

UKSE'S ESG STRATEGY & POLICIES



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UKSE'S ESG STRATEGY

Who are UKSE and why are we here?

UKSE exists to help regenerate communities in the UK affected by changes in the steel industry. We're socially led in everything we do, providing support in a responsible way that makes a real difference to the communities we serve.

Our vision is:

To regenerate: bringing jobs, economic prosperity and social change to communities in the UK affected by changes in the steel industry.

Our mission is:

To enable and encourage businesses and the people behind them to create jobs, grow and prosper, in the UK communities affected by changes in the steel industry.

How does UKSE operate?

UKSE has three main activities:

1. UKSE Investment – We provide support to SMEs with both debt and equity finance, to help them grow and so create jobs and prosperity in our communities.
2. UKSE Workspace – We provide high quality, managed office, and workshop accommodation to businesses, on easy terms.
3. UKSE Community - We operate a community support programme, with the aim of making our communities a better place in which to live.

We've been supporting our communities since 1975 and we are successful at what we do. Our programmes have supported the creation of over 80,000 jobs across 8000 companies with over £110m of support. We are proud of our strong corporate social responsibility roots, but we want to go further and recognise that our activities can also be harnessed in a way that will be beneficial to the environment and the wellbeing of our communities.

What is ESG?

ESG is an umbrella term standing for "environment", "social" and "governance". It's a method by which companies can review their own behaviour (and the behaviour of those they do business with) against a broad range of assessment criteria designed to promote ethical and sustainable conduct under the three ESG headings.

What will an ESG Strategy mean for UKSE?

We are committed to an ESG strategy through our desire to promote ethical and sustainable conduct for both ourselves and those companies we interact with. UKSE has adopted two mutually compatible approaches to provide a framework for setting meaningful measures to determine the success of our ESG strategy. Performance against these measures will inform UKSE's decision making regarding our ESG strategy. These two approaches are:

1. The adoption of the UN's Sustainable Development Goals (**SDGs**) relevant to UKSE and its business.
2. To pursue a net zero emissions strategy and align ourselves to the UN's aspiration of seeking to limit global temperature rises to 1.5°C by no later than 2050. By 2030 our aim is to have reduced our Greenhouse Gas (**GHG**) emissions by 30% and our ambition is to reach net zero by no later than 2045.

What are the SDGs?

The UN has urged all nations and peoples to take action to end poverty, protect the planet and improve the lives and prospects of everyone everywhere. There are seventeen SDGs that provide a framework for all sections of society to adopt and work towards these goals through a set of ambitious but measurable targets. The SDGs recognise that to achieve the UN's goals action must go together with strategies that build prosperity and economic growth, whilst also addressing social needs and tackling environmental protection.

Which SDGs will UKSE adopt?

UKSE is committed to supporting the aspirations of the SDGs. At UKSE we realise we can't tackle every issue covered by the SDGs; however, we are committed to playing our part and as a business UKSE has adopted meaningful and challenging measures from within the following nine SDGs:



What does a net zero strategy mean for UKSE?

