

Savills Sustainability Compliance and Services



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Savills Sustainability: Our Approach

The Savills Sustainability Team understands that energy and the environment play an increasingly important role in the financial success of commercial properties. We offer our clients relevant and value-added services demonstrating years of experience in sustainability and environmental management.

It is important to us that we provide you with the required level of support across your property portfolio, whether it is to ensure you have the peace of mind that your business and property portfolio is compliant with environmental legislation, or to work with your business at a deeper level, providing a tailored advisory service that allows you to drive your assets forward within a considered sustainability strategy.

Your Compliance is our Duty

We believe peace of mind regarding current environmental legislation is an important place to start.

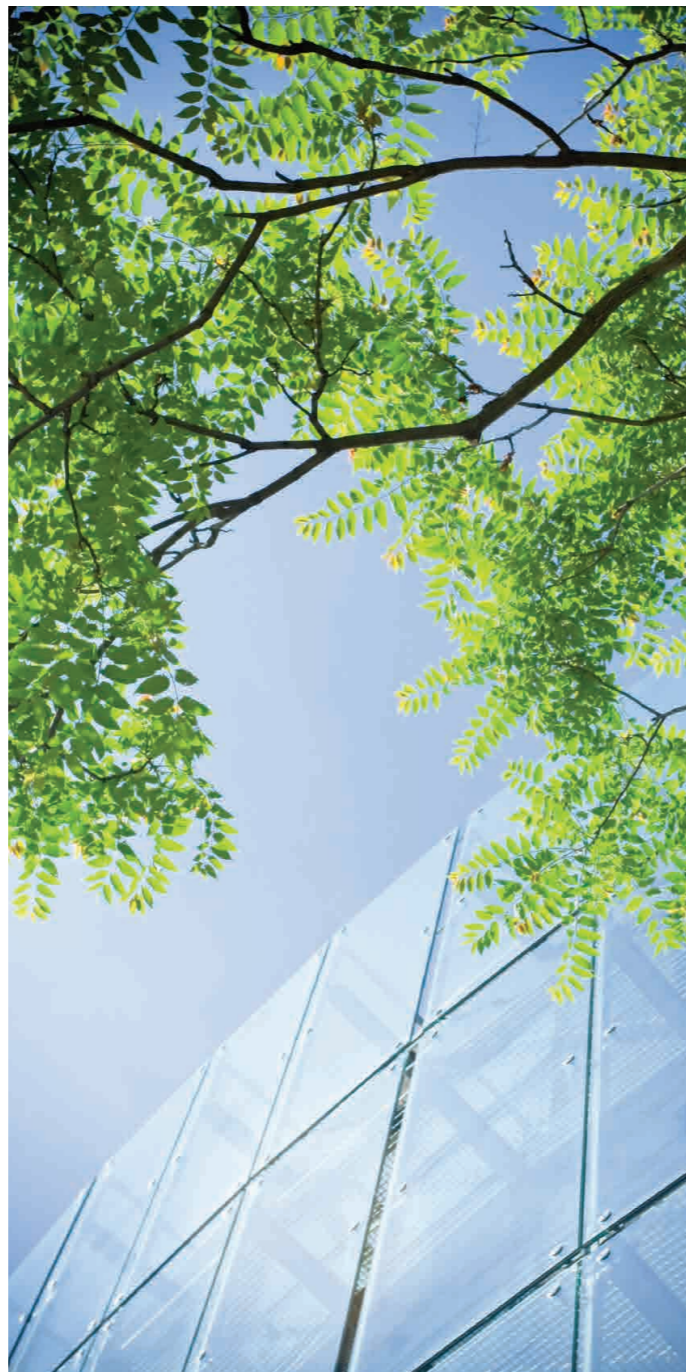
There are three key areas of environmental legislation where you may currently have a compliance requirement and if so, action is required.

We cover these forthcoming regulations over the next pages, via a set of decision flowcharts which are designed to help you determine your eligibility.

