

*logistics property:
Building for
social good*



*social value
comes from the
conscious efforts
we make to deliver
social, economic
and environmental
benefits back to
communities and
society in general.*

Contents

- 1 *Introduction* 04
- 2 *It's a social value thing* 05
- 3 *Social value and logistics
property development* 06
- 4 *What's your social purpose* 09
- 5 *More about measurement:
The National TOMs Framework* 12
- 6 *Social value
partnerships in action* 13
- 7 *Building for social good: final word* 21
- 8 *Contributors* 22

1

Introduction

Most businesses understand the importance of doing good in the world, but how do they know what good looks like, and crucially, is it possible to measure the difference they can make?

This matters as much in the logistics property sector, as it does elsewhere.

While Prologis and Tritax can't claim to have all the answers, each has been striving for many years to make a positive difference to the communities close to where they own and develop logistics properties, and to society at large.

While it may not be widely known, the fact that social value exists and can be measured accurately has made it possible to secure the support of key stakeholders – employees, investors and the supply chain – to prioritise people, communities and the environment.

Social value has rapidly risen up the corporate agenda, partly due to increased investor and consumer interest in corporate ESG performance. The pandemic played an important role, too, making the social 'S' in ESG, even more important.

By setting out what they have learned about delivering environmental, social and local economic value during the construction of their new buildings, Prologis and Tritax hope that other property developers and logistics businesses will follow their example. In doing so, other businesses will learn that being a force for good in local communities can help to build stronger supply chain relationships, too.



"Once you understand the power of social value initiatives to boost jobs, create lasting economic value, attract investment and enhance employer brands, it becomes hard to argue against. Which businesses wouldn't want to invest in social value creation, in the same way they might consider investing to improve their products or services?"

Simon Cox
Head of Sustainability,
Prologis UK



"Our efforts to measure social value are making a positive difference to our business. We have a long-term interest in our buildings and the ability to measure local social and economic value has given us an accurate, whole-lifecycle view of the impact our activities have on improving the environment, local economy and society as a whole."

Alan Somerville
ESG Director
Tritax Management LLP

2

It's a social value thing

While many businesses might choose to deliver social value simply because it's the right thing to do, a focus on 'social value' legislation and shifting consumer behaviours is also influencing corporate decision making in this area.

Continuing progress from the Public Services (Social Value) Act 2012², a new Social Value Model³ covering public sector procurement (PPN 06/20)⁴ was launched in 2020 by the UK Government and became a legal requirement from 1 January 2021. As a result, all public sector procurers must evaluate social value, with a minimum weighting of 10% when awarding contracts to the private sector. Whilst this requirement is currently confined to public sector procurement, a growing focus on social value, fuelled by the Government's 'levelling up' agenda, is already influencing buying decisions more widely. In addition, investors increasingly expect companies to have a social value strategy.

But legislation is not the only driver for change. In recent years, global events, including the pandemic, have inspired people and organisations to engage with their communities in a different way. A heightened sense of community and social awareness is changing consumer behaviour and buying decisions in a way that businesses cannot afford to ignore.

"Against this backdrop of change and economic uncertainty, corporate commitments to ESG have grown phenomenally. If they weren't aware of it before, businesses now understand that they have a responsibility to support communities in building back better, greener and fairer.

Logistics real estate and other commercial property developers can make a considerable difference to support the recovery of local communities close to their new buildings, through initiatives including job creation, employment training and enhanced community integration. Local authority planning teams are also embracing an opportunity to draw social value into their local plans."

Guy Battle
Founder and Chief Executive,
Social Value Portal

² https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/940826/Social-Value-Model-Edn-1.1-3-Dec-20.pdf

³ <https://www.legislation.gov.uk/ukpga/2012/3/enacted>

⁴ <https://www.gov.uk/government/publications/procurement-policy-note-0620-taking-account-of-social-value-in-the-award-of-central-government-contracts>



Social value and logistics property development

As the saying goes, 'what gets measured, gets managed'

In other words, the ability to measure social and local economic value allows businesses to show that they have achieved what they set out to do.



