



# **Sustainable Real Estate Investments Policy**

**Standard Life  
Investments**

## **Standard Life Investments: Real Estate**

# **Sustainable Real Estate Investments Policy**

<b>Policy owner</b>	<b>Graham Baxter</b>
<b>Subject matter experts</b>	<b>Graham Baxter, Ruairi Revell</b>
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## Definitions

Policy	An overarching global policy that applies to all of SLIRE (as defined below) in respect of the subject matter in question
Group	Standard Life plc and its subsidiary companies
Framework	Standard Life Investments Real Estate Policy Framework
SLI	Standard Life Investments Limited
SLIRE	Standard Life Investments (Real Estate) and includes related SLI subsidiaries: (i) Standard Life Investments (France) SAS
SREI	Sustainable Real Estate Investment
Sub-Policies	Policies on discrete but related subject matters that: (i) set the standards that SLIRE must adhere to in the conduct of its global business (ii) accommodate differences in law and practice across different jurisdictions

## Overview

This policy document is divided into (1) an overarching Policy and (2) associated Sub-Policies.

### (1) The Policy:

- Sets the overarching standards that SLIRE must adhere to in relation to SREI, in accordance with our Mission Statement.
- Is in place to ensure that we maximise sustainability performance and investment opportunities and minimise the adverse impacts of our real estate investment activity.
- Must be read in conjunction with the Framework to ensure that the context and application of the Policy is understood and the processes for approval, implementation, and compliance monitoring and reporting set out in the Framework are followed.

### (2) The Sub-Policies:

- Set the practices and procedures that various teams within SLIRE must adhere to in relation to the Policy.
- Support the Policy and are in place to ensure compliance with the standards set by the Policy.

## Application

This Policy applies to all SREI activity within the SLIRE global sphere of business.

# Policy Standards

## Mission Statement for Sustainable Real Estate Investment

Our mission for SREI is as follows:

*“We aim to be the industry leader in responsible investment, contributing to a sustainable world and better financial future for our customers”*

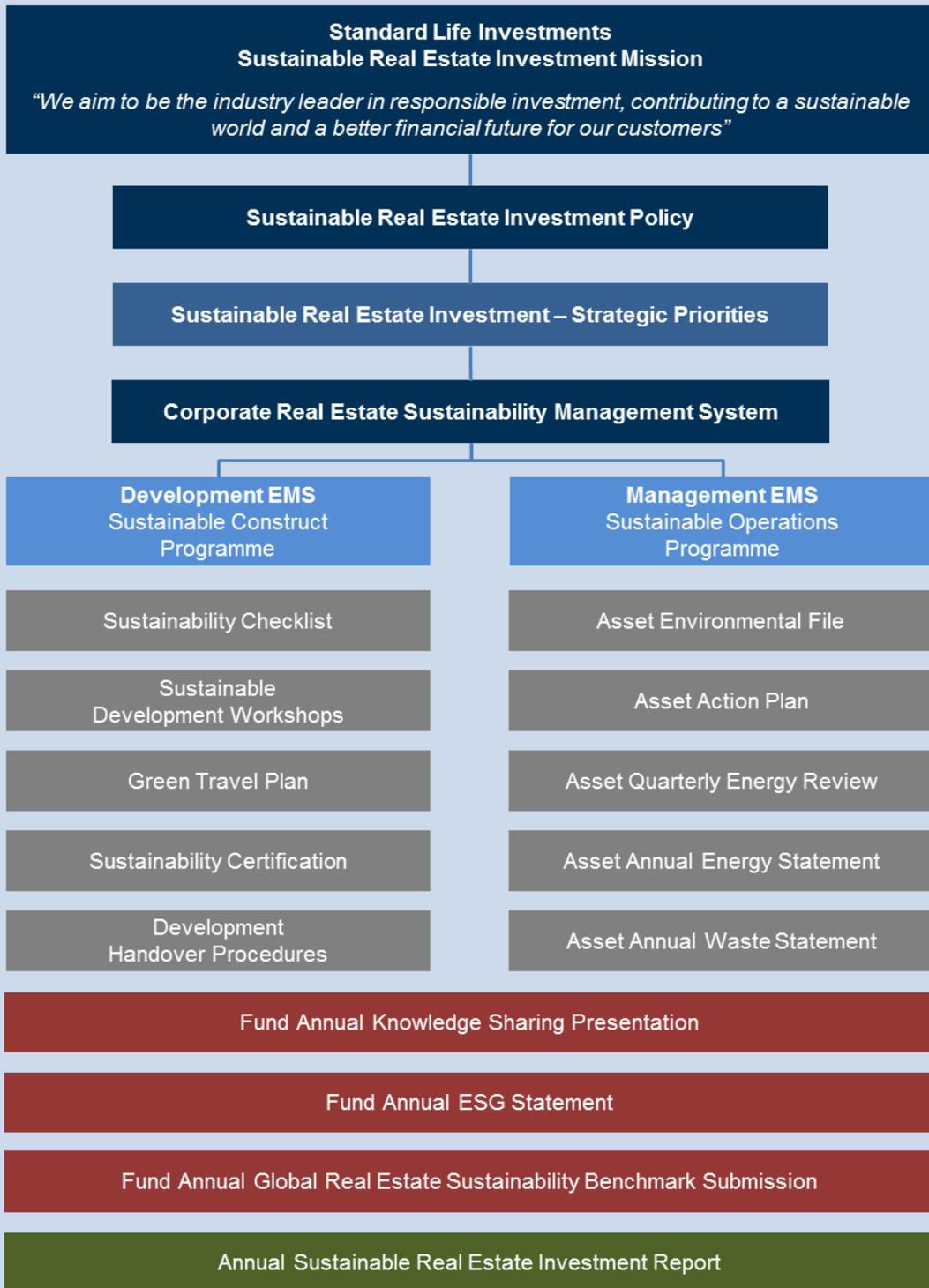
This statement is aligned to the wider responsible investment mission of Standard Life Investments. This Policy and its Sub-Policies summarise the standards and procedures that we have in place to implement our mission for SREI.