Beyond Compliance: Adding Value to your Business through Sustainability

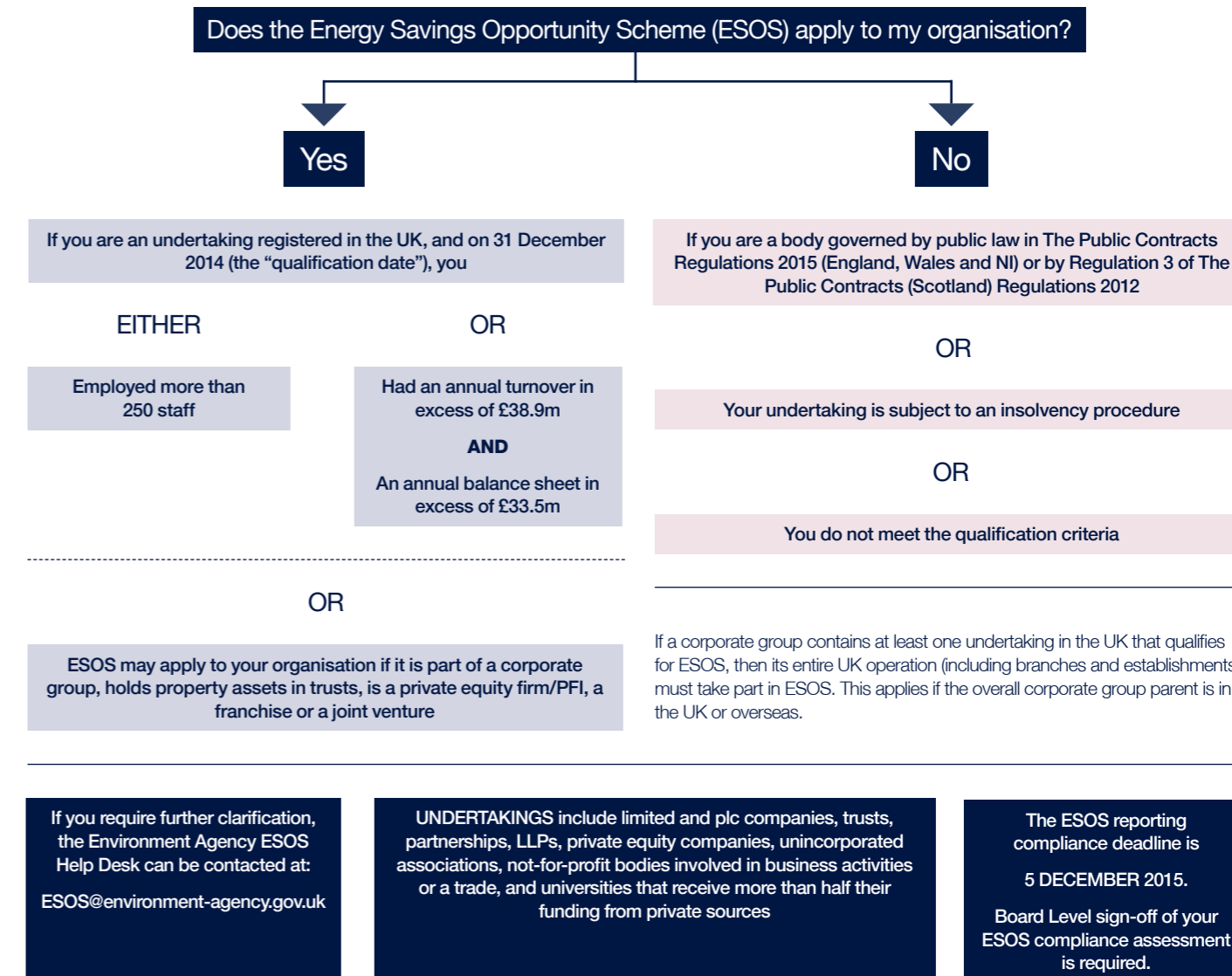
It is now essential for organisations to have a deep and broad understanding of their environmental, social and economic impacts, as well as the associated risks and opportunities that exist within their property portfolio. We can work with your business to deliver coherent, forward-thinking and inspiring strategies to navigate these key sustainability and corporate responsibility objectives.