“For real estate, social value may be defined as, “the wider social contribution that a development creates for society through how it is constructed and managed. This includes the economic returns to the local economy, the wellbeing of individuals and communities, and the benefits to help regenerate the environment.”

Alan Somerville | Tritax



Having confidence in the way social and local economic value is measured is especially important to property developers because spending resources on community or environmental initiatives can seem like a ‘nice-to-do’ rather than a ‘must-do’ activity and can easily be overlooked.

By using a recognised national model to quantify social and local economic value – such as the National TOMs Measurement Framework⁵ – property developers can demonstrate the benefits their activities are bringing during the construction phase and beyond.

Demand for logistics property is growing as customers seek more space for online order fulfilment and job creation is set to play a vital role in rebuilding local communities and driving economic growth. However, with demand for logistics property growing as customers seek more space for online order fulfilment, job creation in the logistics sector is playing a vital role in rebuilding local communities and driving economic growth. If you add to this the benefits to society that come from environmental, educational and community initiatives; it is clear that the logistics property sector is a major contributor of social and local economic value.

In the logistics property sector, investment in training or work placement initiatives are a relatively common way of delivering measurable economic value over the lifespan of a new distribution centre or warehouse. Often these initiatives create opportunities for people who might otherwise struggle to find a job, and, therefore the value of their employment to society as a whole is greater. For example, jobs secured by people with disabilities, the long-term unemployed or ex-offenders carry more value, proportionately. The logistics sector can provide an excellent ‘job opportunity ladder’, requiring a low-level of attainment for entry and offering a wealth of opportunities to develop a viable career.

Delivering social value during the construction phase can involve a wide range of activities from working with contractors to source goods and materials locally, to utilising resources to support local community projects. Such activities are typically recorded activity against a local economic and social value plan.

Social and local economic value creation can sometimes be hidden within the supply chain, with potential schemes and partnerships only discovered by chance. Simon Cox at Prologis UK says that they often come to light when starting a conversation about sustainability and social value with a new contractor or customer.



“Size is no indicator when it comes to commitment to social value creation. We have heard some incredible stories from SMEs within our supply chain – contractors, manufacturers and logistics firms – about the work they are doing to support communities and this has helped to cement our stakeholder relationships.”

Simon Cox
Head of Sustainability,
Prologis UK

⁵ https://socialvalueportal.com/national-toms/?utm_source=Prologis+referral&utm_medium=White+paper&utm_campaign=Logistic+property%3A+building+for+social+good

Alan Somerville, ESG Director at Tritax, said:

“The sector has been influenced by recent global events in a variety of ways – demand for property is soaring due to the acceleration of long-term trends and growth drivers, such as e-commerce – but there have been other more subtle changes affecting our value systems. Customers are investing more resources to create jobs and training opportunities and deliver benefits for local communities and the environment. This commitment to social value creation is evident at the start of each new scheme.”

What they say

Steven Smith, Managing Director at Benniman Construction, which works closely with Prologis, said:

“Feeding information to the Social Value Portal has confirmed just how much we are already contributing to society as a business as well as highlighting some areas for improvement. The process really encourages companies to source goods and labour locally and is also helping us to identify charity partners, with whom we can build long-term relationships.”

Danny Nelson, Head of Industrial, Distribution and Logistics, at Winvic Construction, said:

“Sustainability and social value are two areas where Winvic and Prologis share the same values and over the past 20 years of working in partnership, we have very much grown together and developed strategies to deliver long-lasting benefits to local communities.”



What's your social purpose?

For businesses that want to create social and local economic value, the first step is to identify and define their social purpose.

This can be bespoke and personal to the company, its stakeholders, and the communities it works with. The focus should be on creating long-term partnerships and using corporate resource for good.