## Principle Policy Standards

- During all stages of a real estate asset’s life, from acquisition to disposal, we will follow the United Nations ‘Principles for Responsible Investment’ (PRI).
- In all reporting, whether to internal or external stakeholders, we will follow the guidelines in the Global Reporting Initiative (GRI), where applicable to environmental and social performance.
- In fund management and reporting including portfolio construction or re-alignment we will follow our Corporate Real Estate Sustainability Management System (CRESM) for fund investment and management **‘Sustainable Investment Programme’**.
- We will maintain Environmental Management Systems (EMS) for the development and management of real estate assets, informed by our strategic priorities for SREI.
  - In all facets of building design and construction throughout the development process we will follow our EMS for developments: **‘Sustainable Construct Programme’**.
  - We will maintain and operate all portfolios within our existing multi-let estate in accordance with our EMS for landlord managed assets: **‘Sustainable Operations Programme’**.
- When working with joint venture partners we will promote awareness of the standards within our EMS and work with them to achieve our SREI Mission.

The diagram below provides the context that this policy sits within and highlights the various components of each EMS.

## SREI Policy Framework



## Roles and Responsibilities

- (i) **Head of SLIRE:** Approves this Policy and signs off on any updates on an annual basis.
- (ii) **SLIRE Management Team:** Provides a forum in which new Policies and Sub-Policies are discussed.
- (iii) **Policy Owner:** Proposes and manages Policies and Sub-Policies.
- (iv) **Subject Matter Expert(s):** Is/are responsible for drafting Policies and Sub-Policies.
- (v) **Policy Framework Manager:** Manages the implementation and the on-going maintenance of the Framework.

## Applicable Regulations/Legislation

All initiatives/transactions subject to this Policy are expected to comply with applicable UK regulations and legislation as well as any applicable regulations and legislation in the particular jurisdiction where the initiative/transaction is being conducted.

## Links to Other Relevant Policy Documents

Key documents that must be read in conjunction with this Policy are the following:

- (i) The Group Policy Framework
- (ii) The Standard Life Investments Real Estate Policy Framework
- (iii) The following SLIRE Policies:

- Development
- Health & Safety
- Investment
- Leasing & Lease Management
- Property Management

## Version Control

Version	Date	Changes/Comments
1.0	1/12/2014	Reformatting of January 2013 document.
2.0	17/03/2016	Updates to reflect Mission Statement and Strategic Priorities

Appendix 1:

Corporate Real Estate  
Sustainability Management

*Global “Sustainable Investment Programme”*

## **Standard Life Investments: Real Estate**

### **Sustainable Real Estate Investments**

### **Corporate Real Estate Sustainability Management**

***GLOBAL “SUSTAINABLE INVESTMENT PROGRAMME”***

<b>Sub-Policy owner</b>	<b>Graham Baxter</b>
<b>Subject matter experts</b>	<b>Graham Baxter, Ruairi Revell</b>
<b>Version number</b>	<b>2.0</b>
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# Corporate Real Estate Sustainability Management (CRESM)

## *Global “Sustainable Investment Programme”*

<b>Prepared by:</b>	<b><i>Graham Baxter, Ruairi Revell</i></b>
<b>Date:</b>	<b><i>March 2016</i></b>
<b>Type:</b>	<b><i>Sub-Policy linked to the Sustainable Real Estate Investments Policy</i></b>
<b>Synopsis:</b>	<b><i>Fund management and portfolio construction investment process</i></b>