After our compliance section, we have outlined some of the principal services our team can offer, tailored to your specific business drivers. These are designed to help you manage your performance at an asset, fund or corporate level and to enable you to demonstrate your organisation's commitment to excellence and integrity in the built environment.



The Energy Savings Opportunity Scheme (ESOS) Regulations 2014

These regulations implement the requirements in the Energy Efficiency Directive (EED) with respect to all large (non-SME) enterprises undertaking energy audits by 5 December 2015 and every 4 years thereafter.



The Heat Network (Metering and Billing) Regulations 2014

These regulations implement the requirements in the Energy Efficiency Directive (EED) with respect to the supply of distributed heating, cooling and hot water.

Do the Heat Network Regulations apply to my organisation?

Yes

No

If you SUPPLY and CHARGE for heating, cooling or hot water

Either DIRECTLY or INDIRECTLY through other means (such as a service charge or service contract)

To a FINAL CUSTOMER

Through either a COMMUNAL HEAT NETWORK or DISTRICT HEAT NETWORK

If you do not supply and charge for heating, cooling and hot water as described in this flowchart

Exclusions include, and are not limited to:

- Industrial sites where heat is generated and distributed as part of the industrial process
- Prisons,
- Nursing homes where services are provided communally,
- Hotel rooms except when used as dwellings
- When the supply arrangement is transitory.

The regulations apply to, but are not limited to:

- Industrial sites where a contract exists for the supply of heat through a network,
- Multi-occupied buildings such as blocks of flats or multi-let offices,
- Shopping centres,
- Sheltered or social housing,
- Residential care homes,
- University halls of residence,
- Hotels or sub-let spaces.

By 31 December 2015 the initial requirement is that Heat Networks are registered with the National Measurement Office (NMO)

Savills is undertaking this Heat Networks identification process centrally for its clients and will contact you to discuss next steps, if applicable

After registration, a programme of Heat Meter feasibility studies will be mandatory for all registered properties, and heat meters may require installation

Feasibility studies and heat meter installations (if deemed cost effective and technically feasible) must be completed by 31 December 2016

The Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015

These regulations implement the requirements of the Energy Act 2011 with respect to the energy performance of buildings.

Do the Minimum Energy Efficiency Standards (MEES) apply to my building(s)?

Yes

No

If, from 1 April 2018, you wish to issue a new lease or renew/extend an existing lease on a commercial property under a tenancy in England and Wales

AND

The property has an EPC (or is required to have one under existing regulations) that is an F or G rating

Minimum standards will apply to multi-let and FRI leases, sub-lets and to leases over 6 months and under 99 years.

By 1 April 2023, any commercial property with a lease and an EPC, regardless of whether the lease or the property is being transacted or not, will be subject to these minimum standards.

If your commercial property has an EPC rating of A – E *

* Note: some buildings with an EPC from before 2010, if re-assessed today, could drop to an F rating and be at risk

OR

If you are the owner-occupier of the commercial property with no intention of letting it

OR

If you intend only to SELL your commercial property (an EPC is required but the minimum standards do not apply)

OR

If your property is located outside of England or Wales (Scotland has deferred its method of transposing EU regulations until 2016)

Proactive portfolio assessment is critical to understand risk and cost-effective opportunities

Exemptions require pre-registration on the Private Rented Sector (PRS) Exemptions Register

MEES will be enforced by Local Authorities and non-compliance recorded on a public register

Penalties will be levied for non-compliance, provision of misleading information and leasing a non-compliant property

Managing The Performance Of Your Assets

To protect the long-term performance and value of your property assets, improve their marketability, and enhance occupancy levels and tenant satisfaction, it is critical to monitor, measure and optimise the performance of your building, actively targeting key performance indicators such as energy, water, waste and carbon.

We utilise appropriate tools, such as EPC Plus assessments, energy audits and carbon reduction initiatives, to help you understand the performance of your assets and identify operational cost improvements that can effectively be made.

Portfolio/Fund level risk assessment: EPC Plus Consultancy

It is advisable that well in advance of the Minimum Energy Efficiency Standards requirements coming into force from April 2018, that property portfolios and funds are assessed to determine the risk of exposure to F and G rated properties, and the risks relating to missing EPCs or to EPC ratings likely to fall below minimum standards upon reassessment due to tightening up of the EPC methodology.