Drawing on advice from the Social Value Portal⁶, here's an 8-step guide for industrial property developers on finding a social value purpose and developing a strategy:



1. Talk to the community and decide what difference you want to make

Companies should start by engaging with the community to understand local needs, and then consider what difference they want to make. For real estate, it's important to consider areas close to their own headquarters, as well as the new buildings that they develop.



2. Involve internal stakeholders

Deciding what difference the company wants to make can be a motivating experience for employees, so it makes sense to involve them in the process. Taking this approach will also mean they are engaged and ready to support social value initiatives when they get underway.



3. Talk to local authorities

As well as choosing the activities that employees are most interested in supporting, companies should engage with local authorities and planning teams to identify existing social value projects that they can support. Alternatively, they can link with third sector partners.



4. Be selective

Using a measurement framework, such as the National TOMs – developed by Social Value Portal, and endorsed by the National Social Value Taskforce⁷ and the Local Government Association – businesses can select the activities that they want to deliver, as if choosing from a menu. Certain types of activity may be more popular than others, but it's important to select activities that mean the most to the local community and the business.

⁶ https://socialvalueportal.com/?utm_source=Prologis+referral&utm_medium=White+paper&utm_campaign=Logistic+property%3A+building+for+social+good

⁷ https://www.nationalsocialvaluetaskforce.org/?utm_source=Prologis+referral&utm_medium=White+paper&utm_campaign=Logistic+property%3A+building+for+social+good



5. Consider a social value partnership

While some social value initiatives will be delivered by individuals or small groups of employees, others may require a more coordinated approach. Companies should consider what type of social value initiative they are aiming for and be prepared to work with other organisations, forming social value partnerships where necessary.



6. Set social value targets

Setting targets for the whole company and each new building project will help to define what good looks like when it comes to social value delivery. Using targets as part of a social value strategy also means the company can report against them in their ESG or other corporate reporting.



7. Appoint a social value leader

The business should appoint a social value leader to help monitor the delivery of activities and report internally. This person should also be responsible for exploring ways to continuously improve social value delivery and seek further resources where needed.



8. Share the strategy

Once a social value strategy has been developed, it should be communicated and shared with all internal and external stakeholders, including the supply chain, with regular reviews to monitor progress and improve performance.

“All businesses should be thinking about how their corporate objectives can align with a wider social value strategy, so that communities benefit, not only through a directed CSR strategy, but also through the delivery of their core services.”

Guy Battle, Chief Executive at Social Value Portal



More about measurement: The National TOMs Framework

In collaboration with the National Social Value Taskforce and chaired by the Local Government Association, Social Value Portal has developed a unique social value measurement tool called the National TOMs (Themes, Outcomes, Measures) Framework, which is made up of five Themes (visionary social value), 20 Outcomes (positive changes within communities an organisation wants to see) and 48 Measures (used to achieve the outcomes).

The Framework is mapped to the UN's Sustainable Development Goals (SDGs)⁸. It is an open source⁹ and updated annually, based on the latest government data.

User-friendly by design, the National TOMs Framework enables businesses to quantify the social and local economic value of their activities by attributing a monetary value equivalent to many of the measures. To illustrate, one of the Framework's five themes is 'jobs' and if a business chooses to do something to help its local community by improving the employability of young people, each hour worked by its employees in providing training or support, is attributed a specific monetary value.

For businesses, there are many benefits linked to using the Framework to measure social and local value creation. As well as being able to demonstrate that specific social value or ESG targets have been met, the Framework makes it possible to benchmark delivery outcomes against those of other organisations; so the business gets a sense of how well it is doing in its sector. Crucially, being able to measure social value means that efforts can be targeted towards specific initiatives or groups, for example, helping the long-term unemployed.

Using the National TOMs Framework means businesses can also demonstrate which Global Goals they are contributing towards and refer to this in their corporate reports.

Prologis uses the National TOMs Framework to measure social value generated through its development work. There are other methods, tools and providers available.