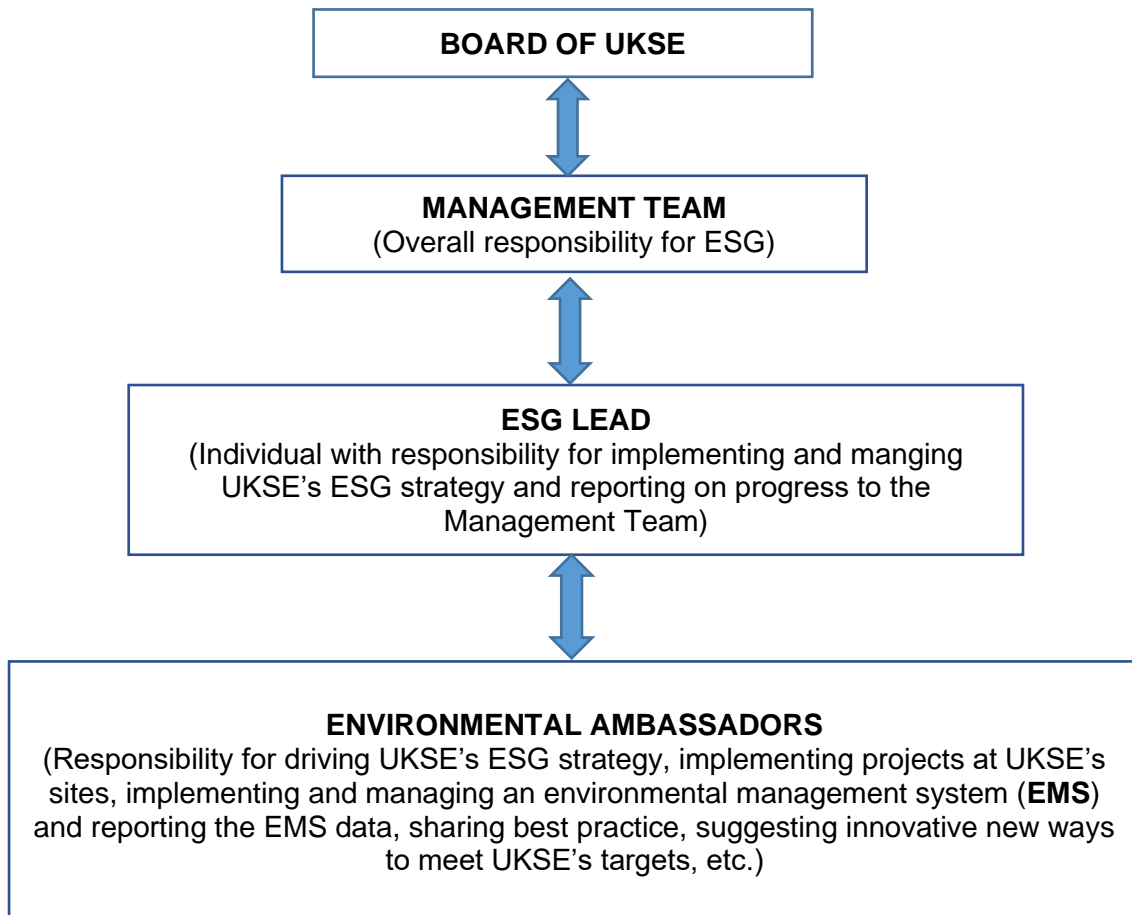
By 2030 our aim is to have reduced our Greenhouse Gas (**GHG**) emissions by 30% and our ambition is to reach net zero by no later than 2045. We will measure the success of this strategy by drawing on the GHG Protocol and the Partnership for Carbon Accounting Financials (**PCAF**). The GHG Protocol provides a global comprehensive standardised framework to measure and manage GHGs and is the most widely used GHG accounting standard. GHG emissions are split into 3 categories:

1. Scope 1 – GHGs made directly e.g., running the business, company vehicles, etc.
2. Scope 2 – GHGs made indirectly e.g., purchase of energy or something produced by another using GHGs.

