

focused on responsible growth



Our vision is continuous improvement, ensuring that: investors understand us and are keen to invest; customers recommend us and want to expand with us; employees are proud of the Company and are actively encouraged to develop their skills; competitors respect us; and government and suppliers want to work with us.

#### Overview of the business

During 2005 we undertook a major re-organisation of the UK business, with responsibilities structured around regions rather than core business activities. This new structure is intended to forge closer relations with customers by ensuring there is clear accountability for all aspects of service delivery within each regional team. This has led to changes in environmental responsibilities, with the associated establishment of a Regional Environment Committee, and regional representatives responsible for delivering a wide range of environmental targets across design, construction and property management.

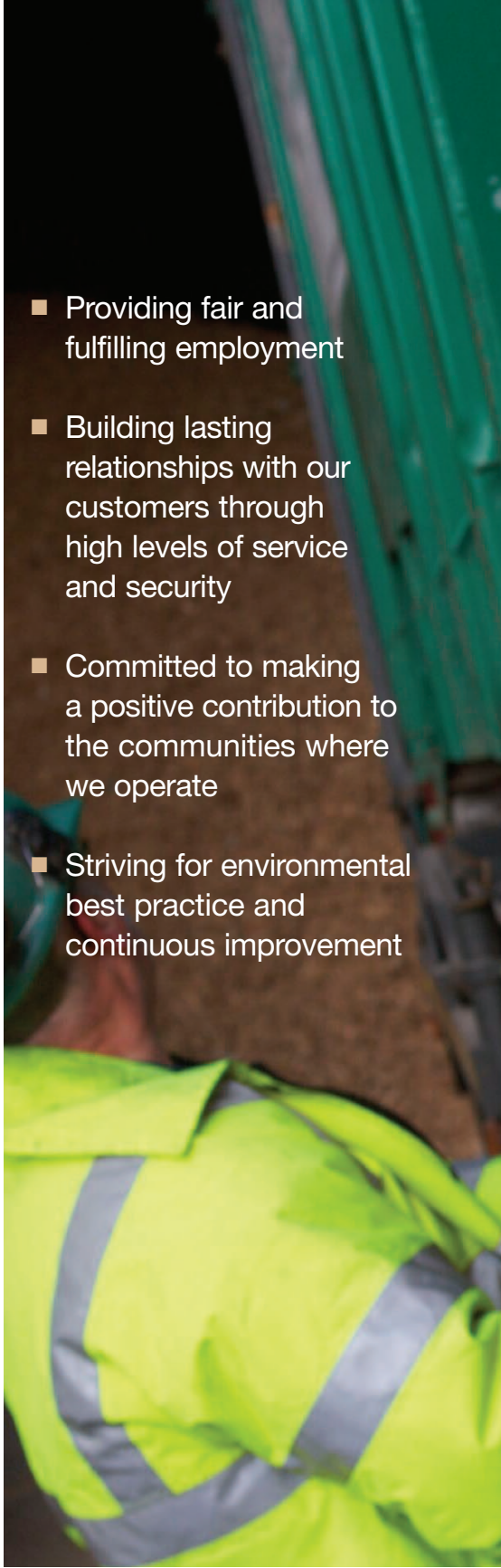
#### Report scope

All of the data in this report covers Slough Estates' activities in the UK. Some data (including energy and water use) also includes Slough Estates' activities in Continental Europe and the US. All the information relates to the calendar year ending on 31 December 2005.

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- Providing fair and fulfilling employment
  - Building lasting relationships with our customers through high levels of service and security
  - Committed to making a positive contribution to the communities where we operate
  - Striving for environmental best practice and continuous improvement



## Chairman's introduction



**My predecessor, the late Sir Nigel Mobbs, wrote in our CR report last year that good corporate responsibility is found in businesses that maintain a holistic approach to their responsibilities as good corporate citizens.**

Paul Orchard-Lisle  
Chairman

As Slough Estates has developed its commitment to corporate responsibility (CR), so it has become clear that benefits are not only enjoyed by its stakeholders but also by the Company. The pride that employees take in working for a Company with a strong corporate ethos and the enhancement that that ethos gives the Company's image are significant contributors to our ability to employ high-quality staff and to generate good business.

In this our summary report for 2005 I am happy to record that we have made significant progress in the last twelve months even though it is tempered by the knowledge that, as ever, there is more to do.

As is reported in greater detail elsewhere, we have made great strides with our drive to eliminate crime on the Slough Trading Estate, we have instigated research into market demand for green buildings, and we have started to roll out our environmental management system to our operations outside the UK.

Within our own operations we are seeing enhanced customer satisfaction with our services, larger financial contributions to the

communities we support, and reduced levels of water usage and of carbon emissions. In contrast, whilst our health and safety record is in many respects excellent, we need to pay attention to our accident incident rate and to the generation of waste.

Looking forward, we have devised a realistic and challenging programme for 2006 which, when completed, will do much to help us achieve the vision that we have for our Company in the whole area of corporate responsibility.

Finally, all of this, and indeed the facilitation of employment that our schemes generate has to be read against the background that Slough Estates is committed to becoming the leading European provider of flexible business space.

A handwritten signature in black ink that reads "Paul Orchard-Lisle".

**Paul Orchard-Lisle**  
Chairman  
24 March 2006

## Key highlights

Slough Estates set a total of 40 CR targets at the beginning of 2005. 75 per cent of these have been fully achieved and a further five per cent have been substantially progressed. Just three targets remain un-progressed at year-end. Particular achievements to be highlighted are listed below, alongside their associated business benefits.