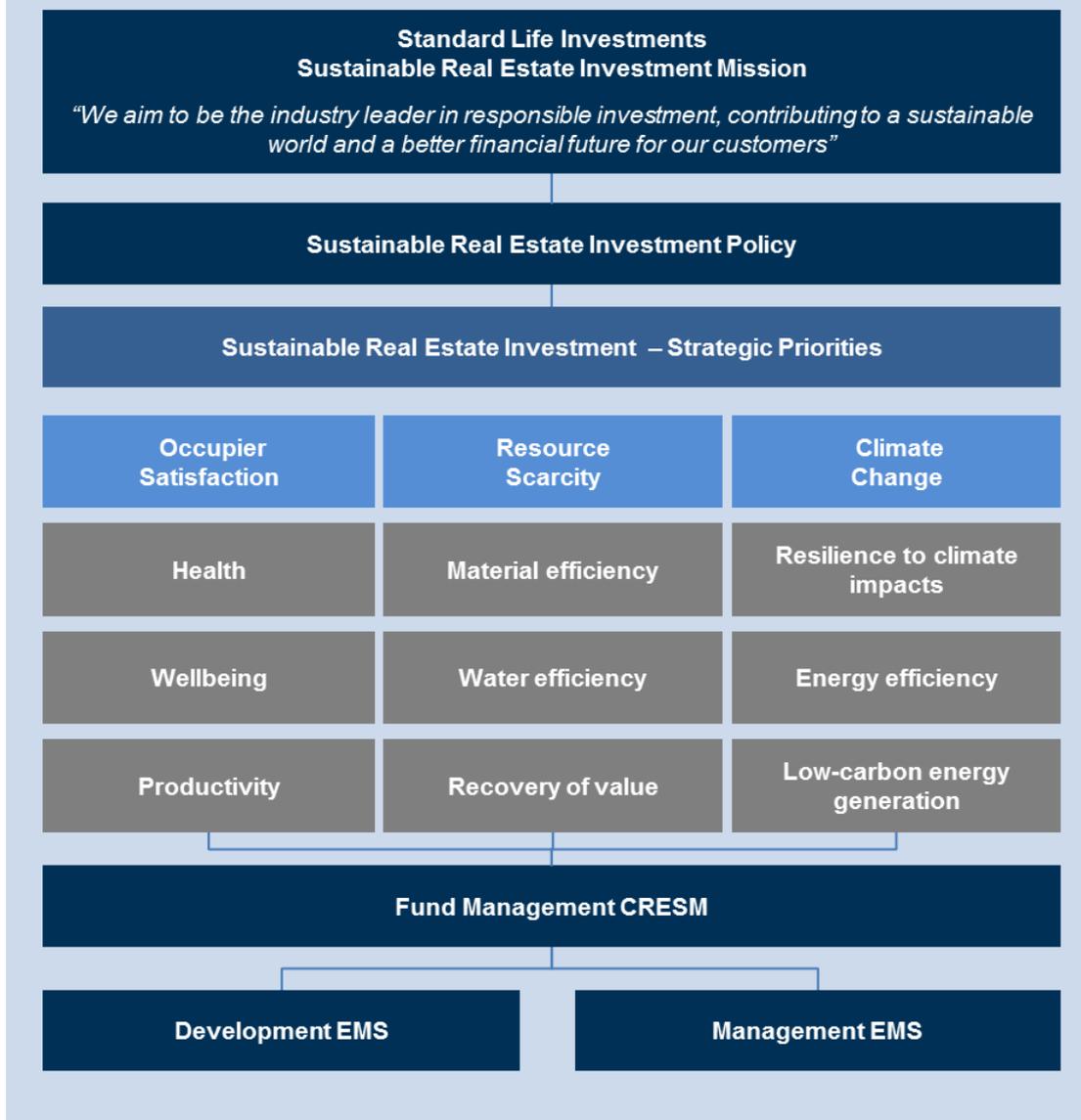
## Introduction

The CRESM provides the framework for Sustainable Real Estate Investment (SREI) at SLI. It defines our overarching procedures for sustainable investment management at the corporate, asset and portfolio levels. Its scope is informed by our Strategic Priorities and it in turn informs our Environmental Management Systems for development and asset management.

## Our Strategic Priorities for Sustainable Real Estate Investment

Our Mission Statement and Strategic Priorities reflect our key Environmental, Social and Governance impacts and the areas where we believe we can have a positive influence. The diagram below presents our priorities in the context of our SREI Policy and Environmental Management Systems. In the following sections, we briefly outline the issues and our aspirations under each of the three priority areas.

## SREI Mission Statement and Strategic Priorities



### Occupier Satisfaction

There is now overwhelming evidence of the link between the design and management of the built environment and the health, wellbeing and productivity of people using it.

The health and wellbeing of asset users is affected by a range of factors including indoor air quality, lighting and noise levels, thermal comfort, links to nature and proximity to amenities. If human-centred design is adopted, there can be significant knock-on benefits for organisations in the form of reduced absenteeism and staff turnover and increased productivity.

We are actively exploring ways to improve the impact that our assets have on the health, wellbeing and productivity of their users. There are unique challenges in each real estate sector; interventions must be evidence-based and tailored to their context. This will require us to work closely with our

partners and tenants as their decisions related to asset fit-outs can have the largest influence on health and wellbeing outcomes for occupiers.

## **Resource Scarcity**

The availability of materials and natural resources – including metals, biomass, cement and water – is essential for the construction and operation of the built environment. Although there are signs that consumption of natural resources has decoupled from GDP growth, issues of resource scarcity are set to intensify as total global demand continues to rise.

We are working to further reduce the physical resource intensity of our assets. We have successfully achieved zero waste to landfill across the vast majority of our assets and continually look to maximise the recovery of value from resource streams.

We are now actively exploring innovative approaches to improving material efficiency including the application of Cradle to Cradle<sup>®1</sup> principles as part of new developments and refurbishments. We will continue to investigate opportunities to promote closed cycles for materials and recover as much value as possible from the resources we use.

## **Climate Change**

The commitment from the international community to keeping the global temperature increase well below 2 degrees Celsius reinforces the need for us to continue our efforts to reduce greenhouse gas emissions. Meeting this goal presents a huge challenge for the built environment which currently accounts for one third of emissions globally.

We are working hard to reduce emissions from our assets and have made significant progress by engaging with occupiers and implementing energy efficiency and renewable generation measures. We will continue to set ambitious targets and work with our partners to further improve performance.

Alongside reducing emissions we are working to ensure that our assets are resilient to the environmental and social risks associated with climate impacts in all of the geographies in which we operate.

