Strategic Land
ESG Integration
About Us

The Church Commissioners for England support the work and mission of the Church of England across the country. We manage a diverse investment fund worth £8.7bn in 2019. We take a long-term approach to stewardship and are fundamentally committed to managing the fund in an ethically responsible way.

We are also committed to remaining at the forefront of responsible investment and are frequently recognised as global leaders in this field. In 2020, we were included in the UN-supported Principles for responsible investment’s ‘Leaders Group’ for the second year running, one of just 16 asset owners globally to be recognised for our leadership in responsible investment.

We intend to become signatories to the 2020 UK Stewardship Code which will require us to report upon all of our asset classes for the first time. We will submit a Stewardship Report to the Financial Reporting Council in line with the principles of the 2020 Code.

The integration of material Environmental, Social and Governance (ESG) factors into our decision making has long been the cornerstone of our investment approach. We continually seek to remain at the forefront of responsible investment and are working hard to strengthen the focus on ESG within our property portfolio.
Our Strategic Land portfolio includes land across England which, at present, is suitable for the delivery of approximately 28,500 new homes, of which we anticipate around 8,600 will be affordable. The scale of development varies from 25 homes to new communities of >2,500 homes, with all of the associated community benefits. These can typically include new primary schools, community venues, local retail centres and libraries. In addition, sports facilities and significant new areas of open space and new walking and cycle links and networks, benefit not only new residents but the existing community.

Additionally, we have a number of landholdings suitable for the delivery of significant employment opportunities, in some cases as part of substantial new mixed-use communities.

Engaging with key stakeholders, including local authorities, existing communities, local parishes and dioceses is at the heart of what we do.
Whilst an emphasis on sustainability has always been embedded within our work, we have recognised the need to formalise our approach to be in a position to measure the portfolio’s progress against objective ESG benchmarks. We have therefore committed to developing an ESG Framework for the portfolio which will enable us to provide meaningful and objective disclosure on ESG matters affecting it.

In 2020 we commissioned Hoare Lea, a leading sustainability consultant, to help us to begin formalising our approach to ESG opportunities within the Strategic Land portfolio. In doing so we are making a commitment to remain at the forefront of responsible investing across all asset classes.

We hope that by taking this approach, we will be able to maximise the wider societal and environmental benefits that our developments deliver for all communities where we have a presence across England. We also hope that systemising our current practice will allow us to identify new areas for improvement and growth.

We equally acknowledge that ESG is an area which is evolving, particularly in relation to real assets. Having begun this work we hope to ensure that the Church Commissioners are well placed to respond and to contribute to that conversation.
Materiality for our Strategic Land portfolio

A recognised first stage in this process is to undertake an independent and comprehensive “materiality analysis” as a foundation step in order to identify the topics which reflect our strategic economic, environmental, and social priorities.

This materiality analysis represents a significant and important piece of work in preparation for future stages. It seeks to determine the most significant ESG risks and opportunities facing our Strategic Land portfolio and our team in carrying out their work.

We will use the findings from the analysis as the building blocks for the development of our ESG framework. It will also inform our approach to future reporting and help the Strategic Land team provide meaningful disclosures on ESG topics which respond effectively to stakeholder requirements.

We will review our material ESG topics periodically in consultation with key stakeholders using trend analysis alongside impartial expert input to ensure that the portfolio’s strategy remains relevant and continues to respond to the needs and expectations of the organisation and its wider stakeholders.
The materiality process

Holistic engagement was paramount when defining our material topics. We aimed to align this exercise with our wider organisational priorities whilst reviewing and embedding market trends and industry best practice.

We engaged with a wide range of internal and external stakeholders to ensure the representation of a variety of perspectives and enable a balanced assessment. The involvement of senior leadership who participated actively throughout the materiality process was also critical to the success of the materiality exercise.

### Research & trends
- Over 40 sources of information were reviewed and analysed.
- Internal ESG and responsible investment policies and initiatives and church-wide frameworks including the Five Marks of Mission.
- External ESG and sustainability guidelines.
- High-level peer group analysis and industry benchmarking and trends.

### Identification of topics
- As a result of the research, 25 potentially material ESG topics were identified as having relevance for our Strategic Land portfolio.

### Stakeholder engagement
- Over 50 individuals and organisations participated, including the Church Commissioners’ employees, dioceses, local authorities, planning consultants and development advisors.
- Focussed engagement with members of the Archbishops’ Commission on Housing, Church and Community.

### Analysis & prioritisation
- In line with industry best practice, a multi-layer methodology was adopted to shortlist the topics.
- This included data aggregation, a weighting analysis and manual adjustments to address overlaps and enhance co-benefits between topics.
- The initial list of 25 topics were distilled into a priority list of 10 ESG topics for us to consider further at the next stage of work.
Our material topics

We have identified 10 topics which are considered to be the most relevant for our Strategic Land portfolio. These are outlined in the diagram opposite.

These 10 topics are interconnected, representing a holistic approach towards sustainability and providing key priority areas that can be embedded more visibly across the Strategic Land portfolio.