- The adaptation of the UK Environmental Management System (EMS) for Belgium, and a commitment to roll this out to a further two European countries in 2006. Having been adapted to reflect national differences in the regulatory framework, the EMS will help to ensure greater consistency in the environmental standards that are achieved across Slough Estates' operations.
- The establishment of an online property management database, which includes fields on energy, water and waste performance data. This new intranet-based system should enable Slough Estates to monitor environmental performance more effectively and improve management practices accordingly. In 2006 we shall be investigating the feasibility for extending this system to our international operations.
- The extension of the Slough Trading Estate CCTV surveillance system to a further three sites via a remote monitoring system. The scheme has proved to be highly cost-effective, as the crime figures on the Trading Estate have dropped dramatically since its installation, and it forms a significant aspect of our marketing campaigns to prospective customers.
- Initial stages of research to investigate market demand for "green" buildings amongst our customer base. This has led to the development of a questionnaire focusing on a range of building-related environmental characteristics and enquiring about the extent of demand for these, both now and in the future. Responses to this survey will help Slough Estates to refine the design specifications of new developments and major refurbishments.

Table 1: Progress against Targets 2005

	Number of targets	0%	25%	50%	75%	100%
Total	40	3	3	2	2	30
% of total	100	7.5	7.5	5	5	75



Pegasus Park, Brussels, Belgium.



200 Bath Road, Slough.

## Headline performance indicators

Our commitment to CR recognises the need for continual improvement to ensure that our business processes, procedures and reporting reflect current best practice.

We have identified a number of performance indicators across all stakeholder groups that we feel provide a useful reflection of our progress year-on-year, see Table 2 opposite. We are pleased to report that the majority of our KPIs demonstrate an improvement in performance since 2004. In those areas where our performance has not improved, we seek to establish the reasons for the trend, and ensure that they receive greater attention in future.

**Table 2: Key performance indicators**

Economic		Detailed KPI	2005	2004 Restated
Financial Performance	Property investment income		£257.6m	£232.5m
	Profit before tax and exceptional items		£120.4m	£133.3m
	Adjusted basic earnings per share		24.0p	24.7p
Social		Detailed KPI	2005	2004 Restated
Employees	Total UK employee turnover (excluding retirees)		6.28%	New in 2005
	% of UK staff that are female		32.61%	New in 2005
Customers	Overall customer satisfaction (proportion of customers rating good or excellent)		64%	57% <sup>1</sup>
Health & Safety	Accident Incident Rate		2,515	2,128 <sup>2</sup>
Community	Total donation in cash and in kind to community and civil society		£627,914	£525,000 <sup>3</sup>
Crime prevention and security	Total crime figures on the Slough Trading Estate (incidents of crime per person on the Slough Trading Estate)		0.008	0.014
Environmental		Detailed KPI	2005	2004 Restated
Carbon emissions associated with energy use	Kg CO <sub>2</sub> /m <sup>2</sup> floor space		206	207
Water use	Total m <sup>3</sup> of water used per employee		24	26
Waste	Waste (tonnes) own-office occupation		53.78	47
Renewable energy	Renewable Energy Generation Gwh (Slough Heat & Power)		247	184
Pollution	Number and value of notifiable spillages or pollution incidents resulting from the actions of our customers or contractors		0	New in 2005
Land use	Area of "green space" created as a proportion of new developments		11%	15%
Nuisance	Number of environmental nuisance complaints received		0	New in 2005

<sup>1</sup> Overall customer satisfaction figures are weighted according to the number of interviews conducted per property. Please note, that the figure reported in the 2004 CR report referred to a direct average of the properties studied.

<sup>2</sup> The methodology used to calculate the Accident Incident Rate was revised in 2005 to correspond to HSE methodology; the figure reported here is therefore different from that stated in the 2004 CR report, which should now be discounted. The figure reported relates to the number of accidents during the period/average number of employees x 100,000.

<sup>3</sup> 2004 CR report mistakenly reported this figure as cash only donations, whereas it in fact also included "in kind" donations.

# Economic performance

## CR Objectives

- Create superior value for shareholders and secure sustainable long-term returns.
- Observe the principles of the Revised Combined Code and maintain robust corporate governance controls.
- Make a positive contribution to the economies in which we operate and to the economic capacity of our most important stakeholders.

Table 3: Financial highlights

	2005	2004 Restated
Property investment income <sup>4</sup>	£257.6m	£232.5m
Adjusted profit before tax	£120.4m	£133.3m
Profit before tax after exceptional items	£582.3m	£388.0m
Adjusted basic earnings per share	24.0p	24.7p
Basic earnings per share	91.7p	68.5p
Final ordinary dividend	11.0p	9.85p
Total ordinary dividend	17.5p	16.0p
Diluted net assets per share before investment property deferred tax	680p	558p
Basic net assets per share	733p	595p

<sup>4</sup> Property investment income comprises investment and joint venture property income.

Slough Estates' economic impacts include the Company's financial interactions with key stakeholders. The financial highlights in Table 3 above illustrate our performance with regard to our shareholders and investors.

In Table 4 below, using some of the Global Reporting Initiative indicators, Slough Estates indicates the scale of its monetary flows to key stakeholders, including suppliers, employees, communities and government.

Table 4: Monetary Flows to Key Stakeholders

GRI reference	Performance indicators	Slough Estates' Performance in 2005
EC3	Cost of all goods, materials and services purchased	£273m
EC5	Total payroll and benefits (including wages, pension, social security costs and non-monetary benefits)	£35.4m
EC8	Total sum of corporate taxes paid	£91.8m
EC10	Donations to community, civil society and other groups (cash and in kind)	£627,914

## Business Ethics

We have recently become a member of the Institute of Business Ethics and will be taking steps this year to monitor the effectiveness of our Code of Business Conduct. Our induction

process includes a requirement for employees to formally acknowledge receipt of the Code. Our Code is available to all employees via our intranet as well as our Whistleblowing policy.



