Government's consultation on ethnicity pay reporting and are gathering ethnicity data from our colleagues in preparation for voluntary reporting on this in the future which is anticipated to be effective this year.



Our ID&E Strategy

In 2021, we defined our ID&E strategy based on three key priorities:

3. Creating Awareness – improving our employees' understanding and interactions.



4. Continually Improving our Practices – developing our infrastructure for inclusive, diverse and equal working practices.



5. Promoting Opportunity – giving our colleagues equal opportunity of access and development.



These priorities are designed to deliver the following outcomes:

- a corporate culture that promotes diversity and inclusion;
- timely and accurate data that measures the impact of our initiatives;
- realistic and measurable target setting by location, which moves us towards our target of having a workforce that is representative of the communities in which we operate; and
- the right, accessible training for all colleagues.

Our progress so far against our three priorities are outlined below. To help us achieve the desired outcomes, our Executive Directors have the promotion of diversity included in their individual non-financial performance measures.



1. Creating Awareness

In 2021, we established our Inclusion and Diversity Forum with representation from across the Group. Through this forum, our colleagues can voice their ideas and concerns as we seek to promote greater diversity and inclusion across our Group. The Forum Chair receives support and mentoring from an Executive Sponsor (Helen Buck).

In consultation with the Inclusion and Diversity Forum, our Group HR team launched new training modules during 2022 that deliver bitesize inclusion and diversity training. We will continue to develop this programme and we are also introducing a disability learning tools to support disability champions, who will be appointed across our Group. We have also published a colleague Inclusion and Diversity Calendar for 2022 which will provide colleagues with a tool to mark culturally significant days and holidays.

We are introducing improvements to our recruitment process, including a 'License to Recruit' programme. This seeks to ensure that managers have undergone training on the importance of inclusion and diversity, to reduce unconscious bias in our recruitment. This training will be mandatory for all our managers involved in recruitment.

This year Kevin Keane, Technical Partner, e.surv, chairs the Inclusion and Diversity Forum and he is supported by Deputy Chair, Kam Toora, Head of Quality to Technical Lead Manager, PRIMIS. Under their leadership, the forum's priorities for 2022 are:

- continuing to support the development and delivery of Group HR inclusion and diversity training;
- increasing colleague engagement and awareness of our diversity; and
- consulting on updates and the introduction of employee policies and processes, to ensure that they promote and support inclusion and diversity.



Nes Reed 2021 Inclusion and Diversity Forum Chair:

I was proud to lead the Inclusion and Diversity Forum in its inaugural year, alongside our Deputy Chair, Koby Gyasi. We are pleased with the progress that has been made and that the forum's work is already making a difference. During our term, we created a framework to support the way the forum operates, provided ideas and feedback to the Group HR projects relating to inclusion and diversity, and gave input to advance the Group's inclusion and diversity training. We also contributed to the process which was adopted to collect colleague diversity data through the annual employee survey, which will give the Group the information needed to ensure we meet our diversity targets.

Nes Reed (top-left)
e.surv Operational Manager
Inclusion and Diversity Forum Chair (2021)

Koby Gyasi (top-right)
LSL Senior Solicitor
Inclusion and Diversity Forum Deputy Chair (2021)



 See the Inclusion and Diversity Forum page on our website for their latest news.



2. Continually Improving our Practices

We have a range of initiatives to continually enhance our employment practices.

For example, we are committed to being a Disability Confident Employer by 2023 at our head office sites and have begun a disability audit of these premises, to understand better where we might have environmental barriers.

We also continue to develop our approach to recruitment. For example, hiring managers will be required to ensure that where we use recruitment firms, we only instruct firms who have signed up to a code of conduct which supports the promotion of inclusion and diversity. In addition, our Group companies have signed up to the REC Good Recruitment Collective, which is a best practice and benchmarking initiative for employers; here we have performed a gap analysis to identify areas of development against its recommendations, which are being addressed by a number of workstreams within the ID&E strategy.