It is important to note that our Strategic Land team is already very active in delivering many of these priorities as a result of our long-standing approach to development. The materiality exercise has helped to confirm those topics that should remain our priority areas moving forward. At the same time, it affords us an opportunity to strengthen our practice as we identify new topics and move towards target setting and regular disclosure.
These results represent the most important topics facing our Strategic Land portfolio. These topics are increasingly interconnected and should not be seen in isolation. Social and environmental considerations are two sides of the same coin. Our focus on tackling climate change and enhancing biodiversity across our sites has, and will continue to, positively impact our communities’ quality of life. Likewise, our desire to continue influencing good quality placemaking will affect how our sites are shaped for the provision of sustainable mobility and building design. Strong governance is the foundation stone which enables effective and holistic ESG integration across the Church Commissioners’ assets.

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<tr>
<th>ESG topic</th>
<th>Definition</th>
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| Climate change & net-zero carbon (E)          | - Achievement of net zero carbon across investment portfolio by 2050.  
- Integrating and responding to climate-related risks in the planning and development process (e.g. flood risk assessments). |
| Mobility & transport connectivity (E)         | - Active promotion of sustainable transport and alternative mobility models to encourage a shift away from private car use and enable the creation of people-centric communities. |
| Biodiversity (E)                              | - Achievement of biodiversity net gain on development sites, protection of priority habitats and creation of ecological corridors to enable the connection to larger networks of green infrastructure where possible. |
| High-quality building design (E)              | - A high-quality approach to masterplanning that delivers sustainable and aesthetically pleasing buildings and quality spaces between them. |
| Housing access & affordability (S)            | - Increase of the overall housing supply to improve access for people and thus help alleviate the housing crisis in the UK.  
- Contribution to affordable housing in accordance with the identified and published needs of local authorities. |
| Placemaking & social inclusion (S)            | - A masterplanning approach that prioritises people and placemaking in the form of high-quality public realm and, where possible, a variety of uses that serve more than one primary function to generate diversity and help create vibrancy.  
- Maximising community benefits and social opportunities via design and masterplanning in order to support the local economy; enable the creation of sustainable employment for local people throughout the whole lifecycle of developments. |
| Engaging & empowering local communities (S)    | - Implementation of comprehensive strategies for community and key stakeholder consultation, including adoption of diverse engagement methods and promotion of an open and honest dialogue with local communities to ensure long-term, ongoing community engagement to enable a continuous learning and sharing process. |
| Strategic land stewardship (G)                | - Ongoing engagement with our stakeholders and wider society (policymakers, industry peers, local communities, the church, housebuilders and residents) in the context of land promotion.  
- Retention of a long-term interest in development sites where feasible to optimise benefits delivered by the development. |
| Business ethics & integrity (G)               | - Implementing responsible investment policies and acting with integrity throughout the development process. |
| Transparency & accountability (G)             | - Effective internal and external communication of relevant ESG information ensuring overall transparency and accountability. |
Alignment with the UN SDGs

To ensure that the ESG Framework developed for the Strategic Land portfolio is aligned with the global sustainable development agenda, the top 10 topics have been mapped against the United Nations Sustainable Development Goals (SDGs). This mapping exercise highlights the SDGs which are considered to be most relevant to the operations of the portfolio and which the Strategic Land team will seek to contribute towards. As shown in the table below, the activities of the Strategic Land portfolio under the top 10 most material ESG topics are expected to have a positive impact (direct or indirect) on the achievement of 14 of the 17 SDGs.

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MATERIALITY ANALYSIS
To ensure the definition and comprehensive incorporation of ESG criteria that are most relevant to our Strategic Land portfolio, we have adopted a three-phase approach. This will help us build a Framework that is a ‘live’ document, and which evolves organically in response to real-time factors and therefore seeks to meet stakeholder expectations.

We will also have regard to the five core values defined by the Archbishops’ Commission on Housing, Church and Community, which articulates a clear vision of what good housing should be – sustainable, safe, stable, sociable and satisfying. We agree that these values are an important step in building thriving and successful communities.

At the next stage of our Framework development, we intend to formulate tangible and specific ESG metrics and associated criteria linked to the 10 priorities that we have identified. This approach will help us measure future performance and guide decision making across the portfolio.

The diagram on the next page illustrates the next steps we will take (Stages 2 and 3) and the timescales involved.
Key next steps will revolve around:

Defining ESG criteria/metrics linked to the identified 10 priority areas to guide decision making and facilitate the monitoring of ESG performance across the Strategic Land portfolio.

Establishing governance structures, training requirements and action plans for the ESG Framework implementation.

Assessing performance against the ESG Framework and creating a robust and impartial reporting process.

**Stage 1**
Defining what matters

- Materiality analysis
- Materiality Report 2020

**Stage 2**
Defining & assessing

- ESG criteria production
- Governance & training
- Portfolio assessment (baseline)
- ESG Report 2021

**Stage 3**
Improving & reporting

- Action plans
- ESG annual reports
- ESG Report 2022

Alignment with the Church Commissioners’ wider RI approach, the Church’s values and the Five Marks of Mission.
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