⁸ https://socialvalueportal.com/global-goals-national-toms/?utm_source=Prologis+referral&utm_medium=White+paper&utm_campaign=Logistic+property%3A+building+for+social+good

⁹ https://socialvalueportal.com/licensing-and-copyright/?utm_source=Prologis+referral&utm_medium=White+paper&utm_campaign=Logistic+property%3A+building+for+social+good



Social value partnerships in action

Here are some case studies showing social and local economic value delivery in action:



Jaguar Land Rover's Logistics Operations Centre, Solihull, West Midlands

Social Value Partnership: **Prologis / Jaguar Land Rover / Solihull Metropolitan Borough Council**

Delivering social and local economic value during the construction of Jaguar Land Rover's new Logistics Operations Centre, through a diverse programme of environmental and community-focused activity.

£11.1m

has been spent to date by the project partners

97

weeks of work experience opportunities

118

weeks of training opportunities to support the uptake of construction skills

What's happened?

Prologis UK completed the construction of Jaguar Land Rover's bespoke Logistics Operations Centre (LOC) on a 50-acre site, close to Solihull town centre, in May 2021. Both companies have strong ties with Solihull and wanted to ensure that this investment would bring lasting benefits for the local community and society.

In 2018, Prologis UK became the first property company in the UK to require its supply chain to adhere to a Social Value Charter. This enables the company and its suppliers to measure and attach a financial value to the economic, environmental and societal benefits their combined activities bring.

Throughout the build process, the main contractor, Winvic Construction Ltd, recorded activity against a local economic and social value plan, which saw the company providing work experience opportunities, sourcing goods and materials locally wherever possible, and supporting a variety of projects in the local community. Solihull Council directed support to areas

of need and facilitated partnerships with local charities.

During the LOC's construction, £11.1 million has been spent to date by the project partners on the provision of 97 weeks of work experience opportunities and 118 weeks of training opportunities to support the uptake of construction skills, alongside community support and volunteering initiatives.

Social value has also been created by minimising waste and protecting the environment, for the benefit of the local community and society. Like every logistics building delivered by Prologis over the past decade, the LOC is net zero carbon in its construction. It will also deliver a net-benefit for the environment over the course of its lifetime, thanks to the company's ongoing support for a carbon mitigation scheme run by the Cool Earth charity, which protects and restores areas of the rainforest. In addition, the project partners involved in the construction of the building have saved more than 1.5 tonnes in waste materials, bringing further environmental benefits.

The social value outcome

During the LOC's construction, more than **£12 million worth of social and local economic value** has already been committed by the project partners, as measured by Social Value Portal and the National TOMs Framework.

A further £10 million of social and local economic value will be spent during the building's lifetime. support and volunteering initiatives.

"While job creation and training deliver significant local economic value, the social value provided by targeted community support and environmental initiatives can also bring impressive, measurable benefits."

Simon Cox,
Head of Sustainability, Prologis UK



"The LOC will play a key role in the long-term strategic plan for our business. Recently we announced our future strategy: a sustainability-rich reimagination of modern luxury, unique customer experiences, and positive societal impact. This state-of-the-art facility will not only help us to deliver the very best for our customers but, in what has been a difficult time for many people, it has also made a significant contribution to the local community in terms of tangible economic investment and employment opportunities."

Nick Ellis,
Head of UK Corporate Real Estate, Jaguar Land Rover

Tritax Big Box Littlebrook, Dartford

Social Value Partnership: **Tritax Big Box REIT / Bericote / Dartford Council**

To generate lasting social and local economic value while transforming a 97-acre brownfield site and disused power station into London's largest logistics park in a last-mile location.



What's happened?

Tritax Big Box acquired the 124-acre brownfield site in 2017 and demolition of three disused fossil fuel power stations began in the same year. We secured planning consent for 3.154 million sq ft and let 450,000 sq ft to Ikea, let 2.3 million sq ft to Amazon and have completed a final phase of 300,000 sq ft on a speculative basis.

During the demolition works, 99.98% of materials were reused and recycled. In total, 214,129 tonnes of materials, including concrete and metals, were recovered and recycled, which could have cost £9.1 million had it been sent to landfill and treated as general waste.