3. Promoting Opportunities

Giving our colleagues equal opportunity of access to opportunities and development includes being flexible about when, where and how our colleagues work, so we meet our business needs whilst taking into account personal needs and preferences. Reflecting on working practices during the pandemic, we have implemented a variety of flexible working practices and policies across the Group and over the coming year we will extend this work further.

We are also introducing training modules for managers, to support colleagues prior, during and after parental leave and we are signing up to the Women in Finance Charter in our Financial Services Division, to enable more opportunities for gender diversity across this industry.



Our Priorities in 2022

During 2022 our priorities will be to:

- improve our colleague ethnicity and gender data and set targets reflective of the whole workforce;
- deliver unconscious bias training to all colleagues involved in workforce recruitment;
- continue to review roles to support flexible ways of working;
- implement improvements to our appraisal processes to improve equal opportunities across our workforce;
- deliver the REC's Good Recruitment Collective Charter objectives; and
- complete our evaluation of charters focused on race and ethnicity, with the intention to select one for adoption in the year.



2. Engaging, Supporting and Investing in our Colleagues



Understanding the needs and views of our colleagues is vital for ensuring high levels of engagement and identifying how best to support and invest in them. Our annual survey, supported by

pulse surveys, has highlighted some strengths and opportunities, so we can drive change across our Group and we recognise that there is more that we can do here. We also recognise the need to continue to improve our employee data, for example on gender and ethnic diversity, as we can only make informed decisions about the actions we need to take if we have a full understanding of our current position.

We take the wellbeing of all our colleagues very seriously and know that we must try to be aware of the pressures they face on a day-to-day basis. Our actions here include promoting awareness of mental wellbeing across the Group and making available tools and training to support our colleagues. We will also continue to invest in our colleagues, to provide them with a pathway to professional and personal growth.

John McConnell
Group HR Director

We are creating a working environment where colleagues are aware of the importance of their wellbeing and have access to support provided by the Group. We want to ensure all colleagues are able to develop and maximise their potential and provide secure communication channels so they feel comfortable raising issues, sharing their opinions and providing honest feedback that we can learn from.

Engaging with Our Colleagues

We are committed to understanding how our employees feel about working for us and identifying opportunities to improve. We therefore run an annual employee survey and several pulse surveys during the year, allowing us to track engagement over time and compare our performance to the industry norm.

76% of our colleagues completed our annual employee survey in 2021. The positive themes in the results included confidence in our leadership, which was ten points above the industry norm, and the belief that we foster a culture of openness, allowing people to raise concerns (20 points above the norm). Compliance was a particularly strong area, with 97% saying they have 'awareness of compliance and regulatory policy requirements' and also that they 'work in an environment where compliance with regulations is taken seriously'.

Providing a Supportive Environment

We have in place arrangements to provide safe working environments for all colleagues. This includes physical safety as well as mental health and wellbeing. Through our arrangements we seek to promote awareness of mental wellbeing across the Group by making tools and training available and creating an environment in which we listen to each other's concerns.

We have provided tools and standards, such as e-learning modules and a Stress and Mental Wellbeing policy to:

- help change the way we all think and respond to mental wellbeing in the workplace;
- encourage our colleagues to have open conversations about mental wellbeing with each other;
- provide our people with the skills to actively listen and support each other in practical ways, to promote positive mental wellbeing;
- address factors that can cause stress at work or add to personal stress, to aid us in providing a workplace free from harassment, bullying and victimisation and address inappropriate behaviour through disciplinary action; and
- provision of a Mental Wellbeing Hub which contains learning material designed by the Samaritans and contains details of how to access the Employee Assistance Programmes.

Each of our businesses has an 'employer pledge' relating to the mental wellbeing of colleagues. This pledge is supported by the Employee Assistance Programme (EAP), which is provided by Health Assured and is free to all LSL employees. The EAP includes:

- a Health e-hub app, with a comprehensive library of resources; and
- a 24-hour helpline operated by professionals, which can advise on a host of wellbeing matters such as family issues, stress and anxiety, financial information and legal matters. Some cases may be referred for up to eight sessions of counselling with a qualified therapist.