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<sup>1</sup> Cradle to Cradle<sup>®</sup> is a registered trademark of McDonough Braungart Design Chemistry, LLC.

# Sub-Policy Standards

## Principle Objectives

The key objectives of our CRESM for sustainable fund management are as follows:

- To establish and maintain continual professional development in sustainability for fund and portfolio managers.
- To maintain up to date guidance for sustainable portfolio construction decision making including the relevant risk sign off processes.
- To disclose sustainability performance to inform fund investors, engage with asset occupiers and share knowledge with peers.

## Sustainable Professional Development Considerations

The following awareness and training activities are undertaken:

### On-line Sustainability Training Modules

In line with the Standard Life Investments' Global Code of Conduct, the following computer based on-line training modules must be read and understood by all employees at induction and then on an annual basis:

- Financial crime
- Anti-bribery and corruption
- Physical information and security
- Managing risk
- Diversity
- Sustainability

In addition to these modules the real estate team are encouraged to undertake various courses relevant to the real estate investment process.

### In-house Sustainability Workshops & Presentations

We hold at least two sustainability events each year that contribute to the continuing professional development of the real estate team. These are led by the Real Estate Sustainability Team and are carried out in our main real estate offices in Edinburgh and Paris. They are tailored to suit the particular geographies that each office covers. The events cover the following elements:

- Forecast look: highlighting up-coming legislation, proposed initiatives, progress against targets and a spotlight on any new technology.
- Full year review: highlighting the full year sustainability performance of each sector and each fund in that jurisdiction and reviewing targets for the year ahead.

We hold additional internal sessions as necessary when for example, there is a particularly relevant new piece of legislation being introduced or a new initiative being rolled out.

### **External Sustainability Training Modules**

In addition to the above, we encourage our real estate managers to attend external sustainability training courses when they are available, from providers such as the Green Building Council or other professions bodies.

### **Sustainable Portfolio Decision-making Considerations**

The following considerations are made when investment decisions are being taken during portfolio construction or re-alignment stages:

#### **Portfolio Sustainability Risk Parameters**

At inception each new fund that invests in direct real estate assets sets guideline sustainability parameters appropriate for the geographical and sector characteristics of the assets. These cover as a minimum the following aspects:

- Contamination & remediation
- Flood risk & defence profile
- Minimum energy performance criteria
- Obsolescence
- Sustainability certification

#### **Asset Sustainability Screening Process**

In light of the above parameters, for each proposed asset acquisition, timely due diligence is undertaken so that a meaningful review of the impact on overall fund risk or enhancement can be made.

In addition to understanding the impact on the above parameters at a fund and portfolio level, a review of the following is undertaken at the asset level:

- Environmental tax costs
- Accessibility
- Adaptability
- Landlord/tenant obligations & restrictive covenants
- Anticipated capital expenditure profile
- Opportunities for sustainability initiatives

#### **Annual Portfolio Sustainability Profile Update**

Each year a review of the above parameters is undertaken for each asset, with particular focus on flood risk profiles.

## **Sustainable Performance Disclosure Considerations**

### **Legal Compliance**

In order to comply with the UK mandatory greenhouse gas emissions reporting regulations we publically disclose our performance in an annual Sustainable Real Estate Investments Report covering our global emissions.

### **Investor Updates**

On an annual basis we submit our real estate funds to the Global Real Estate Sustainability Benchmark (GRESB) and provide a copy of the sustainability performance scorecard report to our investor clients.

In addition to the GRESB scorecard we issue an annual Environmental, Social and Governance Statement which highlights the sustainability performance of each asset. In the interim, at the half year point, we present an update on each of the sustainability criteria to show progress against targets, detail any initiatives implemented or planned and highlight the impact of any recent or upcoming environmental legislation.

### **Occupier Engagement**

Where we are responsible for the operational management of an asset, including its energy and water supplies then we provide each tenant with an annual Landlords Energy Statement utilising the Carbon Trust engagement tool LES-TER. This is provided through our managing agent and/or our mechanical & electrical FM consultants.

Where we are responsible for the waste management at an asset our managing agents and/or our waste management consultant also provide each tenant with an annual waste statement.

### **Knowledge Sharing**

In order to share best practice throughout the real estate team, as part of the annual fund presentation each fund manager must communicate the sustainability performance of their assets and present relevant case studies.

Furthermore, to share best practice throughout the professional teams that manage our portfolios we include a section on sustainability in our annual real estate agents conference.

## Sub-Policy benchmarks

The processes, procedures and controlled documents that benchmark compliance with this sub-policy are listed under Appendices and can be accessed via the associated links.

## Appendices

*Acquisition Risk Sign-off Process*

## Version control

Version	Date	Changes/Comments
1.0	01/12/2014	CRESM created
2.0	17/03/2016	Amendments to incorporate Strategic Priorities

## Appendix 2:

# Environmental Management System

***Global “Sustainable Construct Programme”***

## **Standard Life Investments: Real Estate**

### **Sustainable Real Estate Investments**

### **Environmental Management System**

*GLOBAL “SUSTAINABLE CONSTRUCT PROGRAMME”*

<b>Sub-Policy owner</b>	<b>Graham Baxter</b>
<b>Subject matter experts</b>	<b>Graham Baxter, Ruairi Revell</b>
<b>Version number</b>	<b>2.0</b>
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# Environmental Management System

## *Global “Sustainable Construct Programme”*

<b>Prepared by:</b>	<b><i>Graham Baxter, Ruairi Revell</i></b>
<b>Date:</b>	<b><i>March 2016</i></b>
<b>Type:</b>	<b><i>Sub-Policy linked to the Sustainable Real Estate Investments Policy</i></b>
<b>Synopsis:</b>	<b><i>Newly developed or redeveloped assets</i></b>

## Introduction

This Environmental Management System (EMS) document sets the standards that all areas of Standard Life Investments Real Estate must adopt in relation to the development or redevelopment of real estate assets. The EMS is in place to help ensure that we, with our partners and stakeholders, maximise environmental and social performance and minimise the adverse impacts our real estate development activity has on the environment.