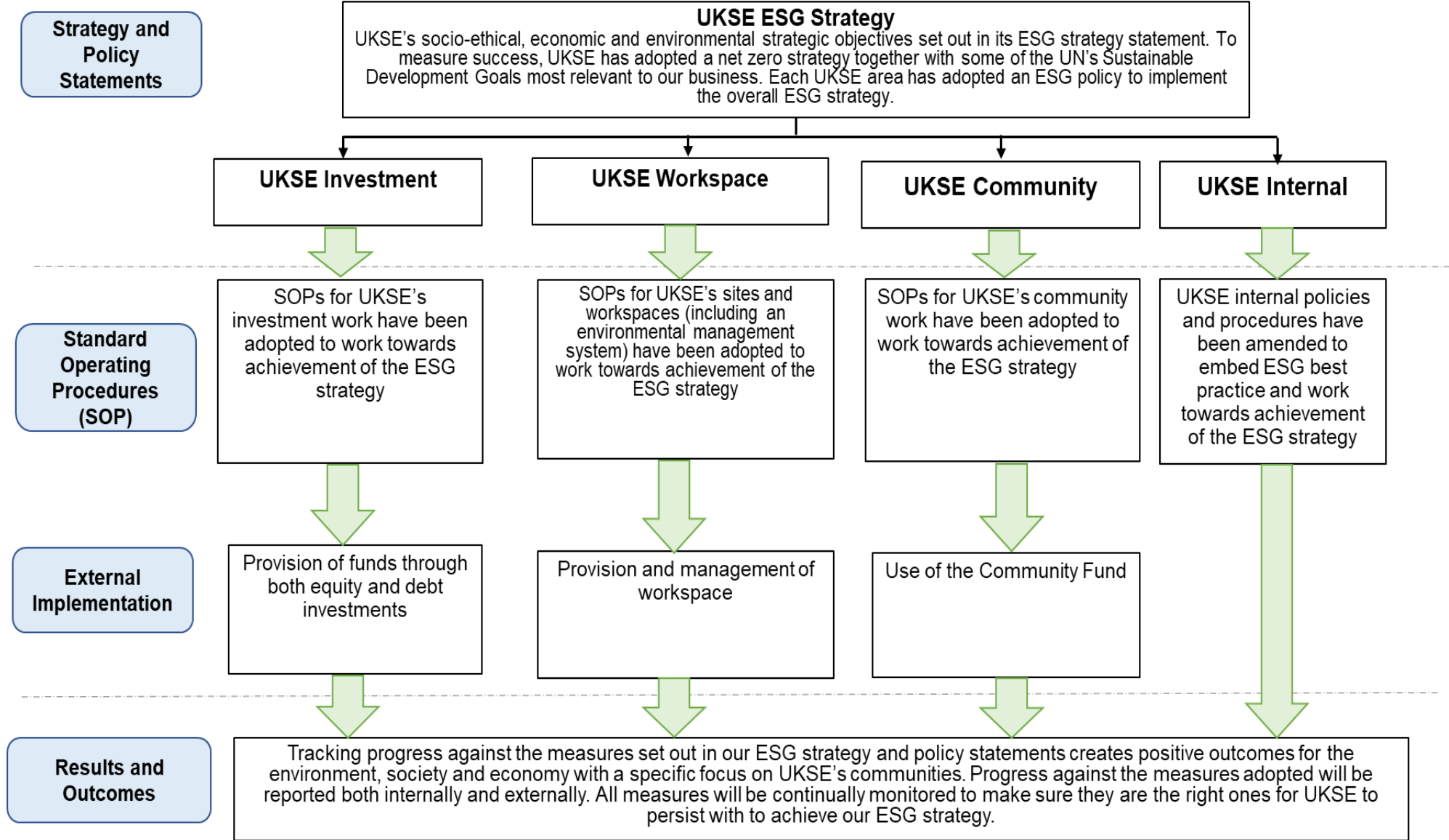
3. Scope 3 – GHG emissions not associated with the company but for which it is indirectly responsible, both up and down its value chain. Within scope 3 are GHG emissions known as “financial emissions”. These are emissions that financial institutions help to fund by providing investment to businesses. The PCAF is an initiative approved by the GHG Protocol and led by the finance industry to help institutions providing investment to assess and disclose their financial emissions.

How has UKSE implemented its ESG Strategy?

Responsibility for creating and implementing our ESG strategy is set out below and individuals have been assigned responsibility within this management structure.