The Group also takes part in wider initiatives that are relevant to wellbeing. This year, for example, we supported International Men's Day, which included a panel discussion and a webinar on mental health. This followed events the Group held for International Women's Day, which acknowledged the huge contribution that women make to our business and society as a whole.



We are seeking to embed a culture where employees feel they can speak openly to Management about issues. To support this, we have sought to improve existing whistleblowing arrangements with a new Speak Up policy and training that reminds colleagues on how they can raise any concerns. The Group also has an anonymous whistleblowing hotline.

Protecting our people's physical safety is important. The Group has health and safety policies and arrangements in place. During the pandemic these were extended to recognise and consider the safety of colleagues working at home, through our Working From Home policy. Early in 2022 we launched an app called StaySafe to ensure that colleagues that have lone-working roles are able to alert management if they feel unsafe. We have also re-shared our Lone-Working policy and access to our EAP is supported by a bitesized colleague learning programme.

Helping Our Colleagues Grow and Progress

To help our colleagues progress in their careers in the pursuit of best practice, supporting them in delivering more for our customers, we invested £1.82 million in learning and development in 2021, an 11%

increase on the previous year. As part of this increased investment, we have launched a new management training programme, ManagementMatters. It focuses on refreshing manager skills and ensuring correct procedures are followed. The course is available across the Group and also to our franchisees. We have also launched new inclusion and diversity training, as discussed on page 10.

In 2021, we ran our first Group-wide talent review workshops with the Executive Committee, to identify the development and succession of colleagues included in our Senior Management Team. The workshop is planned to occur annually, to ensure there are clear progression pathways for those with the potential and desire to progress and to help us increase our engagement and retention of this population. We also hosted our first Leadership Conference this year and, following its success, we intend to continue hosting this event annually.

Apprenticeships are an important way of bringing young talent into the Group and enabling existing colleagues to learn new skills. We have several apprenticeship programmes across the Group, with the number of



apprentices increasing by 80% to 129 in 2021.

Our Future Programme Developments

The priorities in 2022:

- We are piloting a new means to accurately measure sentiment in our organisation, using an artificial intelligence engine to analyse our colleagues' engagement with training.
- In Financial Services and Surveying & Valuation we will continue to deliver technical training for Financial Advisers and Surveyors which contributes towards CPD (which is a RICS requirement relevant to the surveying role) via a combination of both internal and externally facilitated training.
- We will be simplifying our Estate Agency Division progression training modules into one programme, known as TalentMatters. This will run in parallel with our coaching programme.
- We will continue to develop our new programme, ManagementMatters, ensuring that all managers have the opportunity to learn and develop their leadership skills. To support this programme, a number of bitesized manager upskilling sessions will be rolled out in the year, covering key areas such as performance, absence and recruitment, including hiring inclusively.
- We will continue to simplify compliance learning, by targeting individuals with learning relevant to their role.
- We will provide professional development for key head office roles – such as junior legal roles to reach professional accreditation, CIPP training for payroll functions and Level 3 and Level 5 CIPD in HR.





Colleagues in Financial Services

The Financial Services Division focused on a number of areas, including further developing communication and the sharing of initiatives, and encouraging an open climate for its employees, with compliance and the environment being particular themes. The Division's other activities included:

- helping employees to understand the purpose of their role and their contribution;
- demonstrating the Group's commitment to its employees;
- increasing the flexibility of working hours;
- developing performance feedback through appraisal process reviews and talent registers; and
- reviewing working conditions for employees working from home in the long term, as well as returning to offices for others.

Training in Financial Services

The Financial Services Division strongly emphasises the quality of service provided to customers and, as part of its compliance arrangements, captures and monitors customer feedback and outcomes. This includes all Financial Services advisers completing a specially designed training programme, which is supplemented by effective supervision, regular monitoring and regular refresher training sessions.