## Sub-Policy Standards

### Principle Objectives

The principle objectives of this EMS are as follows:

#### **1. To actively consider sustainability performance at the feasibility and options appraisal stages of development projects.**

We seek to achieve this by:

- Maximising opportunities to refurbish/redevelop existing buildings and brownfield sites rather than greenfield sites, where possible.
- Fully understanding the environmental risk profile of opportunities by undertaking environmental appraisals considering flood risk, contamination and ecology.
- Reviewing the location of developments and how it is served by public transport infrastructure.

- Establishing the potential to undertake energy efficient refurbishments and improvements to buildings to reduce energy consumption, improve energy performance ratings and reduce greenhouse gas emissions.

## **2. To adopt and implement sustainability principles on all developments and refurbishment projects at all stages of building design and construction.**

We seek to achieve this by:

- Including sustainability objectives as an integral part of all design team appointments and building contracts.
- Specifying that, where possible, all new developments achieve a level of performance at least equivalent to BREEAM Very Good.
- Ensuring that we achieve, as a minimum, best practice energy efficiency performance (and associated EPC ratings) for the asset type for new developments and major refurbishments through the adoption of the energy hierarchy.
- Monitoring and reviewing sustainability performance throughout the design and construction process to ensure that standards set out in the project brief are being met.
- When working with joint venture partners, promoting awareness of the standards within our SREI policy principle and working with them to achieve our objectives.

## **General Considerations**

### **Contractor and Supplier Selection**

We regularly promote awareness of our Sustainable Real Estate Investment (SREI) policy among our suppliers. Where environmental, social, or ethical risk issues arise, we work closely with our suppliers and contractors. We encourage the adoption of the Construction Industry Board's procedures for selected projects – the Considerate Constructors Scheme - in order to promote community engagement and high standards of health and safety.

### **Life Cycle Considerations**

Whole life costing methods should be used to ensure that the best options can be considered for the lifetime of the building. Environmental impacts such as carbon dioxide emissions should also be considered on a whole life basis to ensure life cycle impacts are minimised.

## **Development Sustainability Considerations**

The following considerations, although not exhaustive, form the basis of a ***Sustainability Checklist*** which is produced for all development projects. This guides the sustainability performance of the development and is reviewed at each of the key stages throughout design and construction.

### **Occupier Satisfaction**

#### **Indoor air quality:**

- The fresh air allowance in buildings should follow CIBSE recommendations in order to minimise concentrations of CO<sub>2</sub> and other pollutants.
- Ductwork should provide access points to enable periodic cleaning.
- Where appropriate, windows should be of a style that can be opened. However, this must be balanced against the ingress of noise and external sources of air pollution.
- A Green Travel Plan should be produced for the development and shower and changing facilities should be provided along with dry and secure bicycle storage facilities.

#### **Thermal comfort and ventilation:**

- Air intake points should be designed to avoid cross contamination. Filtration should be in accordance with CIBSE recommendations and incorporate monitoring devices to ensure that maintenance procedures are adequate.
- Controls should be incorporated to ensure thermal comfort can be maintained without wasting energy by overheating or overcooling of the space.

#### **Noise and acoustics:**

- Building design and fit-out should consider acoustics and noise levels to ensure the noise environment is tailored to the needs of occupiers.
- To achieve this, activity-based design should be used for fit-outs where possible with attention given to the acoustic conditions required to maximise productivity and satisfaction.

Engineering systems should limit the external noise they generate and restrict the background noise to an acceptable level at night.

### **Lighting and visual comfort:**

- Buildings should be designed to maximise use of daylight, reduce glare and provide external views for occupiers where possible.

### **Hazardous and toxic materials:**

- Lead based paints should not be used. Solvent based paints that may release Volatile Organic Compounds (VOCs) should be avoided as far as possible and used in line with manufacturer's guidance where their use is unavoidable.
- Asbestos and other toxic material should not be used. The use of building products containing formaldehyde should be avoided where there is an alternative available and all efforts should be made reduce the risk of release from specified materials.

### **Legionnaire's disease:**

- Awareness of our water management standards should assist in the design of new plant and systems. Domestic water services should permit periodic chlorinating. The design and specification of new plant should be in accordance with the approved code of practice.

### **Exercise and active design:**

- Buildings should be designed to encourage physical activity (e.g. through design of circulation space and staircases).
- All effort should be made to ensure access to services and amenities to encourage physical activity (e.g. gyms and green space).

### **Landscaping and nature:**

- Internal landscaping (e.g. green walls and planting) should be considered to provide a link with nature for building users.
- External landscaping, where part of the scope of a development, should incorporate green space and natural features.