The Tritax Big Box and Bericote project team was also aware of the need to address local sensitivities about the site's redevelopment. This inspired a diverse programme of social and local economic value initiatives, led by an onsite community action team.

Prior to acquisition, detailed geotechnical and environmental investigations were carried out to provide reassurance that the site

was suitable for redevelopment and the planned remediation methods were approved by the Environment Agency. The site wall is also the first part of the new Thames Flood Defence 2100 scheme, which protects the local area and is funded by the development. There is a green wall along the northern boundary of the site along the River Thames to encourage biodiversity, along with enhanced pedestrian and cycle paths encouraging wellbeing.

Ecological surveys were completed and 30% (over 6 acres) of the site was set aside as permanent open space for the local community. Steps were taken to enhance the site's biodiversity by introducing a million honeybees and providing suitable habitats in the form of hives and feeders. Two rare species of wild bees, found at the perimeter of the site close to the river are also being encouraged.

The local eel population was also found to be diminished, so new habitats have been created to encourage them back to the river adjacent to the site. Many other local wildlife species have been provided with specialist habitats, such as bird and bat boxes and

the project team is also working with the ex-director of the Royal Forestry Society, to grow disease-resistant white elm trees from seed.

The project also involved a series of local engagement initiatives. These included partnering with a community wood project to recycle waste timber from the site, turning it into benches for parks and public areas, including a 'pocket park' for use by the occupier and community. A partnership with The Leigh UTC, a technical college in Dartford, has also been providing virtual work experience for students during the pandemic and employability training is also getting underway.

A £250,000 five-year tie up with Dartford Football Club has also been established, which involves the delivery of school visits, summer schools and employability training for disadvantaged young people in the area. This activity has a significant local economic value. At the same time, a partnership with YMCA Thames Gateway has been delivering weekly food hampers to local families, and providing educational supplies for home schooling.

The social value outcome

In 2020 and 2021 alone, development activity at the site contributed £13.3 million worth of social and local economic value according to Social Value Portal and the National TOMs Framework and 1,300 jobs have been created. Over 20% of the supply chain spend for the project has been with organisations fewer than 30 miles from the site. Local community initiatives, including training and school visits, will deliver legacy value for the project in years.

"Creating social and local economic value is about creating a positive legacy for the future that enhances the world in which we live and work. Our scheme at Littlebrook has enhanced biodiversity in the local area at the same time as creating valuable training and employment opportunities."

Alan Somerville,
ESG Director, Tritax

30%

(over 6 acres) of the site was set aside as permanent open space for the local community

£13.3m

worth of social and local economic value

1,300

jobs created

Delivering social and economic value at DIRFT in Daventry, the UK's largest rail freight hub

Social Value Partnership: **Prologis / VolkerFitzpatrick**

During the construction of DC3 at Daventry International Rail Freight Terminal (DIRFT), Prologis and the principal contractor, VolkerFitzpatrick, jointly delivered £1.7 million worth of social and local economic value.

What's happened?

Prologis UK completed the construction of a new 535,000 sq. ft. warehouse facility, known as DC3, at DIRFT in October 2019. The building has since been leased to Supply Chain Consolidation Limited, part of the NHS and the principal contractor for the build was VolkerFitzpatrick.

During the 10-month construction project, a series of community-focused initiatives were planned and implemented by Prologis and VolkerFitzpatrick as part of their shared commitment to ensure that the project would bring lasting benefits for the local community and society. As the lead contractor on this project, VolkerFitzpatrick signed up to Prologis' Social Value Charter.

Daventry's Volunteer Community Centre needed a makeover so it could continue to provide serviceable space for important volunteer work and charitable initiatives locally. Over three days, a team from VolkerFitzpatrick performed crucial insulation works

at the Centre, created additional storage, painted the main hall and offices and installed a donated 50" TV.

