SOUTH YORKSHIRE PENSIONS AUTHORITY

RESPONSIBLE COMMERCIAL PROPERTY INVESTING

STATEMENT

Introduction

It is the Authority's policy to take into account current best practice regarding social and environmental considerations when managing its property portfolios and determining the selection, retention and realisation of investments. It does this wherever it is possible to reconcile these goals with its primary financial aims and objectives and wherever it is practical to do so. The Authority's aim is to reduce its impact on the environment and maintain a positive relationship with its customers, tenants and suppliers. The policy, therefore, focuses on the opportunities for improvement where these can be reconciled with the financial return objectives of the Authority.

The Authority regards the outcome of the December 2015 UN Conference on Climate Change as providing a useful set of steps to aid with incorporating sustainability issues into real estate investment management. Its focus on procedures for climate change adaptation and mitigation is rather narrow but what it recommends is well-aligned with the Authority's own policy and procedures.

Management

The Authority recognises that it is investing in land and buildings and not in the businesses of its tenants and, therefore, its ability to pursue a responsible investment (RI) policy is limited to some degree. The Authority will try to ensure the proper use of its properties by promoting leases that prohibit illegal, immoral and anti-social conduct and requires tenants to follow best practice when considering health, safety and pollution issues.

The Authority wants its staff, consultants and managing agents to understand RI issues and to integrate them into working practices whenever practicable. The Authority is aware of the importance of a well-structured RI policy and the impact it can have on the financial performance of its property portfolio. The Authority will try to encourage its suppliers and customers to adopt procedures in line with its RI policy on environmental and social issues. The Authority requires them to comply with existing environmental legislation and to consider draft changes in legislation before they become law. The Authority strives to ensure its buildings are effectively managed and energy efficiency is maintained at optimum levels.

Property transactions

When buying or selling property the Authority will take into consideration a wide range of RI issues which might represent risks or offer opportunities. The aim is to minimise downside risks and capitalise opportunities in order to enhance returns wherever possible.

Development, construction and refurbishment

The Authority is able to exert a degree of control when it is developing or refurbishing premises and it will aim to reduce the impact on the environment and maintain positive

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relationships with the Authority's customers and suppliers in those circumstances. The remainder of this statement relates to this aspect of portfolio management.

Investment objectives

Location

Where possible, the aim will be to maximise the opportunities for redeveloping and refurbishing existing properties rather than developing greenfield sites.

It is policy to consider the transport infrastructure implications of any development and to look closely at the availability of public transport.

Investment selection

The Authority recognises the benefits of sustainable development, and the medium to long term effect it can have on investment value and applies the principles of sustainable development techniques to its property investment building programme whenever possible.

The Authority encourages tenants to review situations where their activities could be considered a high risk to the environment.

Development objectives

Conceptual stage

Contractor and supplier selection

The Authority will promote awareness of its RI policy among our suppliers. Where environmental risk issues arise, the Authority will negotiate with suppliers and contractors. The Authority will encourage the adoption of the Construction Industry Board's procedures for selected Projects – the Considerate Constructors Scheme – in order to promote health and safety aspects, and consideration within the neighbourhood.

Life-cycle considerations

Life cycle costing and, where appropriate, whole life costing, are used to establish appropriate building specifications.

Planning and environmental assessment

Planning policy will dictate that in certain circumstances environmental impact studies should be undertaken to assess the potential environmental effects of a development. If required, the scope of this assessment will be determined in consultation with the local planning authority.

Contamination

Ahead of any development checks are carried out for evidence of any contamination.

The Authority undertakes an environmental land survey and record of every property within its portfolio.

Landscaping

The possibility of landscaping to minimise any detrimental impact the development may have is always considered.

Wind

A wind assessment is considered to ensure conditions near the development are satisfactory.

Energy efficiency and low-carbon technologies

Design energy standard initiatives based upon best practice government publications are encouraged.

Where possible, design techniques are used at the conceptual stage to minimise energy consumption. For example, opportunities to use natural ventilation and to use the shape and orientation of the building to maximise day lighting and reduce cooling requirements are considered.

The use of renewable and low-carbon energy generation is encouraged wherever possible.

Detailed design

Awareness of team

The Authority will ensure all participants in the team address environmental issues and are aware of its RI policy.

Demolition and recycled materials

The Authority considers it vital to identify and comply with requirements for disposing of hazardous materials. The Authority will also attempt to recycle materials resulting from demolition. Recycled building materials such as crushed demolition materials should be considered for filling and for road bases. The use of recycled products should be considered wherever performance criteria can be met.

Design life and flexibility

The durability and flexibility of materials, particularly in relation to their reuse, should be considered at the specification stage.

The need for future alterations can be avoided if careful design and flexibility are built into space planning.

Energy conservation and greenhouse gas emissions

The target is to reduce consumption of fossil fuels directly or indirectly by specifying the use of energy efficient plant and equipment designed to minimise production of carbon dioxide and oxides of sulphur and nitrogen.