## **Resource Scarcity and Waste Management**

### **Designing out waste:**

- The principles of Designing out Waste<sup>2</sup> should be adopted on all developments, as follows:

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<sup>2</sup> Designing out Waste: a design team guide for Buildings:  
<http://www.wrap.org.uk/content/designing-out-waste-design-team-guide-buildings-0>

- *Design for re-use and recovery:* consider the cut and fill balance and whether excavation/ demolition materials can be re-used on site if performance criteria can be met. For examples, crushed demolition materials should be considered for filling and for road bases. If on-site re-use is not possible, of-site re-use, recycling and recovery should be maximised.
- *Design-for off-site construction:* consider whether the design or part of the design can be manufactured off site.
- *Design for materials optimisation:* consider simplifying the design to avoid unnecessary cutting and joining.
- *Design for waste efficient procurement:* set and monitor waste targets for contractors and sub-contractors.
- *Design for durability, deconstruction and flexibility:* the durability and flexibility of materials, particularly in relation to their reuse, should be considered at the specification stage.

#### **Contamination and hazardous materials:**

- We consider it vital to identify and comply with requirements for disposing of hazardous materials. Evidence of historic site contamination is also investigated at the start of every development.

#### **Recycling facilities and storage**

- Buildings and fit-outs should be designed to enable occupiers to easily segregate and store recyclable materials. There should be sufficient space to store recyclable materials and enable them to be collected.

#### **Timber products**

- Tropical hardwoods should not be specified. Timber and timber boards should be obtained from sustainable managed resources. The timber merchant's certificate should state the country of origin and plantation.

#### **Water conservation:**

- Demand for water should be reduced through the specification of water-efficient technologies. Water economy devices should be fitted to urinals and water meters installed to monitor consumption. Water flow regulators should be fitted to taps where appropriate.
- Where appropriate, the use of rainwater and recycled grey water should be considered.
- Wet evaporative cooling towers should not be used.

## **Climate Change and Air Pollution**

### **Climate resilience and flood risk**

- The level of current and future flood risk in the area of the building should be assessed and considered as part of the design.
- Where applicable, sustainable urban drainage systems should be considered as part of the building and landscaping design to reduce the rate of surface water run-off as far as possible (e.g. green roofs, swales, rainwater harvesting, permeable paving).

### **Energy efficiency and low-carbon generation**

- Passive approaches to heating and cooling should be considered (for example, optimising orientation and using shading techniques).
- A fabric-first approach should be used to minimise energy demand by considering options such as elements with low U-values, achieving high air tightness and maximising insulation of ducts, pipes and vessels. High levels of insulation should be incorporated into the building with particular attention given to window design.
- Natural lighting and natural ventilation should be considered to reduce energy demand for lighting and cooling.
- Energy efficient services, appliances and controls should be used. This includes the use of low energy luminaires (LEDs where viable) with high frequency control gear. We recommend the use of controls that permit timed zoned switching of luminaries or movement sensors, where appropriate. Thermal recovery devices should be considered in air conditioning systems.
- Renewable, low and zero carbon technologies should be considered to generate energy on-site. This could include combined heat and power plants, solar photovoltaic and thermal panels and heat pumps.
- The Green Travel Plan for the development should highlight and encourage public transport options as well as walking and cycling.

### **CFCs, HCFCs and Halons**

- HCFCs should not be used as blowing agents in insulation materials and extruded polystyrene and polyurethane foams should not be used.
- Halon fixed or portable fire control systems should not be specified.
- Specified refrigerants should offer the lowest ozone depletion potential available and should take into account planned future legislation. Leak detection and recovery of refrigerants should be specified where

practical. Maintenance facilities should be adequate to monitor the integrity of the refrigerant equipment, and to recover decanted refrigerant.

## Key Development Stages

### Implementation

Standard Life Investments' professional appointment documents cover all of the principle objectives required for a comprehensive approach to sustainability in the design and construction of buildings. The sustainability objectives are reviewed in development workshops with the design team and Standard Life Investments' development executive at the following stages of the development process:

- Client's Brief
- Scheme Design
- Contractor's Proposals
- Health & Safety File

The appointment documents, together with the BREEAM standards, are used to set benchmarks for the environmental objectives. The development executive is responsible for approving any deviations from the environmental objectives.

### Monitoring

We review the sustainability objectives at each phase of the design and construction of the building. These records are signed by the development executive responsible for the project and approved by the development director. Where applicable, Construction Industry Board appointed consultants will inspect sites to ensure they comply with the Considerate Constructors Scheme.

### Development Completion

It is critical at the stage of handing over the development from the construction team to the management team that the ***Development Completion Procedures*** are understood and followed by both teams.

## Sub-Policy benchmarks

The processes, procedures and controlled documents that benchmark compliance with this sub-policy are listed under Appendices and can be accessed via the associated links.