## eTree

In 2005 we introduced "eTree" to our shareholders, an environmental incentive designed to promote electronic communications. For every shareholder who registers to receive electronic communications from the Company, a sapling is donated to the Woodland Trust's Tree for All campaign, which is

working with children to plant 12 million trees – one for every child in the UK.

Since the launch of eTree, 311 trees have been planted by Slough Estates, equivalent to the number of shareholders who have registered for eCommunications. This represents an area of 0.52 ha of land that will be reforested.

# Social performance

## CR Objectives

### Employees

- Attract and retain the best people by committing to excellent employment standards and enabling employees to enhance their capabilities and reach their full potential.

### Customers

- Work in partnership with, and continue to support, our customers to ensure consistently high standards and good value.



Employees from Slough Estates Head Office.

This section is structured under our CR objectives, each of which defines our commitment to acting as a responsible corporate citizen towards key stakeholders.

### Employees

During 2005 we focused on diversity, exploring how this differs from equal opportunities and identifying the benefits a diverse way of thinking can bring to our business. We created a bespoke in-house Diversity Programme, with all our UK Head Office employees attending a half-day workshop. Our managers attended a full-day programme which then linked to a second full day of training on selection skills for recruiting and attracting new people to join our business.

The programmes have all been successful with post-course evaluation indicating that 85 per cent of the workforce found the diversity programme to provide valuable experience.

Whilst we have always welcomed people with different skills, capabilities and backgrounds into our business and indeed, continue to do so, this training has further enhanced the appreciation a diverse workforce brings.

Of the people joining our UK business in 2005, our recruitment statistics indicate that:

- 45% are female
- 7% are from an ethnic background
- 2% are disabled

The new Performance Development Review (PDR) for UK Head Office employees launched in 2004 continues to encourage employees to develop their skills and capabilities. To this end, the Company spent a total of £245,000 on training UK Head Office employees during 2005, totalling 926 training days.

The health and welfare of our employees continues to be of great importance. During 2005 we spent in excess of £2,000 per person in the UK.

### Customers

The regional restructuring undertaken during 2005 was designed to improve the quality of service to our customers. By organising our activities by region rather than business activities, there is clear responsibility for understanding customer needs and service delivery.

As in previous years, Slough Estates commissioned a customer survey during 2005. For those properties that have been in the portfolio since 2004, there has been an improvement in customer satisfaction over

**“The results of the 2006 Customer Survey indicate that Slough Estates is making real progress in improving customer satisfaction. Many occupiers now perceive the Company to be more communicative, responsive and flexible in approach. Efforts to address concerns about security have been particularly well received.”**

Howard Morgan, Managing Director,  
Kingsley Lipsey Morgan

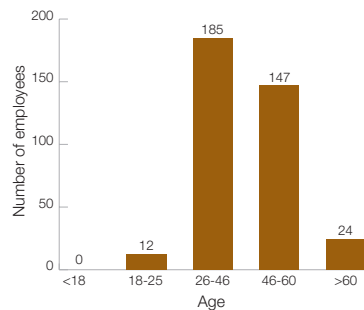
the past year – as demonstrated in Graph 3. Other key findings from this survey include:

- 74% of customers in properties which have been in Slough Estates’ active management for the duration of 2005 are strongly satisfied with property management.
- 75% of all occupiers are strongly satisfied with communication with Slough Estates and 76% consider property management to be responsive.
- 94% of customers interviewed at Slough Trading Estate and 88% of customers at Winnersh Triangle rate their satisfaction with property management as “good or excellent”. This compares favourably with 68% and 40% respectively in the previous year.

Slough Estates also continues to participate in the Real Service Benchmarking Index. This is a confidential programme, which measures how far the organisation has progressed in adopting best practice in customer-focused property management.



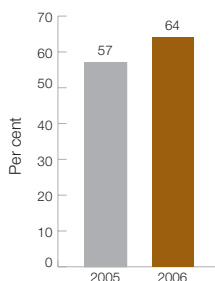
Graph 1: UK age profile (New KPI)



Graph 2: Gender profile 2005 (New KPI)



Graph 3: Overall customer satisfaction



**CR Objectives**

**Crime prevention and security**

- Maintain the level of security required at our properties to minimise the incidence of crime and disturbance.

**Accessibility**

- Promote the accessibility of our buildings to a wide range of users.

**Health & Safety**

- Maintain an outstanding Health & Safety record by implementing robust management controls and careful auditing procedures.

**Crime prevention and security**

The installation of CCTV cameras across the Slough Trading Estate combined with a thriving Business Watch scheme has had phenomenal success, with overall crime figures on the Estate falling by nearly 50 per cent since 2003. Findings from our annual customer satisfaction survey demonstrate that customers are recognising the improvements in security at the Slough Trading Estate, with the proportion of occupiers rating security provision “strongly” rising from 50 per cent in 2003 to 75 per cent in the most recent survey.

The introduction of 24-hour CCTV surveillance at Slough Trading Estate has been so successful that we have introduced remote surveillance systems at our other estates, including Southampton and Winnersh Triangle.

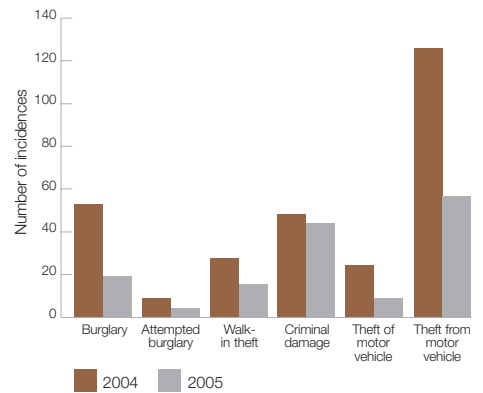
**Accessibility**

During 2005 Slough Estates continued to implement the high-priority recommendations from disability access audits undertaken at all properties in the portfolio during 2003 and 2004. Some of these are paid for by Slough Estates directly, and others are included within service charges.