General training modules and sessions applicable to all colleagues are supplemented with role-specific training. In 2021, 3,613 individuals were assigned annual testing modules which totalled 33 modules (25 regulatory modules and eight product modules) and equated to approximately three days per person. The Training Team delivered 343 courses to 3,562 attendees.





Colleagues in Surveying & Valuation

The Surveying & Valuation Division concentrated on initiatives linked to developing employee work/life balance, as well as improving the working environment and communications. The Division's other activities included:

- introduction of 'The 5 Star Club' and 'Adding Value Awards'. The 5 Star Club recognises and rewards surveyors who consistently demonstrate great customer service over a significant volume of cases. The Adding Value Awards recognise any colleague who exemplifies one or more of the Divisional values. Since the inception of both schemes, over 60 colleagues have been recognised and rewarded.

Training in Surveying & Valuation

e.surv's in-house training team delivered mandatory compliance training to all 1,053 colleagues in 2021, with a total of 7,883 compliance modules completed via e.surv's online learning platform. Additionally, e.surv has delivered 300 training sessions for new and existing colleagues, including bespoke surveyor training programmes, company and surveyor inductions, HomeBuyer training, mentor training, technical seminars and management development.

e.surv has a strong relationship with Sava (Surveyor and Valuers accreditation) which provides education services leading to AssocRICS certification, following a comprehensive training programme for non-surveyors looking for a pathway to a professional qualification without property related experience. We also

run our own graduate training scheme with approximately 20 graduates, and a mentorship programme in e.surv is currently helping 55 newly recruited graduate surveyors achieve their RICS chartership. Also, 13 AssocRICS qualified surveyors are being sponsored through the Assessment of Professional Competency programme, which three surveyors successfully completed to achieve MRICS status during 2021.





Colleagues in Estate Agency

The Estate Agency Division has:

- reviewed career development and redefined career pathways;
- supported by the creation of bitesize education and learning, to reflect the need to learn 'on the go';
- improved communication, with a plan to support the delivery of messages from leadership into the brands to improve understanding;
- reviewed working patterns and opportunities for agile working;
- introduced employee focus groups to discuss environmental matters; and
- delivered webinars and podcasts to increase brand awareness.

Outside the regular surveys, colleagues who are members of the Employee Engagement Forum can also make suggestions or raise issues for discussion with the Group HR Director, John McConnell. Darrell Evans, our designated Non Executive Director for workforce engagement, will also meet with this forum from time to time to receive feedback on specific items. In 2021, the forum proved feedback on Executive Director remuneration. Further details are included in the Annual Report and Accounts 2021.

Training in Estate Agency

Following the move to delivering learning virtually last year, 3,105 Estate Agency Division employees took part in online learning during 2021, equating to 5,390 days of learning, demonstrating the increased reach and effectivity of delivery.

We created a new digital onboarding programme for roles in the Division which have historically had lower retention rates. We also developed a new suite of virtual education in support of key Group-wide diversity initiatives.

The Estate Agency and Surveying & Valuation Division's employees completed a total of 165,000 modules on the LearningMatters platform.



3. Supporting Colleague Priorities and Connecting with our Local Communities

In 2022, the forum is chaired by Louise Evans, Head of Operations, TMA Club and the Deputy Chair is Michael Hole, Operational Surveyor, e.surv. The Chair is supported by an Executive Sponsor (Sapna B. FitzGerald).



As Chair of the Communities Forum during 2021, I am proud to have been able to help the Group make a difference in some of our local communities. Colleagues have been keen to support

initiatives that have been proposed through the forum and we've begun to co-ordinate our efforts to deliver maximum value to local communities across the Group. We have also run some key initiatives at Group-level during the year, including our Random Acts of Kindness Day and our Let's Eat Together initiative, whilst also developing a guide for charitable giving for colleagues. These initiatives have been positively received by our local communities, charities and by our colleagues, generating a tangible impact in our communities.