A series of educational initiatives were also delivered during the project. In October 2019, Prologis and VolkerFitzpatrick hosted a tour of DC3 and the DIRFT site for engineering undergraduates at the University of Warwick. During the visit, the students saw some examples of modern methods of construction and had a chance to ask questions about the building's development.

Another visit to DC3 and DIRFT was organised for further education students who were studying Construction and the Built Environment at Moulton College in Moulton, Northamptonshire. The experience supported their first-year course work and provided ideas for their year two project scenarios. Work placement opportunities were also created for two Level 4 HNC students.

The social value outcome

Based on measurements provided by the Social Value Portal, the construction of DC3 at DIRFT has delivered over £1.7 million in social and local economic value. Local employment during the building's construction phase contributed £1,394,388 local economic value (LEV) and the total social value delivered was £315,475.

As well as creating 54 jobs for local people during the build, the project team provided 57 weeks of work placements and support for young unemployed people. As with all new Prologis' buildings, it is net zero carbon in construction.

"DIRFT is a vital piece of UK rail freight infrastructure and students that visit the site are always amazed by its scale and the volume of goods that pass through its terminals every day. We aim to ensure that our continued investment in the development of DIRFT brings lasting social and local economic benefits."

Simon Cox,
Head of Sustainability, Prologis UK

Investing in the future for local communities

Social Value Partnership: **Tritax Symmetry / North Warwickshire and South Leicestershire College**

To nurture a pipeline of young talent, foster positive working relationships with industry and maximise the benefits of investment in the skills and training of the future workforce.

What's happened?

Tritax Symmetry, Tritax Big Box's dedicated logistics development company, and North Warwickshire and South Leicestershire College announced their partnership in December 2020.

With several schemes underway to construct new logistics properties across the Midlands, Tritax Symmetry recognised that it was ideally located to support skills development and enhance the local employment pool. A critical part of this process involves promoting the value and opportunities that a career in logistics offers, and inspiring the workforce of the future.

A Community and Business Liaison Plan is to be established for each site by the partners to ensure as many students as possible would benefit from the measures taken, including facilitating site visits during the construction process, allowing college staff to 'shadow' contractors to maintain their practical skills, and inputting into the curriculum through presentations and lectures as appropriate.

The social value outcome

With Tritax Symmetry's established development pipeline, the focus on employability training in particular will benefit society, providing local job opportunities and supporting occupiers with their own recruitment pipelines.

"To us, a critical part of what we do as a long-term owner and developer of logistics properties involves promoting the value and opportunities that a career in the sector can bring, and inspiring the workforce of the future."

Jonathan Dawes,
Planning Partner, Tritax Symmetry



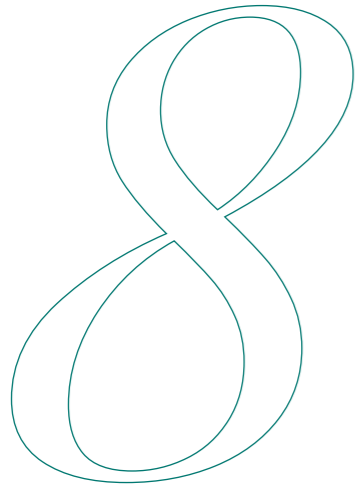
Building for social good: final word

The UK's logistics industry contributes £130 billion gross value added (GVA) each year to the national economy and employs over one million people. However, the most visible element of the value created by the sector's activities is job creation at a variety of entry levels, apprenticeships and training, and community support.

Social value is not simply the quantification of 'value created' for the benefit of society as a whole. Each new logistics property is also leaving a positive legacy of social and local economic value, which may be hidden within the supply chain. Only by starting conversations about social and local economic value and committing to measuring its value, can businesses make it more visible and encourage others to do the same.

At a time when consumers and investors are increasingly influenced by corporate ESG performance, there is an opportunity for logistics companies to embrace social and local economic value creation and turn it into a competitive advantage.