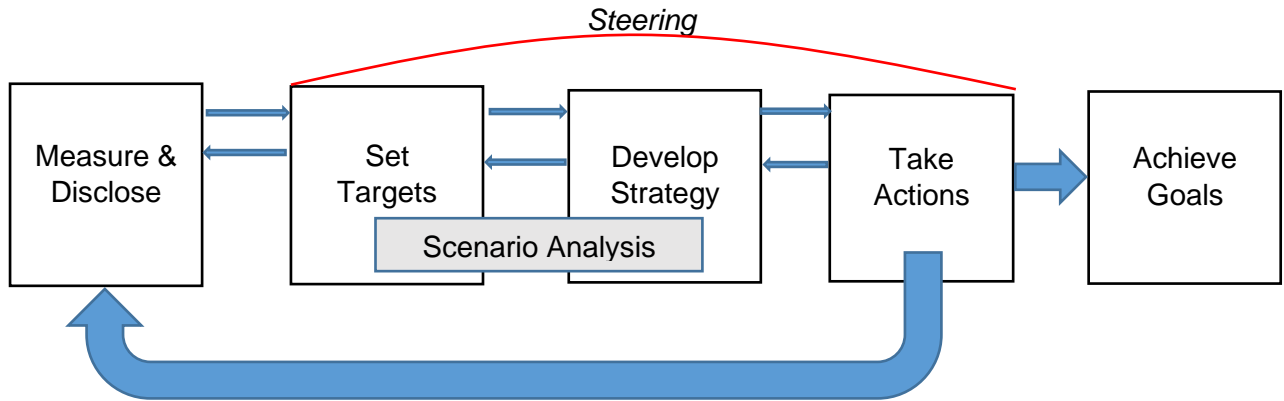


On the next page is a flowchart which explains how our ESG strategy is all encompassing and runs through all three of our business activities. Each UKSE work stream has a separate policy statement clearly setting out how our ESG strategy is implemented by that work stream. UKSE has also adopted a policy statement for itself, applying UKSE's ESG strategy not just to our company but also to our employees and those we do business with.



How will UKSE hold itself accountable against its ESG Strategy?

Each financial year we will produce a report setting out: (i) the progress made against each of the SDG measures adopted and (ii) the progress made in reducing our GHG emissions. This will allow us to make informed decisions on target setting, strategy and actions required to fulfil our ESG strategy as illustrated below:



All policies, targets and measures are kept under annual review and adapted to ensure they stay meaningful and relevant.

How will each UKSE work stream apply the ESG Strategy?

The rest of this document sets out the policy statement for each UKSE work stream explaining how our ESG strategy is implemented.

UKSE'S ESG POLICY STATEMENT

INVESTMENT

What does UKSE Investment do?

UKSE Investment supports UKSE's mission by providing funding in the form of both debt and equity finance for SMEs, to help them grow and so create jobs and prosperity in our communities. UKSE is a regeneration company, and we are proud to make a positive difference within the communities we serve. We're interested in investment opportunities that help us achieve this end, so we want our prospective clients to share this value too. If a viable project is creating jobs for local people, then we're interested.

Is UKSE committed to responsible investment and ESG?

Yes. We have a 50 year history of investing in businesses for positive social change, and we consider that the UKSE model is a pioneer of responsible investment. We always promote the highest standards of business integrity and behave ethically, as well as responsibly. We want positive outcomes for our investments such that they benefit the businesses in our communities, the individuals who live there and the local environment. We will not, for example, invest in activities whose primary purpose is the production of pornography or armaments; or whose primary activities involve modern slavery or carry a high risk of harm to people or the environment.


We recognise that being responsible goes further than a positive social impact. That is why UKSE has adopted an environmental, social and governance (**ESG**) strategy and incorporated ESG considerations into our investment activities. This begins with our screening criteria and business appraisal, through to the way we behave as an investment partner and the decisions we make. It is not just about us; we want to work with companies who take ESG issues seriously too.




How will UKSE apply its ESG strategy to its investments?


UKSE has adopted two mutually compatible approaches to provide a framework for setting meaningful measures to determine the success of our ESG strategy. Performance against these measures will inform UKSE's decision making regarding our ESG strategy. These two approaches are:

1. The adoption of the UN's Sustainable Development Goals (**SDGs**) relevant to UKSE and its business.
2. To pursue a net zero emissions strategy and align ourselves to the UN's aspiration of seeking to limit global temperature rises to 1.5°C by no later than 2050. By 2030 our aim is to have reduced our Greenhouse Gas (**GHG**) emissions by 30% and our ambition is to reach net zero by no later than 2045.

Set out below are the specific SDGs and measures that we have adopted for our investments:

SDG	How we will apply the SDG	Measure
 <p>7 AFFORDABLE AND CLEAN ENERGY</p> <p>Ensure access to affordable, reliable,</p>	<p>UKSE will target businesses operating in these fields with a specific discounted product to support such projects.</p>	<ul style="list-style-type: none"> • We will annually measure the % of investments that go into such projects. • Depending on the specifics of the project supported, we will annually measure: <ul style="list-style-type: none"> ○ The amount of GHG reduction from the project,

