



Environmental, social and governance policy

Introduction

With a remarkable past and an exciting future, Buccleuch is a diverse and modern business focused on maintaining and enhancing the environment for generations to come. With enterprises spanning commercial property, agriculture, forestry, renewable energy, estate management and tourism, Buccleuch is focussed on a sustainable future, carefully weighing up economic, community and environmental criteria within a robust strategic planning and decision-making framework.

Buccleuch's vision, to be a diverse and sustainable business, with a reputation for working with communities, respecting the environment and contributing to culture through heritage, is supported by the business' four guiding priorities: community, customers, environment and colleagues.

These four guiding priorities flow into Buccleuch's Environmental, Social and Governance policy (ESG), which is implemented appropriately across the group and reviewed regularly to ensure it remains relevant and ambitious.

This document outlines the overarching standards Buccleuch adheres to in relation to ESG issues and acts as a touchpoint for integrating ESG considerations into its day-to-day business transactions and interactions.

1. Environment: Buccleuch actively manages its impact on the environment

In line with its longstanding commitment to the environment, Buccleuch continually reviews its operations across the business. Recognising that land use will play an important role in its own and the nation's journey to net zero, Buccleuch is developing a science-based understanding of its natural capital assets across the estates and the opportunities for their enhancement. Buccleuch will continue to work closely with trusted partners in the renewable energy sector to bring existing consented schemes to development and will seek to become an active investor in future projects.

- a. Buccleuch aspires to minimise the impact on the natural environment of its business activities and to take advantage of opportunities to enhance it where possible
 - Buccleuch will manage its woodlands on a sustainable basis, ensuring consideration is given to the wider landscape and biodiversity, and will seek certification under the UK Woodland Assurance Standard wherever possible, something that has been held for over twenty years
 - Buccleuch will continue to drive down the use of fertilizers and increase sustainable food production within its agricultural operations to ensure its impact on biodiversity is minimised
 - When designing commercial property projects, Buccleuch will ensure all landscape enhancements included within designs and mitigation measures are an improvement on the existing landscape.



- b. Buccleuch will monitor carbon emissions across all enterprises and, where possible, work to reduce these year-on-year, with the aim of becoming carbon neutral at a group level by 2030
- Across the organisation, detailed information and statistics will be recorded to assess net annual carbon emissions
 - Each business enterprise will take measures to reduce its overall carbon emissions on an annual basis, guided by third party recommendations and industry standards
 - Buccleuch will also work with its tenants, customers and suppliers to understand how it may be able to support them in bringing down the overall environmental impact of the business including direct and indirect emissions from those on whom Buccleuch relies as part of its value chain.
- c. Buccleuch's workplaces will ensure 'reduce, reuse, recycle' is considered within all office activities and procurement
- Buccleuch will ensure that each workplace has in-office recycling facilities
 - Any necessary printing and paper use is undertaken on FSC certified paper, where possible
 - Buccleuch will encourage colleagues to make energy efficient choices both at work and at home
 - Buccleuch colleagues have access to a cycle to work scheme to encourage active travel

2. Social and communities: Buccleuch cares about its communities and colleagues

Together with the economic and environmental benefits the business affords, Buccleuch also has the capacity to deliver significant well-being benefits. As an organisation built on land and property assets, and measured against the Scottish Government's National Performance Framework, Buccleuch generates a very strong set of positive benefits across most measures of economic well-being. Particularly, its contributions support the outcomes that are aimed at developing and improving community life and the well-being of children and young people, as well as actively contributing to culture, economic growth, environmental management, fair work, education and health.

- a. Buccleuch has a commitment to the places in which it operates
- Buccleuch understands the concerns of rural communities and wants to continue to support them, which is why it has produced a community engagement plan outlining its collaborative approach, the desire for a positive impact and the commitment to ensure the local communities are considered within decision-making
 - Buccleuch supports local events and charities, both through financial support and the contribution of staff time
 - Buccleuch endeavours to use and support local businesses and contractors.
- b. Buccleuch understands that colleagues are the organisation's lifeblood, and is committed to providing for their health and wellbeing
- A commitment to safety, employee health and wellbeing is deeply engrained in Buccleuch's culture. Buccleuch's safety and risk management systems use proactive performance indicators designed to engage colleagues and exceed legal compliance



- Induction training provides new colleagues with all the information they need to familiarise themselves with the business and its key policies. This is reviewed to ensure the most up-to-date information is passed on
- Buccleuch supports flexible working, where this is possible, and works with colleagues to promote a healthy work-life balance
- Buccleuch has implemented a range of measures to support colleagues. These include: policies on health and wellbeing, anti-harassment and bullying, diversity and inclusion, and hybrid working; a Colleague Assistance Programme; a Modern Anti-Slavery Policy; enhanced maternity, paternity and adoption pay and leave. All of these initiatives are kept under review to ensure they support best practice.

3. Governance

As an organisation operating across multiple diverse enterprises, Buccleuch recognises that strong corporate governance and transparency are critical to ensuring it continues to have a sustainable business that supports the nurture and development of its heritage.

a. Buccleuch has in place robust internal and external governance practices

- Buccleuch's Executive Committee consists of twelve members, each with expertise in their area of the business, and it is mandated to make operational decisions.
- The Buccleuch Board oversees the performance of the executive team and is responsible for all decisions relating to strategy and policy. Proposals relating to strategy and policy are developed and agreed by the Executive Committee before presentation to the Board for discussion and approval
- Focussed steering groups further enable the close involvement of board members with key strategic initiatives and decision making, outwith the regular structure of board reporting
- Buccleuch has established a Land Use Strategy Group, drawing together colleagues with a wide range of specialist expertise to enable the detailed, exhaustive scrutiny, discussion and testing of land use opportunities prior to implementation or change. The prime objective is to optimise decisions through a balance of environmental, community and financial considerations
- The Buccleuch board manages the review of colleague salary levels and performance related awards for the executive team through its Remuneration Committee. This meets at regular intervals through the year and is led by a non-executive director.

b. Buccleuch strives for the highest standards of financial governance

- The Board is committed to meeting its responsibilities for prudent governance to shareholders and wider stakeholders. This includes a rigorous approach to: internal financial reporting; capital structure decisions on debt finance suitability and debt covenant review; target and budget setting; quarterly review of management accounts; business planning and investment decisions across the short, medium and long term, including asset allocation decisions.
- Buccleuch's accounts are prepared on an annual basis and are audited by an independent third-party accountancy firm to UK Generally Accepted Accounting Practice. Annual accounts are signed off by Buccleuch's Board, following a meeting of the Audit Committee, which is chaired by a non-executive director.



- c. Buccleuch is committed to collaboration and sharing information with its internal and external stakeholders, recognising that this is important to ensure its aims and ambitions are understood
- Buccleuch is committed to recording all land owned with Registers of Scotland and this information can be viewed on both the Buccleuch and Registers of Scotland websites
 - Buccleuch's community engagement plan ensures communities are a key consideration in land use decisions and it will continue to look at new ways to ensure communities, tenants and suppliers continue to be informed
 - Buccleuch's colleagues are important to the success of the business and its policies and regular communication ensures they are aware of Buccleuch's aims and ambitions, and where they can assist with these. Buccleuch also ensures colleagues are the first to know of any planned communications and understand the reasons behind business decisions.