Lucie Middleton

Learning and Development Business Partner
Chair of the Communities Forum (2021)



See the Communities Forum page on our website for their latest news.

Our culture and values require us to be people focused and to do the right thing. This means that supporting our local communities is at the heart of our Living Responsibly approach. Our national coverage provides us with a unique platform to engage with local communities, which are fundamentally important to the personal lives of our colleagues and to our customers, and hence to our business.

Below: In October 2021, the Communities Forum promoted 'Let's Eat Together' campaign which encouraged the collection of donations for local foodbanks.

Below-middle: The Financial Services Division selected Marie Curie as their chosen charity to make donations to in 2021.

Below-right: LSL's legal team litter picking together as their Random Act of Kindness.



Community Initiatives in 2021

Across the Group, we engage in a wide range of community and charitable activities. These may be organised by the Communities Forum, within the Divisions or by individual branches or offices. The Group also enables colleagues to make tax-efficient donations through payroll, which amounted to over £30,000 for 2021, up around 14% from 2020.

During 2021 our PRIMIS Network chose Marie Curie as its charity partner for 2021, holding regular fundraising events and creating a facility for employees to make monthly donations. The Division also responded to an urgent plea for help to collect donations for Afghan refugees, which included essentials such as hygiene products, baby products and toys.

In e.surv, colleagues raised over £42,000 for charities, including a donation from the business of more than £19,500. At the request of employee Sheraldean Sartain, the business also committed £1,000 to 'Team Mikayla', which provides gift boxes to young children with cancer. The business also raised more than £21,000 for Teenage Cancer Trust. In January 2022, the business invited employees to raise funds for



Macmillan Cancer Support, with e.surv contributing £5,000 to the cause.

Within Estate Agency, Your Move is the Official Communities Supporter of the English Football League (EFL). As well as supporting the EFL at a national level, Your Move works closely with local football clubs and communities associated with its branches and teams. For example, the Your Club, Your Kit initiative gave grassroots football clubs and school teams the chance to win free kits.

Reeds Rains has sponsored Cash for Kids for the last five years. This charity helps children in poverty and the funds raised paid for food, clothing, beds and other essentials. Marsh & Parsons also supports several charities, including homelessness charities, Streets of London and Crisis at Christmas. The business has also pledged to raise £25,000 annually for Anthony Nolan, a charity that helps save the lives of people with blood cancer and blood disorders, as well as raising awareness for the charity, to encourage more donors to join the register.





Far-left: Your Move & Reeds Rains hub collected a vast number of donations for the Let's Eat Together campaign for their local foodbanks.

Left: Donations were brought directly to local foodbanks by colleagues during this week.



Far-left: Colleagues donating fans to their local care home as their Random Act of Kindness.

Left: Colleagues presented flowers to care workers as their Random Act of Kindness.



Far-left: A surveyor litter picking as their Random Act of Kindness.

Left: A colleague mowing a neighbour's lawn as their Random Act of Kindness.

Right: PRIMIS colleagues litter picking as part of our Spring Clean Week.



Communities Forum in 2022

The forum's priorities for this year are to:

- Pilot a Group-wide matched funding scheme.
- Pilot a volunteer day.
- Co-ordinate four Group-wide community related events (please see their dedicated page on our website www.lslps.co.uk):
 - Spring – Spring Clean Week (Litter Picking), 28 March-3 April.
 - Summer – Act of Kindness, 22 June.
 - Autumn – Food Bank Week, from 19 September.
 - Winter – Winter Warmer, from 7 December.



4. Minimising our Environmental Footprint



Reducing our impact on the environment is among the biggest challenges society faces. As a services business, our environmental impact is less significant than for many other companies. However,

we still have a part to play in meeting this challenge, which means we need to adapt our business model and shift customer and industry norms. At the same time, we need to adopt new technology and approaches. For example by rethinking how our various sites work to support and promote colleague commuting, business travel and the use of environmentally friendly options like bicycles and vehicles powered by renewable energy.