**Health & Safety**

Health & Safety (H&S) remains a top priority across Slough Estates’ activities, and we are pleased to report that, in 2005, no major injuries or fatalities occurred on any of our sites. We shall be focusing upon ensuring consistency in our approach to H&S across the Group – both in the UK and internationally. Our online H&S training tool is one way in which we hope to ensure all staff understand their role and responsibilities in achieving the highest standards of H&S.

**Graph 4: Crime Figures for Slough Trading Estate**



Unfortunately, the widespread use of this tool has been hampered by technical difficulties with the online system. Nevertheless, it has been piloted with 33 individuals at our Head Office in Slough, and we hope to roll this out to all staff members during 2006.

In September 2005 we also achieved a Gold Standard in the Construction Skills Certification Scheme for our construction division, due to our registration of at least 75% of our employees under the Construction Skills Certification Scheme.

We continue to monitor our performance against a selection of performance indicators, as specified by the Global Reporting Initiative. We are pleased to report that three-day reportable injuries remained low in 2005, however non-reportable First Aid injuries did increase. This is largely due to a greater number of construction projects in 2005, which meant that there were a higher number of operatives working on-site. In addition to this, one refurbishment project involved sand-blasting activities, which led to an increase in the number of eye injuries.

**Table 5: Health & Safety GRI Indicators 2005**

GRI reference	Performance indicators	Slough Estates Performance in 2005 (construction only)
LA7	First Aid only injuries (non-reportable)	49
	Three-day injuries	4
	Number of work-related fatalities, including both employees and sub-contracted workers	0
	Accident Incident Rate	2515
PR4	Number of type of instances of non-compliance with regulations concerning customer Health & Safety, including penalties and fines	Nil

# Social performance continued

## CR Objectives

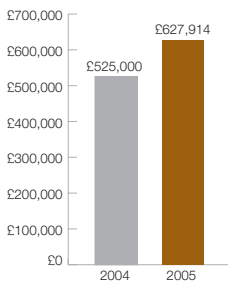
### Community

- Remain actively engaged with communities in which we operate and contribute to community vitality through employee time as well as financial contributions.

### Suppliers

- Engage with prioritised suppliers to ensure that they operate to similar standards of propriety and seek to build long-term relationships with them.

Graph 5: Charitable giving (cash and in kind)



Pitstop Project which Slough Estates supports whose aims are to get young people engaged by teaching them skills in vehicle maintenance.

**“Building on the social and education stages of the programme Slough Estates has contributed to the vital physical improvement stage of the programme.”**

Source: Groundwork Thames Valley, update on the Lismore Park Project, 27 January 2006

**“It was interesting to evaluate other companies’ policies and to see how we can all interact to make waste management easier. Keep up the good work.”**

Contract Director, Lowery Demolition Limited

## Community

We continue to recognise our responsibilities towards the local community, and believe in the mutual benefits of improving quality of life in communities where we invest. Due to our strong presence in the Slough area, we are particularly keen to contribute to projects in this area. Our ongoing efforts to support young people in Slough continued with major contributions to the Princes Trust and the Outward Bound Trust and we also helped a local school, Westgate, achieve specialist status with a donation of £10,000. The Westgate School also benefited from Slough Estates donations to the Outward Bound

**“This is a fantastic opportunity for students to complete such a highly rated course and is an experience that they will never forget; for some of them it will change their lives. This funding enables all of this to happen and it would not be possible otherwise. Thankyou.”**

Karen Ericson, Teacher, Westgate Secondary School

Trust as a selection of students from the school received funded places on one of the Trusts’ Residential Courses in mid-Wales in 2005. The feedback from these pupils demonstrated the positive impact the Outward Bound experience has on young people. The two local projects that help children who have been or are in danger of being excluded from mainstream education, Slough Activate and Pitstop have continued to thrive thanks to the Company’s support. In 2005 we continued our partnership with Groundwork Thames Valley, working to achieve environmental regeneration in deprived areas. Through this partnership, we donated £10,000 to the Lismore Park project to contribute to a programme of social improvements and activities alongside physical improvements to the open space. This money went towards a toddlers’ play area, street furniture, and tree planting, and it helped to lever match-funding totalling £300,000.

Table 6: Community indicators 2005

GRI reference	Performance indicators	Slough Estates Performance in 2005
EC10	Total donations in cash to community and civil society during 2005	£627,914
EC10	Total days of employees time spent on community and civil society activities	50* (estimate only)
n/a	Total community contributions through planning agreements with local authorities	£640,000**

\* The figure of 50 days employee volunteering is significantly lower than the 2004 figure of 362 days due to the extensive involvement of Slough Estates staff in project managing the redevelopment of Herschel Grammar School’s sport facility, which ended in 2004. One of our targets in 2006 is to develop more formatted systems for capturing staff time spent volunteering in community and civil society activities, and to monitor this centrally.

\*\* This figure relates to fees paid under section 106 agreements to four different local councils.

We continue to encourage our staff to take up volunteering opportunities. Our charity policy, which is available to all UK employees, provides for one day of paid leave per employee to assist a charity of their choice, resulting in 20 days of staff time towards charitable objectives such as administration and fundraising.

In honour of the memory of Sir Nigel Mobbs, our former Chairman who sadly died in October 2005, the Company has established the “Nigel Mobbs Community Award” for voluntary and charitable organisations in the Slough and South Bucks areas.

## Suppliers

Slough Estates works with a large number of suppliers ranging from property managers to building contractors, and architects. All our dealings with contractors are governed by a code of conduct which requires that we uphold certain minimum standards in our business relationships.

In 2005 we continued to engage with our major contractors on waste management, providing them with site waste management plans, and inviting them to Environmental Workshops held throughout the year. These were generally positively received and provided mutual benefits.