SDG	How we will apply the SDG	Measure
<p>sustainable and modern energy for all.</p>		<ul style="list-style-type: none"> ○ The amount of kw energy produced from renewable energy, or ○ The environmental benefit specific to the project being supported.
<div data-bbox="209 454 475 714" style="background-color: #800040; color: white; padding: 10px; text-align: center;"> <p>8 DECENT WORK AND ECONOMIC GROWTH</p>  </div> <p>Promote sustained, inclusive and sustainable economic growth, full & productive employment and decent work for all.</p>	<p>UKSE operates (and will continue to operate) an Investment Fund, designed to support SMEs stimulating growth, decent job creation, entrepreneurship, creativity and innovation.</p> <p>UKSE will encourage and support the creation of apprenticeship jobs.</p>	<p>We will annually measure:</p> <ul style="list-style-type: none"> • Number of businesses assisted. • Number of jobs forecast to be created. <p>We will annually measure the percentage of apprenticeships created by investments.</p>
<div data-bbox="209 952 475 1211" style="background-color: #e91e63; color: white; padding: 10px; text-align: center;"> <p>10 REDUCED INEQUALITIES</p>  </div> <p>Reduce inequality within and among countries.</p>	<p>UKSE's will continue to target the more deprived areas of the UK, with the aim to stimulate economic and social regeneration.</p> <p>UKSE will continue to promote equality and ensure that all investments are made into businesses that are equal opportunities employers.</p>	<p>Using the indices of deprivation, we will annually measure the % of investments that go into those deprived areas.</p> <p>Our investment documents contain an obligation that requires all businesses that we invest in to be an equal opportunities employer.</p>
<div data-bbox="225 1323 483 1583" style="background-color: #c85130; color: white; padding: 10px; text-align: center;"> <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>  </div> <p>Ensure sustainable consumption & production patterns.</p>	<p>UKSE will target businesses operating in these fields with a specific discounted product to support such projects.</p> <p>UKSE will promote sustainability and ensure that all investments by UKSE using the discounted product are made into businesses that have an ESG strategy or are working towards creating one.</p>	<ul style="list-style-type: none"> • We will annually measure the % of investments that go into such projects. • Depending on the specifics of the project supported, we will annually measure: <ul style="list-style-type: none"> ○ The amount of GHG reduction from the project, ○ The amount of kw energy produced from renewable energy, or ○ The environmental benefit specific to the project being supported. <p>We will annually measure the % of investments that go into businesses with an ISO standard, ESG strategy, or an environmental management system (EMS) or are</p>

SDG	How we will apply the SDG	Measure
		actively working towards something similar.
 <p data-bbox="191 593 497 689">Take urgent action to combat climate change and its impacts.</p>	<p data-bbox="547 320 999 555">UKSE will promote sustainability and ensure that all investments by UKSE using the discounted product are made into businesses that have an ESG strategy (or are working towards creating one) that includes taking climate action.</p>	<p data-bbox="1023 320 1473 521">We will annually measure the % of investments that go into businesses with an ISO standard, ESG strategy, or an EMS or are actively working towards something similar.</p>

UKSE'S ESG POLICY STATEMENT

WORKSPACE

What does UKSE Workspace do?

UKSE workspace supports UKSE's mission through the provision of office and workshop premises to SMEs which have the potential for sustained growth and the ability to create jobs. UKSE currently operates in five regions across the UK (Scotland, the North, Yorkshire and Humberside, the Midlands and Wales) with buildings in some of those regions that offer a mix of office and light industrial accommodation for businesses.

Is UKSE committed to ESG and being a responsible landlord?

Yes. We always promote the highest standards of business integrity and behave ethically, as well as responsibly, towards our tenants and the communities in which our sites are located. We do not, for example, accept tenants whose primary activities are socially unacceptable (e.g., a business whose primary purpose is pornography or armaments), involve modern slavery or carry a high risk of harm to people or the environment.

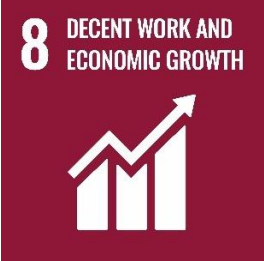
We recognise that being responsible goes further than a positive social impact. That is why UKSE has adopted an environmental, social and governance (**ESG**) strategy and incorporated ESG considerations into how we operate our sites. This begins with our tenant screening criteria and continues with the way we engage with our tenants. It is not just about us; we want to work with businesses who take ESG considerations seriously too.



How will UKSE apply its ESG strategy to its workspaces?

