

Chief Executive Statement

I would like to reinforce our commitment and support of the UN Global Compact.

Despite very difficult trading conditions, we have increased investment in sustainability including new staff, support for Building Lives (social investment) and a new low carbon strategy. Underpinning this has been an increase in audits, which has helped us to address non compliance and improve our procedures. We continue to support homeless charities and individuals most disadvantaged within the market place that we operate.

This document will be available on our website and communicated to our staff.

Vision, Mission and Values

Our strategy is guided at all times by Lakehouse's Vision, Mission and Values:

Our Vision

"Our vision is to be a unique and outstanding support services provider, where our people are happy and proud, working to delight our customers."

Our Mission

"To improve lives by creating better environments in which to live, work and learn."

Our Values

We have ambitious plans for Lakehouse which means that some aspects of how we work will change. However, we are keen to retain the core values that have been fundamental to achieving the success we have had to date.

Our values are at the core of everything we do; they inform how we behave and how we treat colleagues, customers and suppliers. Consequently, we endeavour to incorporate them in everything we do.

- **Passion**
Work with a passion for delivering our services to our customers: 'Enthusiasm is everything!'
- **Care**
Understand and act in the best interests of our staff, customers & partners to ensure the 'Lakehouse Experience' is a positive one.
- **Keeping Promises**
Deliver promises on time and to the agreed standard: 'Our word is our bond'.
- **Responsibility**
Committed to ownership and responsibility, from individual to corporate level.
- **Growth**
To grow and maximize our potential to see how far we can go.

Principle 1: Business should support and respect the protection of internationally proclaimed human rights, and

Principle 2: Business should ensure that they are not complicit in human rights abuses. Lakehouse has a vision to be a unique and outstanding employer and to create sustainable communities.

Over the last year, we have reviewed our policies to ensure they support and respect the protection of human rights. Our focus has been on auditing supply chain partners and involving them in developing policies and strategies. We have secured funding to provide suppliers and SME's with additional support.

We have invested in improving our HR team by employing a new HR director and expanding our HR team. Within the next few months, we will have a new strategy to support equal and fair pay and conditions.

This year we achieved the Diversity Works for London procurement standard, an externally benchmarked quality standard.

Principle 3: Freedom of association and collective bargaining

We respect people's rights to have employee representation, including their right to join unions and we do not tolerate harassment. This policy also applies to our supply chain partners.

The company has a staff representative group which is involved in strategic decision making and communications. We also consult staff via an annual staff survey and biannual team talks. Our employees are encouraged to seek professional membership of a relevant body. Lakehouse supports this process by paying for fees, and supporting training.

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Principle 4: Business should support the elimination of all forms of forced and compulsory labour

The construction industry has a poor reputation for the rights of individuals due to the high proportion of people engaged on a self-employed basis. Our HR policy is that all individuals must be employed on a fair wage.

Our sustainable procurement policy and supply chain policy clearly state that all suppliers must eliminate all forms of force and compulsory labour. We monitor this through our pre-qualification system and supply chain management software. Over the last year, we have promoted the London Living Wage to all our supply chain partners.

Principle 5: Business should support the effective abolition of child labour

We have a policy of zero tolerance to the use of child labour. We check the policies of all our suppliers and monitor compliance through site inductions and audits. Most of our supply chain partners are based in the UK, but product manufacturers are increasingly global. We are recognised as market leaders with regard to supporting children with education, work experience and jobs. Last year, we employed 73 new trainees, offered 55 work experience placements and visited over 50 schools.

Principle 6: Business should support the elimination of discrimination in respect of employment and occupation.

Our Equalities and Diversity policy and strategy are monitored by our CSR steering group to ensure the policy is embedded throughout our business. The policy is updated yearly, in partnership with stakeholders such as clients.

We have invested in targeted training for women in our workforce, and in those of our suppliers and customers to tackle the underrepresentation of women in our industry. We also started an all female team of operatives and ran a diversity campaign on our sites. During 2012, we worked with an industry leading initiative to support more women into the industry. This has generated nine jobs for women in professional, technical and administrative roles.

Lakehouse has also provided diversity and equal opportunities training to staff and supply chain partners.

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Principle 7: Business should support a precautionary approach to environmental challenges

Principle 8: Business should undertake initiatives to promote greater environmental responsibility and

Principle 9: Encourage environmentally friendly

Sustainability is part of our DNA and central to our values. As a support services provider we aim to minimise the negative impact of our activities and to act as a catalyst for positive change within the communities we serve. We recognise that our activities have an impact on the environment, and we are conscious that we must do everything we can to minimise that impact wherever possible and take a leadership role in promoting environmental awareness. Last year, we recruited a new director to drive forward sustainability initiatives.

Our senior management team has invested in a robust ISO14001 process, setting ambitious targets to reduce carbon, waste and in developing a strategy to add value to the design of new and refurbished buildings. Our target is to reduce our corporate carbon footprint by 20%

by 2015 based on a 2007 baseline and 50% by 2020. We are also developing baseline project data to lead the industry in reducing project carbon footprint on all types of work streams. Our expanding environmental team is headed up by a technical manager, who is responsible for ensuring that our people and our projects benefit from information and advice on innovative products and technology.