We also recognise the need to engage more proactively with all aspects of our supply chain. During 2006 we will be recruiting a Group procurement manager to bring consistency to our buying practices, and to ensure efficiencies wherever possible. As part of this person’s responsibilities, sustainable and responsible procurement policies will be formulated and implemented wherever possible.

# Analysis of key performance indicators

## Environmental performance

### CR Objectives

- In order to contribute to the effective protection of the environment and prudent use of natural resources, Slough Estates has developed an environmental policy and separate objectives, and implemented an environmental management system (EMS).

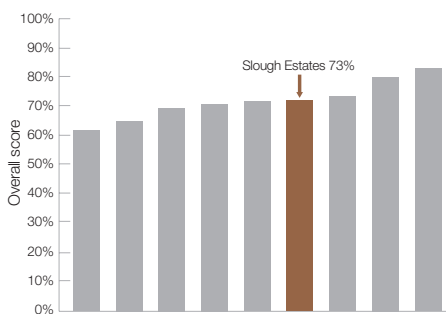


Forestry worker at Shred-Co, one of the sawmilling companies who supply wood chips to Slough Heat & Power.

### External benchmarking



### PEG Benchmarking Survey 2006



Slough Estates has participated in the PEG Benchmarking Survey since 2000. This annual survey, organised by Upstream, is the only survey of sustainability engagement and performance specific to the property sector. Slough Estates has consistently been ranked amongst the leaders and the graph above demonstrates Slough Estates' position relative to its peers in the latest survey.

### Significant environmental impacts

In 2005 Slough Estates undertook a comprehensive review of the most significant environmental impacts associated with its core business activities, and the way in which these are measured using key performance indicators (KPIs). The review was undertaken by representatives on the Group Environmental Committee, in consultation with external strategic advisers on environmental management. The conclusions from the review are described below.

Having disposed of a number of the multi-let shopping centres, Slough Estates has greatly reduced the number of properties where it retains managerial control over common parts and common services. This reduces the significance of environmental impacts such as resource efficiency and waste management in relation to the Company's property management activities, and further emphasises the importance of working with our customers on pollution control and risk management. We will, therefore, continue to conduct environmental audits of high-risk users, and to provide training to all new occupiers on building management following hand-over.

By contrast, and given the growth in development activity over the course of the past year, the environmental impacts associated with design and construction activities are of higher significance, and represent the greatest opportunity for us to make meaningful improvements. To reflect this, we have introduced a number of new environmental KPIs in 2005, to monitor our performance and set more appropriate targets in the future. We also carry out regular environmental audits on all our "live" development sites.

We continue to recognise the environmental impacts associated with our own-office occupation, including resource use, waste

management, and business travel, and we will keep monitoring our performance and setting improvement targets where possible.

The KPIs presented in this section of the CR Report reflect the above conclusions of the recent review of our significant environmental impacts. In addition, for the purposes of accountability, we continue to make use of indicators put forward by the Global Reporting Initiative<sup>6</sup> (GRI) to disclose absolute figures for our electricity, gas and water consumption, carbon dioxide emissions, and waste generation across all our activities. However, data collection processes in our international businesses are not as developed as they are in the UK, so the coverage of data does not always encompass the entire portfolio (as defined by the data qualifying notes).

<sup>6</sup> Global Reporting Initiative Sustainability Reporting Guidelines 2002.

### Energy use and carbon dioxide emissions

Slough Estates purchases gas and electricity directly for its own-occupied offices, and for all properties or areas that are actively managed on behalf of customers. Generally, such energy is non-renewable, purchased under standard utilities purchasing agreements with mainstream suppliers. The table below quantifies Slough Estates' energy consumption and associated environmental impacts in absolute terms using the GRI indicators.

In thinking about the Company's impact on climate change, as represented in part by the carbon dioxide emissions associated with energy use, it is important to put this into context with emissions reductions achieved through the generation of renewable energy by Slough Heat & Power. As reported on previously, Slough Estates is in the unique position of owning one of Britain's longest-serving and most flexible power stations located on the Slough Trading Estate. This generates electricity for the Estate (which

Table 7: Global energy use

	Electricity (Gigajoules) – GRI Ref: EN3	Gas (Gigajoules) – GRI Ref: EN3	CO <sub>2</sub> emissions (Kg) – GRI Ref: EN8*	% of total CO <sub>2</sub> emissions
UK	21,779	15,909	12,388	80
Europe	418	35	186	1
US	6,812	84	2,945	19
<b>Total</b>	<b>29,009</b>	<b>16,028</b>	<b>15,519</b>	<b>100</b>

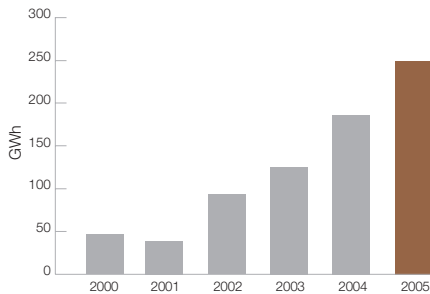
\* Using UK Government Conversion Factors.

Data Qualifying Notes: This data covers 100 per cent (by net internal area) of the Company's own occupied and managed properties in the UK and the US.

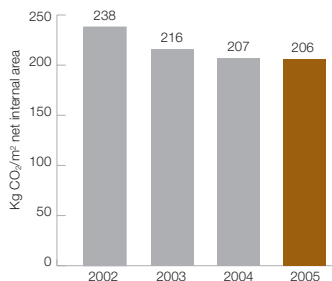
The coverage of the European data is 10 per cent (by net lettable area) of the total European portfolio, but represents the majority of multi-let properties over which Slough Estates remains some managerial control.