The Environmental Working Group (EWG) has an important role. It includes representatives from across our businesses and together we focus on implementing and tracking the Group's environmental initiatives. As sponsor of the EWG, I'm excited to have the opportunity to make a lasting impact across our business and society more broadly.

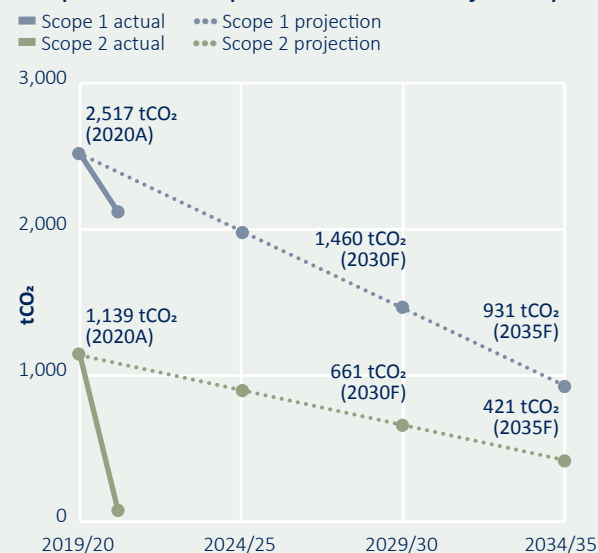
David Akinluyi
Group Chief Operating Officer
Environmental Sponsor

The way we consume resources has a direct impact on future generations. Recognising this, we are looking to only use renewable energy sources in our operations. We are also seeking to reduce our consumption of resources as a whole, and have begun our journey by gaining a good understanding of our usage and finding efficiencies where possible. During 2022, we will develop more initiatives that we can implement in the future.

Our Climate Transition Plan

Using science-based tools we have established a climate transition plan to reduce our emissions, in line with the internationally agreed target to keep the global temperature rise to 1.5°C above pre-industrial levels. Our analysis is based on emissions produced between October 2019 and September 2020.

Scope 1 and Scope 2 1.5°C SBT Trajectory



Our targets and initiatives for further reducing our emissions are shown below:

Emissions From Direct Operations

Scope 1

Emissions from operations that are owned or controlled by the organisation.

Target:

To reduce Scope 1 emissions by 63% by 2034/35, in line with a 1.5°C trajectory.



Gas

- From mid-2022, we will procure 100% of gas from renewable sources only.



Company Vehicles

- We will transition 57% of our leased petrol and diesel vehicles to hybrids and electric vehicles (EVs) in a phased approach by 2025. This will be done in consideration of external market conditions impacting the supply of EVs.
- We are actively engaging with our landlords across our various site types to determine the correct EV charging solutions for our sites.
- We are planning consultations with Car Allowance Scheme users, with a view to implementing a plan to incentivise a transition away from internal combustion engine vehicles.

Scope 2

Emissions from the generation of purchased electricity, steam, heating or cooling consumed by the company.

Target:

Achieve net-zero by 2023 and maintain this for the foreseeable future.



Electricity

- From 2021, we began procuring the majority of our electricity from renewable sources. In 2022, we are seeking to procure this for 100% of our locations and maintain this for the foreseeable future.

Indirect Emissions

Scope 3

All indirect emissions that occur in the value chain, including upstream and downstream emissions.

During 2022, we will work with external consultants to determine our Scope 3 emissions before setting a realistic target and establishing a pathway to reduce these emissions.

The table below shows our absolute and relative Scope 1 and 2 emissions for the last five years, showing we have achieved a material improvement in our performance over this time. The reporting period is from October to September in each year. Since our base year of 2019/20, our emissions for both Scope 1 and Scope 2 have reduced by approximately 16% and 97% respectively.

This year we have begun reporting against the Task Force on Climate-Related Financial Disclosures (TCFD) framework to highlight climate-related risks and opportunities. These are channelled through the Living Responsibly Steering Committee, which receives reports on climate-related issues from the EWG.