Our aim is to become a leader in the sustainability arena, and we invest heavily in initiatives and processes to enable us to achieve this. Our commitment to WRAP is helping us to improve performance and reduce our carbon footprint. We are using the Environment Agency's Carbon Calculator, which measures the embodied carbon dioxide of materials as well as the carbon dioxide associated with their transportation, to assist decision making on the sustainability of our construction activities. All new projects have an environmental plan, designed in partnership with clients and the community, covering energy, water, waste, biodiversity, localism and community. The implementation of the plan is audited by our environmental team and CR teams.

Our goal is to be recognised as a market leader in the creation of environmentally sustainable communities. The establishment of our Renewables Division with its newly appointed Director, previously of the Energy Saving Trust sets us apart from other contractors. We can provide our clients with a "holistic" sustainable, design and building solution, together with specialist expertise. In addition, we provide clients and residents with free energy saving advice. Our residents liaison officers are trained to give energy advice to residents in their homes and our site staff are trained to work with community groups and schools. We also have a strategic partnership with the TUC and National Energy Foundation to offer training in the community.

Another aim is to pilot carbon monitoring on site and through an effective fuel policy and improved data capture, we have managed to do so. Our Environmental Co-ordinator has been integral in changing the way data is captured on site, which has improved our site monitoring of waste and carbon emissions. We are also currently undertaking a comprehensive Green Fleet review by third party independent experts from the Energy Saving Trust.

We have joined a number of strategic initiatives to support the achievement of these targets and achieve our vision. In regards to the reduction of carbon emissions, this includes the 10:10 campaign and the Business in the Community May Day journey; we have also previously submitted carbon data to the Carbon Disclosure Project. The development of initiatives also resulted in the creation and implementation of our Carbon Reduction Action Plan. The action plan outlines what objectives and actions are in place to achieve our carbon emission reduction target, which is reviewed quarterly and has so far achieved a savings of 250 tonnes of carbon since 2009.

With regard to achieving logistical efficiencies and reducing carbon emissions from company vehicles, we will ensure that vehicles and equipment used are well maintained, clean and are always operated within legal limits, taking advantage wherever possible of engineering modifications to reduce pollution and emissions, and to save unnecessary consumption of energy. One example of an initiative made by the company to reduce vehicle emissions is for the Camden Framework all company vans were converted to LPG fuel. More recently we have progressed to electric vehicles. We also operate a travel plan which aims to reduce car travel and encourage use of public transport and cycling.

We encourage the use of renewable technology for our site set ups. One example is for the temporary offices at Hackney we installed PV panels. Other initiatives we have implemented include:-

- Use of low energy lighting

- High levels of insulation
- Water usage minimisation (tap aerators etc)
- Office paper recycling
- Car sharing schemes
- Local recruitment
- Educating our staff customers and supply chain to change behaviour
- Motion sensitive light switches in all of our offices

Within our local environmental plan, we work with schools and community groups to engage the site team and the community in understanding and increasing biodiversity. In Greenwich, a primary school worked with us to build bird boxes, which were then left for new residents. Our plan also includes risk mitigation and communications on local wildlife and flora/fauna. We have specialist partners who survey key sites and provide recommendations to our site team.

Waste management is an important issue to Lakehouse, not only for the legislative requirements but also for the waste reduction commitments the company has signed up to. In regards to waste minimisation, recovery and recycling, Lakehouse is also committed to the WRAP voluntary agreement of Halving construction, demolition and excavation waste to landfill by 2012. Targeted against the baseline year of 2009, and the company reports progress annually using the following KPIs:

tonnes of waste per £100k construction value;

- tonnes of waste to landfill per £100k construction value; and
- % of waste diverted from landfill

In order to achieve the target set out by this commitment, Lakehouse has developed its waste management procedures and planning. A number of waste minimisation options have been explored on previous Lakehouse projects, in addition to the selection of waste contractors with high recycling and recovery rates. Examples of some of the waste minimisation options Lakehouse has tried previously include;

- Working with our supply chain, requesting minimal packaging with suppliers and taking back packaging, such as returning pallets
- Using rubble waste arising from site clearance as backfill or use as hardcore for access roads and walkways
- Detailed planning - Avoidance over ordering
- Detailed planning - Use of 'just in time' deliveries
- Buy-back for excess materials
- Re-use of site won materials
- Ensuring materials are stored and maintained securely preventing damage and re-ordering
- Reference to SWMPs on all sites, developed and reviewed during design to incorporate targets
- Waste Champions (Skip champions) leading training and awareness
- Waste hierarchy reduce/reuse/recycle etc on site and awareness of entire team of importance.
- CLIP to review SWMPs and eliminate waste from processes
- Framework wide initiative sharing to ensure collaborative/continuous improvement of framework

The current statistics for Lakehouse demonstrate that from 2010 to 2011; the percentage of waste diverted from landfill per £100K spend improved by 27%, and as for the company's improvements compared to the 2009 baseline, Lakehouse had improved by 70%.

Principle 10: Business should work against corruption in all its forms, including extortion and bribery.

Lakehouse has a zero tolerance policy towards corruption and bribery. We have a number of policies to support this including an anti-corruption policy and ethics policy. This is communicated throughout our procedures including our induction process.

We have a requirement for all members of staff to complete an authorisation form with regard to entertainment or gifts. This has enabled us to control and monitor any form of potential corruption.