## Environmental performance continued

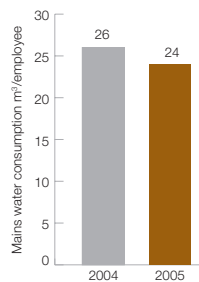
**Graph 6: Renewable energy generation**



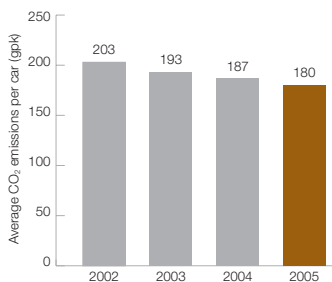
**Graph 7: Carbon emissions of Own-office occupation**



**Graph 8: Water consumption in own-office occupation**



**Graph 9: Fleet emissions**



includes the Company's UK Head Office) and sells any surplus to the National Grid. Having converted from burning coal to biomass and non-recyclable packaging materials, the power station is generating increasing amounts of renewable energy (see Graph 6), which has significant benefits for the Company, both in environmental and commercial terms.

Based upon historical fuel (gas and coal) usage, the Government allocated 297,886 tonnes of carbon dioxide per annum to Slough Heat & Power for the period 2005-2007. Due to the successful conversion of much of the power station to bio fuels, the power station produced only 70,000 tonnes of carbon in 2005 which is 230,000 tonnes less than the predicted emissions had the power station not been converted. To put this figure into context, 230,000 tonnes of carbon dioxide is equivalent to the annual emissions produced by 88 per cent of Slough's population<sup>7</sup>. These 230,000 tonnes of carbon dioxide were traded in the European Emissions Trading Scheme in 2005 generating substantive revenues.

The power station also provides steam and hot water directly to Slough Trading Estate for the purposes of space heating and use in industrial processes. In 2005 95 Gwh, 89 per cent of the total steam and hot water provided to the estate by Slough Heat & Power, was derived from renewable fuels.

Not only does the growth in renewable energy generated by the power station represent savings in carbon dioxide emissions, but fuel that was derived from waste products avoided 200,000 tonnes of waste going to landfill in 2005.

Graph 7 demonstrates that carbon dioxide emissions associated with energy use in all our own-occupied offices have fallen year-on-year since 2002. Careful management and staff awareness initiatives have contributed to the downward trend. To increase efficiency much beyond what has already been achieved at some sites would now require major refurbishment works which are not planned for the immediate future.

In 2005 Slough Estates also participated in a trial of the simplified Building Energy Method (SBEM) software which will form the methodology endorsed by the government to calculate the Energy Ratings of buildings under the European Energy Performance of Buildings Directive. We have trialed the

software on both an industrial and an office building and have provided feedback on the methodology, which is still under development.

<sup>7</sup> Figures available for 2003 only. <http://www.defra.gov.uk/environment/statistics/globalatmos/regionalrpt/lareregionalco2.rpt2/0051021.xls>

### Water

Slough Estates also purchases water for its own-occupied offices, and for some areas that are managed on behalf of its customers (eg landscaping, cleaning of common parts, etc). However, the amount of water being purchased for its customers becomes progressively less significant as a result of the disposal of several actively managed properties in the portfolio (eg shopping centres), which accounts for the significant drop in our total water use over the past few years.

**Table 8: Global water use**

	Water (m <sup>3</sup> ) – GRI Ref: EN5
UK	18,731
US	14,530,688
<b>Total</b>	<b>14,549,419</b>

Data qualifying notes:

This data covers 100 per cent (by net internal area) of the Company's own occupied and managed properties in the UK and the US. European data is not included as water is not sub-metered at the majority of sites. In 2006 we will be investigating how to increase the energy and water data we are able to collect and monitor at our European properties.

To put the above figures into context, our global water use in 2005, was the equivalent to 5,820 Olympic sized swimming pools. That is 16 swimming pools of water used per day. However, the majority of water consumption relates to properties in Southern California, where customers processes are very water-intensive.

Within Slough Estates' own-occupied offices in the portfolio, we have achieved a slight decrease in water use per employee in the past year, which we consider to be a more accurate indicator than water use per floor area.

### Transport

Whilst Slough Estates cannot control how its customers travel to and from the buildings they rent from us, we do encourage them wherever possible to use sustainable forms of transport, through the development of green travel plans and up-to-date information.

In terms of our own staff, we encourage them to take part in an Econo-Drive programme to raise awareness of efficient driving practices, and we continue to promote car sharing for

staff at the UK head office. Interestingly, the efficiency of our car fleet continues to improve year-on-year, as demonstrated by the graph overleaf. However, this is perhaps more directly reflective of the UK Government's tax incentives to encourage fuel efficiency, both on the supply and demand side.

**Waste management**

**Table 9: Waste from own-office occupation**

Waste	Waste (Tonnes) – GRI Ref: EN11	Proportion of total waste produced (% by weight)
Own-office occupation	53.78	1
Construction	4,426.27	99
<b>Total</b>	<b>4,480.05</b>	<b>100</b>

Data qualifying note: This data encompasses the total waste produced in our own occupied properties and across our construction projects in the UK.

To put this figure into context, the total waste from our own head office combined with our total construction waste in 2005 was the equivalent to 7.5 per cent of the average annual domestic waste generated by the entire population of Slough.

As demonstrated by the figures in the Table 9, construction activities made the most significant contribution to our waste impacts during 2005. So as to better understand the nature of waste generated on construction sites, Slough Estates made use of the SmartStart tool developed by the Building Research Establishment to quantify total amounts of different types of waste produced, and compare these with a benchmark.

Although the majority of our construction activities will be outsourced in future, we will engage with our contractors to ensure that good practice learnt through our in-house construction activities will continue.

**Pollution and contamination**

We continue to closely manage the risk of contamination resulting from any of our, and our customers', activities. Regular risk evaluations on all properties are carried out, and we are pleased to report that again in 2005 our pollution and contamination incidents remained at zero.