Contributors



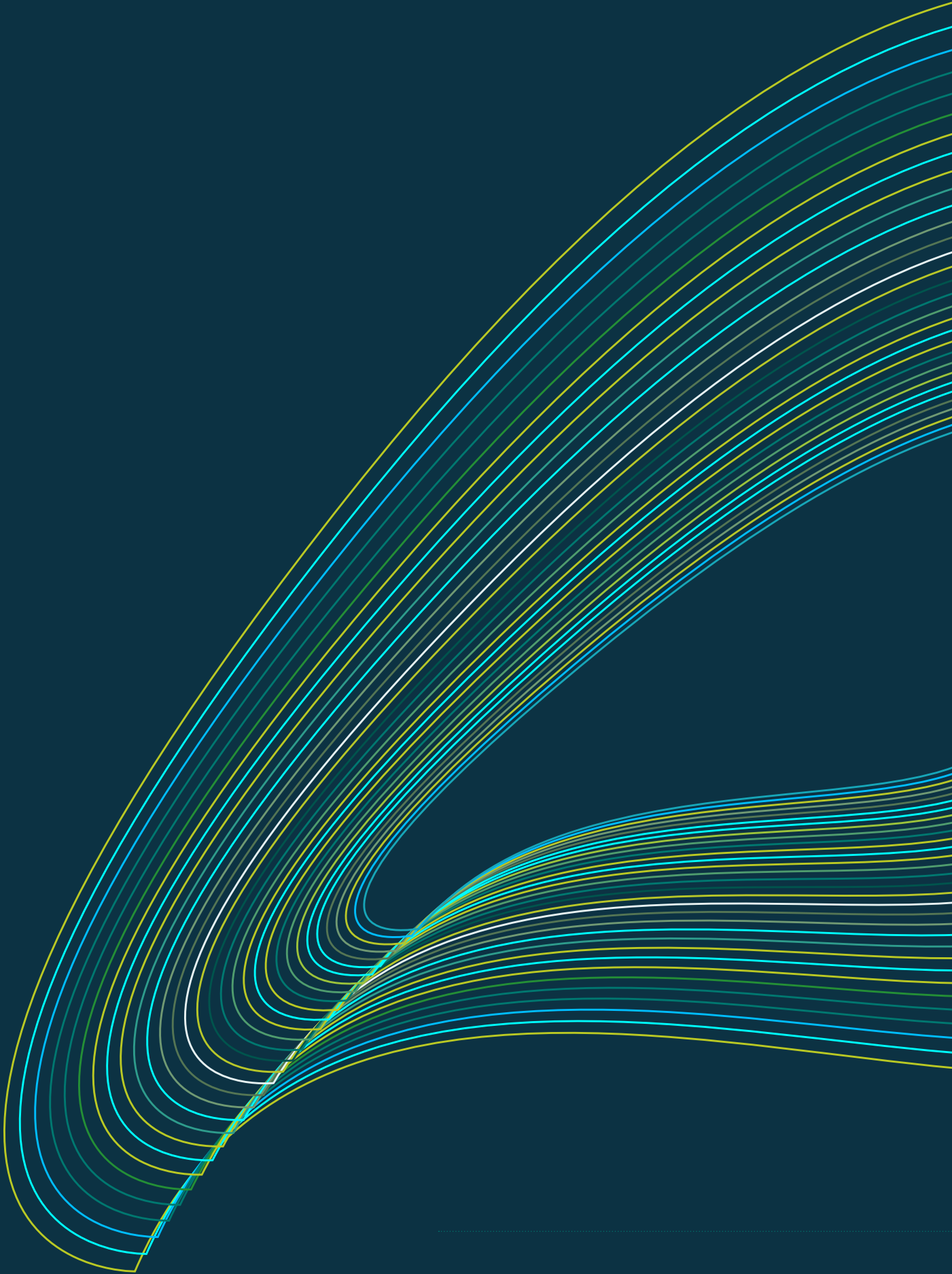
Simon Cox
Head of Sustainability,
Prologis UK



Alan Somerville
ESG Director,
Tritax Management



Guy Battle
Founder and Chief Executive,
Social Value Portal



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