## Appendices

### *Development Completion Procedures*

## Version control

Version	Date	Changes/Comments
1.0	1/12/2014	Reformatting of January 2013 document.
2.0	17/03/2016	Reformatting and update to reflect Strategic Priorities for SREI

## Appendix 3:

# Environmental Management System

*Global “Sustainable Operations Programme”*

## **Standard Life Investments: Real Estate**

### **Sustainable Real Estate Investments**

### **Environmental Management System**

*GLOBAL “SUSTAINABLE OPERATIONS PROGRAMME”*

<b>Sub-Policy owner</b>	<b>Graham Baxter</b>
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# Environmental Management System

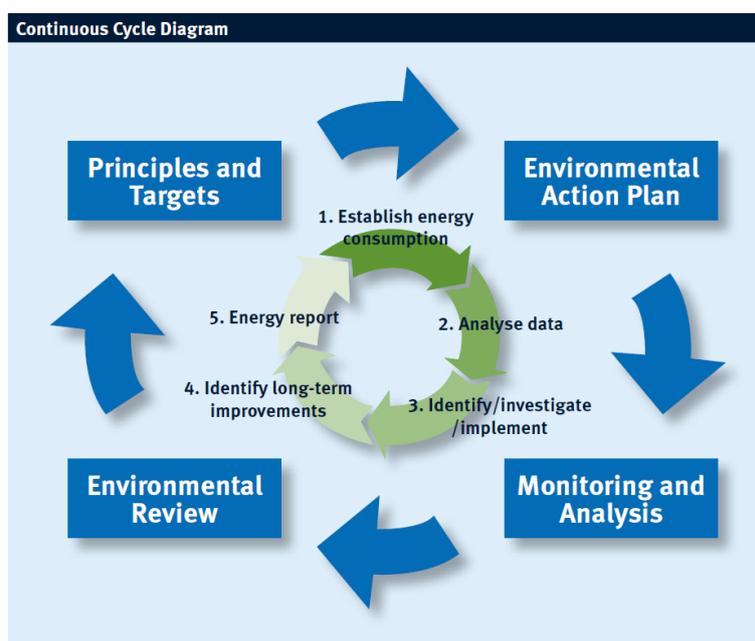
## *Global “Sustainable Operations Programme”*

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<b>Type:</b>	<b><i>Sub-Policy linked to the Sustainable Real Estate Investments Policy</i></b>
<b>Synopsis:</b>	<b><i>Operation of existing assets with the SLIRE managed portfolios</i></b>

## Introduction

This Environmental Management System (EMS) document sets the standards that all areas of Standard Life Investments Real Estate must adhere to in relation to the operation of our managed assets. The EMS is in place to help ensure that we, with our partners and stakeholders, maximise environmental and social performance and minimise the adverse impacts our real estate investment activity has on the environment.

We recognise that this is a continuous process where the changing life of the property and the turnover of staff, engineers and managers can affect progress. Similarly, external sustainability drivers and our strategic priorities may change in future, affecting the scope of sustainability issues considered. The following diagram illustrates the process that is required to maintain momentum in achieving continual improvement.



# Sub-Policy Standards

## Principle Objectives

We recognise that asset operation has the largest influence on the sustainability performance of our real estate investment portfolio. It therefore offers our greatest opportunity to make improvements now and in the future. The principle objectives of this EMS for asset operation are as follows:

### **1. To embed our Mission and Strategic Priorities for Sustainable Real Estate Investment with all suppliers involved in the operation of our assets and to ensure continual improvement in asset performance.**

We seek to achieve this by:

- Integrating this EMS document into the formal agreements for our managing agents and our mechanical and electrical facilities management (M&E FM), lift, waste management and maintenance contractors.
- Setting five year and annual targets for each asset for energy and water consumption and specific objectives for energy efficiency and renewable energy interventions where necessary.
- Requiring action plans to be produced for each asset and undertaking regular reviews of performance. This enables their performance to be monitored and benchmarked against our key sustainability objectives and targets
- Meeting regularly with our suppliers and hosting regular events to reinforce our priorities and offer the opportunity for dialogue on sustainability issues.

### **2. To ensure sustainability performance data and information is recorded and managed to enable efficient analysis and reporting.**

We seek to achieve this by:

- We identify individuals from each of our managing agents who take ownership of the landlord's energy, water, and waste management in each of our managed buildings. An Environmental File must be established for each managed asset.
- The landlord's utility meter consumptions, water usage and waste records for each building are recorded and uploaded onto our web-based property data management system portals

### **3. To ensure our tenants have a strong awareness of sustainability issues and we adopt a collaborate approach to improving performance.**

We seek to achieve this by:

- Ensuring tenants are equipped with the relevant information, evidence and guidance to reflect our strategic priorities for the benefit of their staff and wider sustainability outcomes.
- Maintaining regular dialogue with our tenants on all aspects of sustainability – including energy, water, waste management and health and wellbeing – to illustrate the benefits to their business and identify areas of common interest.

## **Performance Review and Action Planning**

### **Asset Action Plans**

We require an Asset Action Plan to be produced for each managed asset by the managing agent where appropriate. Asset Actions Plans should include the following aspects as a minimum:

- Energy consumption and/or generation
- Water consumption and/or recovery
- Waste management
- Water quality management
- Air quality management
- Ozone depletion substances
- Hazardous materials

For each of these aspects, the Action Plan should review current performance against targets (where applicable) and define actions to improve performance and ensure best practice is followed. The Action Plan is a live document which should be updated at least annually to reflect performance against targets.

### **Sustainability Performance Reviews**

A Quarterly Energy and Water Review is undertaken for each asset by the managing agent and M&E FM. These review meetings should consider past performance against the targets, the effectiveness of existing actions and opportunities for new interventions.

An Asset Annual Energy Statement is also prepared to compare year on year performance and as a tool to assist with tenant engagement.

Waste Management Reviews are undertaken by our waste management contractor for all of the assets at which we manage the waste removal. An Asset Annual Waste Statement is produced to engage with tenants and ensure we meet our targets for diversion from landfill and recycling.