UKSE has adopted two mutually compatible approaches to provide a framework for setting meaningful measures to determine the success of our ESG strategy. Performance against these measures will inform UKSE's decision making regarding our ESG strategy. These two approaches are:

1. The adoption of the UN's Sustainable Development Goals (**SDGs**) relevant to UKSE and its business.
2. To pursue a net zero emissions strategy and align ourselves to the UN's aspiration of seeking to limit global temperature rises to 1.5°C by no later than 2050. By 2030 our aim is to have reduced our Greenhouse Gas (**GHG**) emissions by 30% and our ambition is to reach net zero by no later than 2045.

Set out below are the specific SDGs and measures that we have adopted for our workspaces:

SDG	How we will apply the SDG	Measure
 <p>Promote sustained, inclusive and sustainable economic growth, full & productive employment and decent work for all.</p>	<p>UKSE will continue to provide high quality managed workspace, with the intention of stimulating decent job creation, entrepreneurship, creativity and innovation for the benefit of our communities.</p>	<p>We will provide high quality managed workspace within our communities and maintain our "easy in, easy out" tenancy policy to eliminate barriers to the renting of property. We will annually report the total square footage of such workspace provided.</p>

 <p>Build resilient infrastructure, promote inclusive & sustainable industrialisation & foster innovation.</p>	<p>UKSE will continue to ensure that its workspaces promote the growth of small-scale businesses in the area in which its sites are located.</p>	<p>We will annually measure the % of SMEs that occupy our sites.</p>
 <p>Make cities & human settlements inclusive, safe, resilient & sustainable.</p>	<p>UKSE will continue to encourage businesses and jobs in the areas that its sites are located and in so doing make that region a more sustainable and viable community.</p>	<p>Using the indices of deprivation. We will annually measure the percentage of UKSE's workspace that is offered in deprived areas.</p>

UKSE'S ESG POLICY STATEMENT

COMMUNITY

What does UKSE Community do?

At UKSE, we recognise that it's not just great businesses that help to regenerate the areas in which we operate. Local community groups and charities play a key role too and UKSE is proud to help and support them too. We provide financial assistance to initiatives that do brilliant things like getting people back into work, developing young people's skills or fighting drug and alcohol problems.

We also give advice and share our experience whenever we can, too. UKSE staff often get involved in local projects, visiting local schools and universities or working in partnership with local development and enterprise agencies. It's all part of what we do.

Is UKSE committed to ESG and being responsibly engaged within its communities?

Yes. Regeneration of any area requires strong communities who care about the place in which they live. UKSE Community is proud to provide financial assistance to initiatives that actively improve our areas with projects that support getting people back into work, developing the skills of young people or helping to fight drug and alcohol problems.


We recognise that being responsible goes further than a positive social impact. That is why UKSE has adopted an environmental, social and governance (**ESG**) strategy and incorporated ESG considerations into how we interact with our communities and provide help.


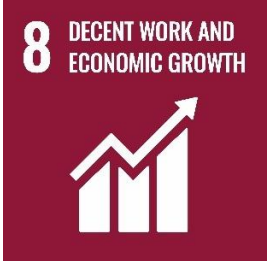
How will UKSE apply its ESG strategy to its community support?

UKSE has adopted two mutually compatible approaches to provide a framework for setting meaningful measures to determine the success of our ESG strategy. Performance against these measures will inform UKSE's decision making regarding our ESG strategy. These two approaches are:

1. The adoption of the UN's Sustainable Development Goals (**SDGs**) relevant to UKSE and its business.
2. To pursue a net zero emissions strategy and align ourselves to the UN's aspiration of seeking to limit global temperature rises to 1.5°C by no later than 2050. By 2030 our aim is to have reduced our Greenhouse Gas emissions by 30% and our ambition is to reach net zero by no later than 2045.

Set out below are the specific SDGs and measures that we have adopted for our community support:

SDG	How we will apply the SDG	Measure
 <p>3 GOOD HEALTH AND WELL-BEING</p> <p>Ensure healthy lives & promote well-being for all at all ages.</p>	<p>UKSE will continue to use its community fund to support initiatives in its areas that are aimed at preventing and treating substance abuse or similar general welfare projects.</p>	<p>We will develop an appropriate measure to capture the number and type of projects supported, the amount of time spent by UKSE staff supporting such projects and give specific examples.</p>

