

## Portfolio-wide Environmental Management System

M&G Real Estate has rolled out an ISO 14001 certified Environmental Management System (EMS) across its largest multi-occupied office buildings. Over the last two years, M&G Real Estate has achieved year-on-year energy and water use reductions across 26 buildings.

### > Situation

As a major real estate fund manager, M&G Real Estate recognises the key role it can play in reducing the environmental impacts of the properties that it manages. The company's strategy focuses on increasing the efficiency of its largest properties to reduce CO<sub>2</sub> emissions, cut energy and water consumption and minimise waste production.

Since 2005, M&G Real Estate has worked in collaboration with its facilities management service provider, DTZ, and more recently EMCOR, to implement a portfolio-wide Environmental Management System (EMS), covering all landlord-controlled areas. This has achieved ISO 14001 certification, an international standard recognising compliance with legislation, an ongoing commitment to prevent pollution and continual improvement of environmental performance. M&G Real Estate also engages with occupiers to encourage them to cut energy and water consumption in their areas, and minimise waste production.

### > Actions

M&G Real Estate has implemented the EMS across its 26 largest multi-occupied office buildings, with a combined energy consumption of around 96 million kWh in 2009/10.

It applied a structured approach, rolling out a core framework, which was then tailored for each building to maximise cost savings and minimise environmental impacts. This bespoke approach was particularly important as the buildings ranged from modern, high-specification offices to Grade II listed buildings.

Environmental improvement actions across the portfolio included:

- Optimising Building Management System (BMS) set-point temperatures (which automatically turn heating systems on and off), to align heating systems more closely to external temperatures
- Optimising BMS heating and cooling controls, to reflect operating hours more closely, based on an analysis of building occupation
- Introducing on-site recycling and waste segregation schemes
- Engaging with occupiers to promote waste recycling and energy efficiency initiatives

- Reducing the time automatic bathroom taps run, from 14 seconds to 6 seconds
- Installing energy efficient lighting
- Building on the success of the project, M&G Real Estate has been rolling out the ISO 14001 certified EMS to more office buildings and, at the end of 2010/11, had 30 certified buildings.

It has also set itself a series of challenging targets to achieve across its ISO 14001 offices by 2012. These include:

- Reducing CO<sub>2</sub> intensity by 20%, compared to 2008 baseline
- Reducing water consumption by 15%, compared to 2008 baseline
- Recycling at least 50% of waste.



Park House, Finsbury Circus

“For a reasonably small financial outlay, M&G Real Estate has been able to achieve strong environmental performance across its ISO 14001 offices through an internationally recognised Environmental Management System.”

Nina Reid, Director of Responsible Property Investment at M&G Real Estate

## > Challenges

### Occupier engagement

How to support and motivate all occupiers to reduce water use, cut energy use and increase recycling, given that some occupiers are fully engaged on sustainability, whilst others do not see it as a priority?

Throughout the implementation phase and on an ongoing basis, occupiers are kept informed of the progress made and environmental performance of the building. Presenting the facts and developing an open relationship helps to secure ongoing support from the occupiers. Occupiers also have the chance to provide feedback on any improvement projects to Facilities Managers, who champion the programme in each building.

### Data collation

How to monitor performance and measure success, collecting quality data for all key environmental parameters associated with the building?

M&G Real Estate has improved the quality of energy data through various initiatives, including a sub-metering project for electricity supplies, and the introduction of automatic meter readings for gas supplies. Monthly energy reports also assist in monitoring energy use.

£700,000

saved

4,350

tonnes CO<sub>2</sub> reduced

4,117

tonnes of waste  
diverted from landfill

## > Achievements

## > Benefits

Over the past two years, M&G Real Estate's environmental improvements at the ISO 14001 offices have resulted in:

- 9% lower energy intensity per m<sup>2</sup>, saving 9.1 million kWh and cutting CO<sub>2</sub> emissions by 4,350 tonnes
- 23% lower water intensity per m<sup>2</sup>, saving 54 million litres of water
- 42% of waste recycled, diverting 4,117 tonnes from landfill.

All data correct as at 31/03/2010.

## > Financials

Implementation and certification costs for the EMS are very low compared to the savings that are being achieved.

When developing the EMS, both M&G Real Estate and its facilities management service provider invested time and resources to establish the core framework. Now this is in place, less resource is required to introduce the EMS in each new building. Basic certification costs per building are around £800.

M&G Real Estate has significantly cut its energy spend, saving nearly £700,000 in two years. This benefits both investors and occupiers.