## **Asset Operation and Maintenance**

Planned Preventive Maintenance (PPM) schedules should exist for all managed buildings to ensure regular checking of controls for heating and cooling, hot water and electrical systems.

Operating and maintenance manuals and/or Building Log Books, where possible, should be available to on site staff. They should identify optimum settings for plant and systems and correct operating procedures. Maintenance staff should be aware of the correct operating parameters and compare energy usage against energy targets. Log books recording all maintenance activities should be held on site.

Five year Plant Replacement Programmes should be established for each asset with reviews carried out annually. These should include the planned upgrading to more energy efficient plant and, where viable, the installation of renewable energy systems. Building fabric should also be maintained to ensure energy efficiency with any repairs and/ or replacements taking environmental criteria into consideration.

When replacing elements of fabric or M&E equipment, consultants and contractors should consider options to specify Cradle to Cradle Certified™ products<sup>3</sup> or products with high Green Guide ratings<sup>4</sup>. Options should also be considered to establish service-based or lease contracts for M&E equipment rather than purchase.

## **Monitoring & Analysis**

### **Energy and Water Data Collection**

In order to collect, monitor and analyse energy and water consumption data from each asset we use an online system called ERIMS, provided by enVirSys LLC. This system has been customised to allow us to log and report energy data in accordance with our various reporting requirements.

Our managing agents and/or our Energy Broker are responsible for:

- a) Procuring the energy and water supply contracts
- b) Validating all invoices including comparison of readings taken by site staff
- c) Logging all energy and water consumption onto the web portal
- d) Uploading a copy of all energy and water invoices associated with the logged consumption
- e) Issuing quarterly reports
- f) Requesting annual statements from suppliers where necessary.

### **Energy and Water Data Auditing**

Due to the high volume of data associated with large portfolios we have established monthly, quarterly and annual checks of the logged data. The process

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<sup>3</sup> For more information see <http://www.c2ccertified.org/get-certified/product-certification>

<sup>4</sup> For more information see: <https://www.bre.co.uk/greenguide/podpage.jsp?id=2126>

established for doing this is as follows:

### ***Monthly***

During the invoice validation process the Energy Broker checks the consumption billed against the meter readings taken from site.

In the case of half hourly meters the Energy Broker has access to the output data profiles for comparison which are issued to the M&E FM consultant.

### ***Quarterly***

The M&E FM consultant reviews the energy consumption data logged on ERIMS to check for any anomalies/abnormalities and to include in the quarterly reports to the managing agent.

The M&E FM consultant also reviews the Half Hourly data profiles in their Energy Audit Studies.

### ***Annually***

Using reports automatically generated from our energy portal, we carry out an audit of data to check for completeness, accuracy and consistency.

### **Waste Management**

To enable the monitoring and analysis of waste data from each asset we have established a web portal hosted by S2 Partnership Ltd. The on-line risk management system has a customised environmental module to allow us to log and report our waste data in accordance with our various reporting requirements.

The waste management consultant is responsible for logging the waste streams handled on behalf of the landlord using validated invoices in conjunction with certified waste transfer notes.

### **Occupier Health and Wellbeing**

Where issues are identified relating to measures such as indoor air quality or thermal comfort, either as a result of monitoring or from occupier reports, improvement measures will be put in place. We work closely with tenants to ensure the physical environment of our assets is of a high quality which positively affects the health, wellbeing and productivity of occupiers and users.

### **Tenant Engagement**

Alongside our managing agents and consultants, we maintain regular dialogue with our tenants ensure they have the information required to reflect our sustainability priorities. We aim to provide sustainability guidance to tenants when a new lease is signed or when fit-out works are undertaken.

We regularly undertake tenant satisfaction surveys, particularly for our retail assets, which seek feedback on sustainability topics and identify issues and concerns.

## **Sustainability Reporting**

The energy and waste data we collect is used for the following sustainability reporting activities.

### **Landlords Energy Statements (LES-TER)**

These statements are prepared each year by the M&E FM consultant and, in conjunction with the managing agent, are used to engage with tenants to facilitate a comprehensive review of the energy use in the building. They are also be the basis for reviewing asset performance against targets set both annually and over five years.

### **SLI Sustainable Real Estate Investment Report**

This report is published annually to demonstrate transparently the sustainability of our real estate investment activities to the diverse range of stakeholders including in particular our investors and tenants.

### **Submission to the Global Real Estate Sustainability Benchmark**

This submission is made annually for all of our real estate funds to enable the benchmarking of our performance and to provide transparency of our performance to our investors.

### **Display Energy Certificates (DEC's)**

Where required by legislation these are published and displayed locally at the relevant building using the LES-TER process as a basis.

### **CRC Energy Efficiency Scheme Footprint and Annual Reports**

These reports are prepared each year for each scheme participant in the UK in accordance with the Government Legislative requirements.

### **Fund Level Environmental, Social and Governance Statements**

T statements are prepared annually and issued only to existing or potential stakeholders of the fund.

## Sub-Policy benchmarks

The processes, procedures and controlled documents that benchmark compliance with this sub-policy are listed under Appendices and can be accessed via the associated links.

## Appendices

### *Environmental Management File Guidance Note*

## Version control

Version	Date	Changes/Comments
1.0	1/12/2014	Reformatting of January 2013 document.
2.0	17/03/2016	Reformatting and update to reflect Strategic Priorities for SREI

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