 <p>4 QUALITY EDUCATION</p> <p>Ensure inclusive & equitable quality education & promote lifelong learning and opportunities for all.</p>	<p>UKSE will continue to use its community fund to support initiatives that are aimed at increasing the technical and vocational skills of youth and adults and so promote employment and entrepreneurship.</p>	<p>We will develop an appropriate measure to capture the number and type of projects supported, the amount of time spent by UKSE staff supporting such projects and give specific examples.</p>
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p> <p>Promote sustained, inclusive and sustainable economic growth, full & productive employment and decent work for all.</p>	<p>UKSE will continue to use its community fund to support initiatives that are aimed at reducing youth unemployment.</p>	<p>We will develop an appropriate measure to capture the number and type of projects supported, the amount of time spent by UKSE staff supporting such projects and give specific examples.</p>

UKSE'S ESG POLICY STATEMENT

INTERNAL

Is UKSE committed to ESG and being a responsible employer?


Yes. At UKSE we recognise that our people are at the heart of what we do. We strive to provide a great place to work. But we recognise that being responsible goes further than just a positive social impact. That is why we have incorporated environmental, social and governance (**ESG**) considerations into how we conduct ourselves and adopted an ESG strategy. We strongly believe that if we are asking those who we do business with to consider ESG, then we should be prepared to do the same.



How will UKSE apply its ESG strategy to itself?

UKSE has adopted two mutually compatible approaches to provide a framework for setting meaningful measures to determine the success of our ESG strategy. Performance against these measures will inform UKSE's decision making regarding our ESG strategy. These two approaches are:

1. The adoption of the UN's Sustainable Development Goals (**SDGs**) relevant to UKSE and its business.
2. To pursue a net zero emissions strategy and align ourselves to the UN's aspiration of seeking to limit global temperature rises to 1.5°C by no later than 2050. By 2030 our aim is to have reduced our Greenhouse Gas (**GHG**) emissions by 30% and our ambition is to reach net zero by no later than 2045.

Set out below are the specific SDGs and measures that we have adopted when considering our staff and our working environment:

SDG	How we will apply the SDG	Measure
 <p>Promote sustained, inclusive and sustainable economic growth, full & productive employment and decent work for all.</p>	UKSE will continue to provide a safe, secure, decent and inclusive working environment for all employees.	We will maintain policies and practices that support such a working environment, maintain Investors in People standard (currently at Silver Standard). We will continue to pay all our staff no less than the living wage.
 <p>Build resilient infrastructure, promote inclusive & sustainable</p>	UKSE will undertake a programme to identify and reduce its carbon footprint and promote sustainable practices within its workspaces.	Before we can provide accurate measures, we will work with an environmental consultant and carry out the following actions: <ul style="list-style-type: none"> • Create an Environmental Management System (EMS) to benchmark our Scope 1 and Scope 2 GHG emissions for each of our sites for the financial year ended 31 March 2019.

SDG	How we will apply the SDG	Measure
<p>industrialisation & foster innovation.</p>		<ul style="list-style-type: none"> • Using our EMS, we will monitor and report our Scope 1 and Scope 2 GHG emissions for each of our sites for the current financial year (ended 31 March 2024). • Identify projects and initiatives that can be undertaken at each of our sites to reduce our carbon footprint. • Start work on an EMS framework to calculate our Scope 3 GHG emissions.
 <p>Reduce inequality within and among countries.</p>	<p>UKSE will continue its commitment to being an equal opportunities employer.</p>	<p>We will continue to recruit and reward individuals based purely upon the role they fulfil, their skills and their performance.</p>
 <p>Ensure sustainable consumption & production patterns.</p>	<p>UKSE will undertake a programme to identify and reduce its carbon footprint and promote sustainable practices within its workspaces.</p>	<p>Before we can provide accurate measures, we will work with an environmental consultant and carry out the following actions:</p> <ul style="list-style-type: none"> • Create an EMS to benchmark our Scope 1 and Scope 2 GHG emissions for each of our sites for the financial year ended 31 March 2019. • Using our EMS, we will monitor and report our Scope 1 and Scope 2 GHG emissions for each of our sites for the current financial year (ended 31 March 2024). • Identify projects and initiatives that can be undertaken at each of our sites to reduce our carbon footprint. • Start work on an EMS framework to calculate our Scope 3 GHG emissions.

SDG	How we will apply the SDG	Measure
	UKSE will maintain and review an ESG strategy to promote sustainable practices.	We will annually review UKSE's ESG strategy and report on specific projects undertaken.