**Table 10: Pollution and contamination**

Number and value of notifiable spillages or pollution incidents resulting from the actions of our customers or contractors	0
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**Biodiversity and land use**

**Table 11: Brownfield development**

Proportion of development starts on brownfield land (by area)	95%
Average green space as a proportion of site area	11%



**Case Study: Archaeology at Riverside Way, Uxbridge**

Archaeologists were commissioned to investigate a clay bank at our development in Riverside Way, Uxbridge that dates back to 10,000 BC. Their findings suggest that parts of the area were once inhabited by wandering hunting groups, and the remains of a river channel which could date back as far as 20,000 BC have also been uncovered.

The archaeologists found a flint flake, thought to be Neolithic or bronze age (between 2,000 and 700 BC), which could have been used as an arrow head or part of a tool.



**Case Study: Ecological enhancement at Javelin Park, Haresfield and Riverside Way, Uxbridge**

Slough Estates development at Javelin Park required the diversion of an underground watercourse. Originally a culvert ran across the redundant airfield, but, Slough Estates diverted the watercourse to create an open stream, with 'rolling' grassed and planted banks to the benefit of local wildlife.

With the full support of the Environment Agency, and following statutory guidelines, a channel was cut out of the clay subsoil to provide an open stream that 'snakes' around the site boundary. To enhance the ecological value of the site, over 1,800 marginal aquatics were planted along the water course, and

the banks were planted with 150 native trees and 7,800 shrubs, and seeded with a wildflower seed mix.

By managing the diversion of the water course, which previously provided no environmental benefit, in a sensitive manner in the form of constructing a new stream and by the careful selection of native trees, shrubs and aquatic plants Slough Estates has created a 1.4 hectare 'conservation area' that will benefit the local environment and support a number of different habitats for many years to come.

Similarly, at Riverside Way, Phase 2, as a site 'sandwiched' between the Grand Union Canal and the river Colne, Slough Estates took up the opportunity to promote and improve the local riverside environment, to the benefit of users, and the local ecology. Steel and concrete retaining walls were removed and replaced by gently profiled grass banks. Much to the approval of the local fishing fraternity!

The ecological value of the banks was enhanced by the planting of marginal aquatics and grasses, and a small pond was also created. All of the improvements have been undertaken with the support of the Environmental Agency and in undertaking these works Slough Estates has not only created a habitat that will support and add value to the local ecology it has also provided connectivity to the wider riverside wildlife corridor.

## Advisors statement

2005 has been a year of considerable change for Slough Estates, as it expands further into mainland Europe, focusing on core industrial and office investments. Upstream continues to be encouraged by the Company's thoughtful approach to environmental management, and its commitment to behaving fairly and responsibly towards key stakeholders. Of particular note during 2005 was Slough Estates' review of its most significant environmental impacts in view of the changing structure of the portfolio, and the sale of several actively managed multi-let properties. This led to a renewed focus on integrating environmental good practice into building design and development activities, and engaging with customers and suppliers to reduce the environmental risks arising from their own business activities.

Slough Estates set itself 40 CR targets to be achieved during 2005. As in previous years, Upstream has assessed the Company's achievement against these targets based upon the following:

- Interviews with Slough Estates staff who have functional responsibility for key CR impact areas.
- In-depth review of documentation and information submitted as evidence against the targets.
- A review of environmental performance data relating to energy and water use at own-occupied and multi-let portfolios in the UK and internationally. This involved a certain degree of error checking, validation and verification, but it does not amount to a comprehensive audit covering the data source.

On the basis of the audit described above, Upstream can provide assurance that 30 of the 40 targets have been fully achieved (representing 75% of all targets). This is an extremely good performance and demonstrates the extent to which CR is now embedded in core business activities and individual performance objectives. 29 of the original 40 targets were environmental, and 21 of these were fully achieved. Particular CR highlights during 2005 included:

- A focus on diversity awareness amongst Slough Estates staff including the development of a bespoke in-house Diversity Programme, and the introduction of formal monitoring systems to evaluate the diversity of the workforce.
- The restructuring of the business to strengthen levels of customer service resulting in higher customer satisfaction, and the ongoing excellent crime prevention systems.
- Continued involvement in a range of community programmes within the Slough area, and the introduction of a formal employee volunteering scheme.
- Further increases in the quantities of renewable energy generated by the Slough Trading Estate, and the corresponding carbon emission reductions. This is particularly noteworthy as it has enabled the Company to trade 230,000 tonnes of Carbon in the European Emissions Trading Scheme, generating substantive revenues.
- A more advanced understanding of the sources of waste on construction sites, and the opportunities for reducing this by working in partnership with contractors and suppliers.

Three of the 2005 CR targets remain un-progressed at year end, 2 of which were environmental. This reflects, in part, the increase in construction activities over the past year but is also a function of the Company having set itself aspirational performance targets, which continue to be relevant despite being challenging to achieve. Looking ahead, 2006 will present a number of challenges and opportunities for Slough Estates. With the outsourcing of construction activities at the start of 2006, it will be particularly important for Slough Estates to engage with its contractors to ensure that its CR commitments are upheld throughout the supply chain. The Company's European growth will also present important challenges in respect of rolling out high standards of environmental and social responsibility, particularly in those countries where legislative controls might be weaker than they are in the UK. This will include the extension of the environmental database (that is now well established in the UK), and the more challenging task of measuring community investment which will require more formalised and systematic procedures to be employed, even in the UK.

At Upstream, we look forward to continuing to work with Slough Estates to address these future challenges. We are keen to ensure that the company maintains its position as one of the leading companies within the real estate industry on CR and sustainability matters.