High levels of insulation should be incorporated into the building fabric with particular attention to window design.

The Authority will attempt to use natural day lighting to minimise electrical energy use.

Thermal recovery devices should be considered in air conditioning systems. The Authority will consider other designs that enable passive heating and cooling of buildings where practicable.

Energy efficient services, appliances and controls are considered in order to further reduce operational energy consumption.

Noise

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

Ventilation

Natural ventilation should be used where possible.

Air intake points should be designed to avoid cross contamination. Filtration should be in accordance with Chartered Institution of Building Services Engineers recommendations and should incorporate monitoring devices to ensure that maintenance procedures are adequate.

Indoor air quality

Fresh air allowance should follow Chartered Institution of Building Services Engineers recommendation. Where appropriate, windows should be of a style that can be opened. Ductworks should provide access points to enable periodic cleaning.

Thermal comfort

Controls should be incorporated to ensure local environments can be maintained without wasting energy by overheating or overcooling of the space.

Lighting and visual comfort

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

The use of low energy luminaires (LED where viable) with high frequency control gear will always be advocated. The use of controls that permit timed zoned switching of luminaries or movement sensors will be recommended where appropriate.

CFCs, HCFCs and Halons

CFCs and HCFCs should not be used as blowing agents in insulation materials. Extruded polystyrene and polyurethane foams should not be used.

Halon fixed or portable fire control systems should not be specified.

The specified refrigerants should offer the lowest ozone depletion potential available at the time of specification, and should take into account planned future legislation.

Lead and solvent based paints

The Authority does not encourage the use of lead based paints. 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/formaldehyde

The Authority opposes the use of asbestos or other such deleterious material. 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 the Authority's 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.

Timber and stone

Timber and timber boards, including tropical hardwoods, and specified stone finishes should be obtained from certified sustainable sources.. Timber products should be obtained from sustainably managed resources and the timber merchant's certificate should state the country of origin and plantation.

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.

Recycling facilities and storage

Buildings and fit-outs should be designed to enable occupants to easily segregate and store recyclable materials. There should be sufficient space to store recyclable materials and enable them to be collected. Compaction facilities for waste are recommended where appropriate.

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.

Cycling facilities

Secure and dry storage for bicycles together with changing facilities should be provided where feasible.

Asset management objectives

Awareness-raising

Awareness of the benefits of sustainable development is raised with the Authority's letting agents and potential tenants.

Supplier selection

Major suppliers are encouraged to adopt good practice RI principles, in particular health and safety, waste management, recycling of materials and promotion of good labour standards.

The Authority will engage in a dialogue with contractors and suppliers over any areas of concern.

Planned maintenance and energy auditing

The Authority intends that planned preventive maintenance (ppm) schedules exist for all managed buildings to ensure regular checking of controls for heating and cooling, hot water and electrical systems.

Operating and maintenance manuals should be available to on site staff. They should identify optimum settings of plan 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. Energy audits should be undertaken regularly to review improvements. Planned upgrading or more energy efficient plant and systems should be considered in older buildings.

Building fabric should be maintained to ensure energy efficiency.

Ozone depletion

All refrigerants present in the building should be identified. The Authority seeks to produce a methodology for replacing ozone depletion refrigerants with new refrigerants, where possible.

It is important to replace Halon fire protection systems as part of a planned programme wherever possible.

Decanting facilities for recovering refrigerants should be provided and the Authority will consider refrigerant leak detection systems where appropriate.

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.

Recycling

The Authority's managing agents will be encouraged to undertake a waste audit and review the scope for reduction and recycling of the waste produced.

Lighting

The Authority encourages the use of high frequency ballasts with fluorescent light fittings to limit flicker and glare, reduce energy use and extend lamp life.

Steps will be taken to ensure lighting levels (allowing for deterioration) are not set artificially high. Where feasible, sensors to ensure lighting is only used in occupied space should be used.

Air Quality

The aim is to ensure air conditioning systems include ductwork, humidifiers and filtration systems, which are adequately maintained in accordance with manufacturer's requirements.

Hazardous materials

Awareness of the Authority's Health & Safety requirements is promoted.

It is important to identify the presence of asbestos in a building and comply with regulations when removing or altering it.

The use of lead pipes for water is now restricted, but may be present in older buildings.

Performance monitoring and action planning

The contract with the managing agent provides all the management objectives for a comprehensive RI policy.

An environmental file will be kept for all properties where practical but the contents will vary depending upon the size and nature of the property. The file should include consumption targets and records for fuel, water, gas and electricity consumption and contain an inventory of any ozone depletion substances stored on site. Waste management facilities, including records governing the control and disposal of hazardous materials, should be fully documented.

The file should contain recommendations and actions for continuous improvement and the file contents should be regularly monitored and reviewed.

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