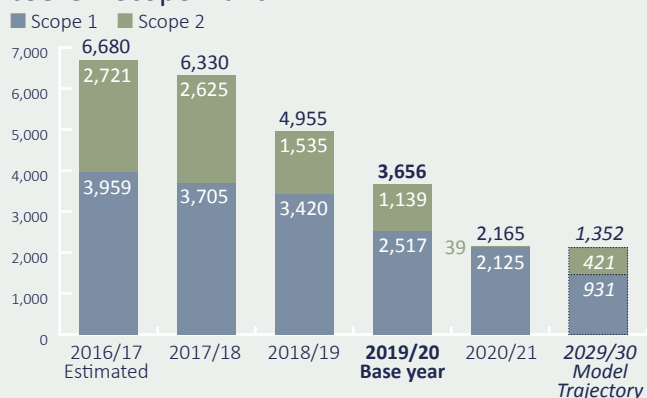
The Audit & Risk Committee supports the Board in managing all risks, including climate-related risks. Our review of our principal risks and uncertainties has included assessing the impact on climate change on our Group and can be found in our Annual Report and Accounts 2021.

Driving Impact Through our Products and Services

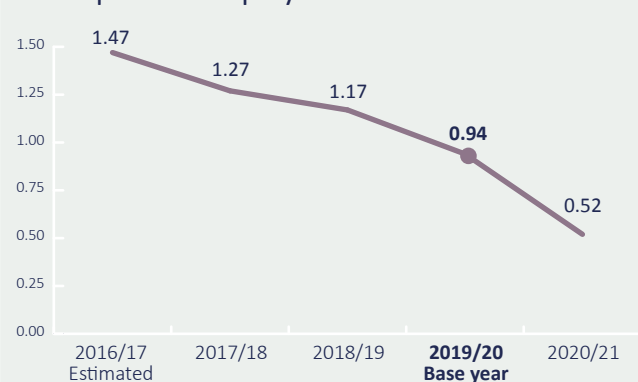
In our Surveying & Valuation business, we are particularly aware of the impact we can have to alleviate growing climate-related risks. For our key lender clients, we are focused on developing tools that are based on data to assess climate-related risks more accurately. There are approximately 29 million homes which will require retrofitting to become net-zero by 2050. We are supporting lenders within this field with understanding methods of verification. For our consumers, we are developing a Sustainability and Energy Report, which will be in addition to our existing home survey products. The report will recommend retrofit opportunities and approximate costs, provide useful links to installers whilst also highlighting grants that could be claimed.