**Julie Hirigoyen**  
Director  
Upstream



## 2006 Targets

CR objectives	2006 CR Targets
<b>Social: In order to contribute to social progress which recognises the needs of everyone, Slough Estates seeks to:</b>	
Attract and retain the best people by committing to excellent employment standards and enabling employees to enhance their capabilities and reach their full potential.	<ul style="list-style-type: none"> <li>■ Following the successful implementation of the PDR processes in the UK, we will adapt and trial it in our Paris Head Office during the spring, with a view to begin European roll-out during 2006.</li> <li>■ To begin to review policies and employment standards of our Continental European employees.</li> <li>■ To conduct a Group-wide employee engagement survey.</li> </ul>
Work in partnership with, and continue to support, its customers to ensure consistently high standards and good value.	<ul style="list-style-type: none"> <li>■ To demonstrate continued improvement in performance as measured by beginning and year-end customer satisfaction surveys.</li> <li>■ To roll out the service standards developed for the Slough Trading estate in 2005 across all UK regions.</li> <li>■ To provide a document outlining all local public transport links to all our tenants in Continental Europe.</li> <li>■ For each European country to understand and behave in accordance with the Group code of business ethics, where relevant.</li> </ul>
Maintain an outstanding Health & Safety record by implementing robust management controls and careful auditing procedures.	<ul style="list-style-type: none"> <li>■ To set up a framework for an auditable UK Health and Safety management system in line with OHSIS 18001.</li> <li>■ To ensure all office-based staff have received general Health &amp; Safety awareness training within the last 2 years.</li> <li>■ To analyse and identify trends in UK Group Health &amp; Safety Accident data.</li> <li>■ To provide basic health and safety training to all employees in our European operations.</li> </ul>
Remain actively engaged in the communities in which it operates and contribute to community vitality through staff time as well as financial contributions.	<ul style="list-style-type: none"> <li>■ To centralise and improve data capture processes for employee volunteering.</li> <li>■ To measure and report all community donations and events centrally in Europe and report these to the UK.</li> </ul>
Maintain the level of security required at our properties to minimise the incidence of crime and disturbance.	<ul style="list-style-type: none"> <li>■ Maintain the current very low level of criminal activity on the Slough Trading Estate as measured by total numbers of incidents, in figures provided by Thames Valley police.</li> <li>■ Complete the installation of at least two further remotely monitored CCTV systems to protect our customers' property on unmanned Estates outside Slough.</li> </ul>
Promote the accessibility of its buildings to a wide range of users.	<ul style="list-style-type: none"> <li>■ No accessibility targets have been proposed.</li> </ul>
Engage with prioritised suppliers to ensure that they operate to similar standards of propriety and seek to build long-term relationships with key suppliers.	<ul style="list-style-type: none"> <li>■ To implement a Group responsible procurement policy.</li> </ul>
<b>Environmental: In order to contribute to effective protection of the environment and prudent use of natural resources, Slough Estates has developed a separate environmental policy and objectives, and implemented an environmental management system (EMS).</b>	
Objectives related to Implementation of the Environmental Policy	<ul style="list-style-type: none"> <li>■ Review and update the EMS manual and to promote its use with key personnel.</li> <li>■ To investigate options for calculating the Carbon footprint of the UK portfolio.</li> <li>■ To investigate the feasibility for Europe and the US to input environmental data directly into our internal property management database.</li> <li>■ To launch a campaign to promote energy-efficient practices in all European offices.</li> <li>■ To roll-out the Belgium EMS to an additional two European countries.</li> </ul>
Slough Heat & Power-related environmental objectives	<ul style="list-style-type: none"> <li>■ To achieve a further 8% increase on the output of renewable energy.</li> <li>■ To generate the equivalent of Slough Trading Estates' steam requirement in "Green Steam".</li> <li>■ To have zero environmental complaints.</li> <li>■ To have zero unauthorised releases.</li> </ul>
Company administration-related environmental objectives	<ul style="list-style-type: none"> <li>■ To maintain 2006 electricity KPI at or below that for 2005.</li> <li>■ To maintain 2006 water KPI at or below that for 2005.</li> <li>■ To extend the car-share incentive scheme to reward those who do not use a car at all.</li> </ul>
US Environmental objectives	<ul style="list-style-type: none"> <li>■ To request that 20% of Slough Estates US service companies provide a written summary of actions taken in 2006 to comply with Group environmental policy.</li> <li>■ To share environmental best practice with our two main contractors who currently undertake our development work.</li> <li>■ To achieve a minimum rating of LEED-CS "Silver" on at least one development.</li> <li>■ To include environmental responsibility within one or more Slough Estates US officers roles and look at possible environmental training requirements.</li> </ul>
Development-related environmental objectives	<ul style="list-style-type: none"> <li>■ To ensure 100% of development starts on brownfield land.</li> <li>■ To ensure all developments achieve a minimum of self-certified BREEAM "very good", with four of these being independently verified.</li> <li>■ To have one independently verified BREEAM "excellent" development.</li> <li>■ To achieve a total increase in green spaces at UK sites redeveloped in 2006 by 5%.</li> </ul>
Leasing and estate management-related environmental objectives	<ul style="list-style-type: none"> <li>■ To resolve 50% of environmental actions identified for the ex-Land Securities portfolio and set timescales for resolution of the remaining 50%.</li> <li>■ To resolve 100% of outstanding environmental action points in the remaining portfolio.</li> </ul>
Building design and construction-related environmental objectives	<ul style="list-style-type: none"> <li>■ To put in place a procedure to record environmental incidents on our development construction activities, to include, spillages, pollution incidents, noise, vibration and dust incidents.</li> <li>■ To put in place a procedure to monitor and respond to complaints from neighbours or members of the public during our construction activities.</li> <li>■ To ensure 50% of our top 10 (by expenditure) contractors to have an EMS in place.</li> <li>■ To ensure 50% of our development construction sites to have in place a "Considerate Contractors Scheme".</li> </ul>

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