tCO₂e from 1 October to 30 September

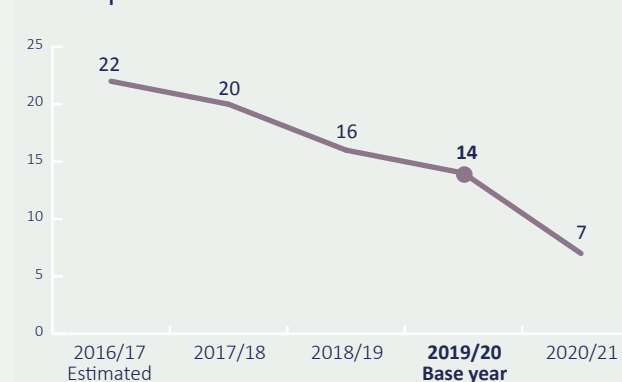
tCO₂e – Scope 1 and 2






tCO₂e per FTE Employee



tCO₂e per £m Revenue



Resource and Waste Management

		
<p>Energy As part of our Estate Agency branch refresh programme, we are upgrading our lighting systems with LEDs and have spent over £200,000 on these upgrades, with 44% of our Estate Agency offices complete. We hope to upgrade 66% of our estate by the end of 2022. We are also upgrading the heating, ventilation, and air conditioning systems across our property estate as they reach the end of life, to increase efficiency.</p> <p>For our offices, we are progressively altering our requirements for the properties we lease. In addition to meeting our accessibility standards, we look for properties with LED lighting, efficient heating and cooling systems, and EV charging facilities.</p> <p>77% of our offices have smart meters installed and we hope to increase this to 90% by the end of 2022. This will help us understand where the biggest opportunities lie for improvement, whilst also allowing us to monitor our usage with improved accuracy.</p>	<p>Water Our operations are not water intensive. However, we are installing water meters across the estate, to get better accuracy of usage. During 2022 we aim to increase installation of water meters from 82% to at least 95% of our sites and investigate ways to reduce our consumption in the future.</p>	<p>Waste Across the Group, the main type of waste we generate is paper, and we collect and recycle confidential waste. We aim to reduce the amount of waste we produce and have implemented paper-saving initiatives, including using digital processes where possible.</p> <p>Where we cannot avoid creating waste, we look to recycle as much as possible. We have a recycling policy in place across the Estate Agency branch networks and our head office sites and increased our recycling from 35% to 41%, equivalent to 87 tonnes, across the Group for 2021. For 2022, we are targeting an increase in our rate of recycle to at least 50% of all waste, whilst also continuing to recycle 100% of our confidential waste.</p>



Continuing to Reduce our Impact

Our environmental priorities for 2022:

- transition at least 57% of our petrol and diesel leased vehicles to hybrids and EVs by 2025;
- complete the assessment of our Scope 3 emissions and set long term targets to reduce these emissions;
- continue to procure 100% of our energy from renewable sources;
- continue to engage with our landlords for our leased offices, to see how we can make these sites more sustainable and provide more EV charging facilities;
- upgrade at least 66% of our estate to LED lighting by the end of 2022;
- install water meters at 95% of our offices during 2022;
- increase recycling to 50% across the Group in 2022; and
- continue recycling 100% of our confidential waste.

5. Ensuring Good Governance



Good governance routines and arrangements are important to our Living Responsibly strategy, and support our culture, values and purpose.

As a premium listed company, we have arrangements in place to ensure we comply with the FCA's rules and regulations, the UK Corporate Governance Code and other FRC guidance, and governance best practice, including investor requirements. Our subsidiaries are also subject to laws and regulations and the requirements of professional bodies. We seek to operate all of our businesses in accordance with applicable laws and good practice.

Our in-house company secretariat and legal team provides regulatory and governance support across the Group and we also have compliance functions in each of the Divisions. As the Group has grown, our governance arrangements have evolved and they will continue to evolve as the Group moves forward with delivering its strategy.

Sapna B. FitzGerald
Company Secretary
Governance Sponsor

Strong governance is essential for any business to be sustainable in the long term. Having the right framework in place supports the development and execution of the business's strategy, including our approach to sustainability, and ensures we effectively identify and take account of the risks and opportunities we face. Appropriate governance also includes clear lines of responsibility, oversight and controls, helping us to monitor how well we are implementing our sustainability strategy, take action where necessary and ensure the strategy remains fit for purpose over time.

Board Oversight and Decision-Making

The Board is committed to the highest standards of corporate governance and to complying with the UK Corporate Governance Code, which sets out principles of good governance for listed companies. The Board provides oversight of the Group's operations, including approving its strategy, business plan, financial results, major capital projects and any investments or disposals. Where appropriate, it delegates powers and responsibilities to its Committees and to Management.

Each year the Directors undertake an annual evaluation exercise to identify actions to improve Board and Committee effectiveness, which then feed into our governance projects and activities for that year. In 2021, these activities included improvements to our Board reporting and meeting arrangements.

Further details relating to our governance arrangements and activities during 2021 are included in our Corporate Governance Report, Principal Risks and Uncertainties and Audit & Risk Committee Report included in the Annual Report and Accounts 2021.

Group Policies

Our environmental, social and governance (ESG) arrangements include a number of Group policies which are described below in the policy map:



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