The Savills Sustainability Team can help you carry out a full risk assessment of your building portfolio, delivering a detailed EPC Plus analysis report outlining asset exposure and recommendations for action. The associated costs, benefits and paybacks will also be outlined, thus enabling timely and financially sound decision-making on remedial works and capital investment.



Energy Audits

We can work with you to conduct techno-economic energy audits to provide a better understanding of your energy utilisation. This will provide each property with a set of recommended site specific energy-reduction measures to drive operational cost reduction, energy conservation or behavioural change.

A full, detailed and building specific audit of mechanical and electrical equipment, technology and energy-related processes is the most comprehensive route to understanding the energy utilisation and consumption trends across your managed properties. The audits are done in line with ESOS standards and can help form part of your ESOS compliance pack.



Building Energy Performance labelling: EPC and DEC

The Savills Sustainability Team can carry out all building performance assessments required by law in the form of Energy Performance Certificates measure the overall energy efficiency of a building and provides a common measuring instrument for performance to be benchmarked. Display Energy Certificates (DECs) apply to public sector buildings only, and take into account how the building is used and the energy consumption of the previous year.



Carbon Reduction Commitment (CRC) Energy Efficiency Scheme



The Savills Sustainability Team can support you regarding any queries relating to qualification criteria, registration deadlines and compliance requirements for environmental legislation, such as the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme. We offer our clients a full reporting service for compliance with CRC. The scheme is currently in Phase 2, which runs until 31 March 2019. Registration dates for Phase 3 are still to be published.

Savills Energy Management

The Savills Sustainability Team would like to introduce our three-tier Bronze, Silver and Gold service level approach to resource management and sustainability. We work in collaboration with our clients to provide the right level of monitoring, reporting, management and involvement from our team.



The chart below outlines what support is offered within each different service level.

Savills Energy Management Pathways	Bronze	Silver	Gold
Energy procurement (includes green tariffs, competitive cost models)	Y	Y	Y
Energy Bureau services and "Helpdesk" (includes bill validation and enquiries, tenancy changes, non-payment)	Y	Y	Y
Live platform to upload manual meter readings and monitor utility consumption	Y	Y	Y
Automated, standardised quarterly utilities and waste reports	Y	Y	Y
Proactive monitoring and management of consumption reports		Y	Y
Identification of consumption trends and solutions recommended		Y	Y
Trend analysis and basic property benchmarking		Y	Y
Annual Report summarising property/portfolio performance covering consumption, trends, actions taken and outcomes		Y	Y
Full building energy audit and report outlining energy reduction opportunities			Y
Property/portfolio level energy strategy diagnostic and proposed delivery plan			Y
Sophisticated stakeholder engagement dashboard, including advanced property benchmarking			Y
Annual presentation to review and discuss client energy performance and strategy delivered by Savills Sustainability Team			Y

Property Certification And Investor Assurance

Property certification is an increasingly recognised signal to the market that a property owner is committed to excellence, innovation and sustainability in property management and practices. We can deliver quality assured commercial property certification through BREEAM In-Use, SKA or ISO 14001, which we deliver after consultation and analysis of requirements.

ISO 14001

Over 250,000 facilities in 160 countries have achieved certification to the ISO 14001 standard, making it the most widely adopted environmental management system standard in the world. It is an internationally recognised standard for implementing an effective environmental management system within an organisation and its facilities, yielding significant benefits in terms of improved operational efficiencies and environmental management, reduced environmental risk and enhanced corporate social responsibility. The Savills Sustainability Team provide in-house ISO 14001 consultancy services and our work is independently certified by the external assessment body, SGS UK Ltd.



BREEAM In-Use and SKA assessments

BREEAM In-Use is a certification scheme developed by BRE (Building Research Establishment) Global. It has been designed to assist building managers, investors, owners and occupiers optimise the environmental performance of their buildings, resulting in demonstrated reductions in running costs, benchmarks for improvement and enhanced value and marketability of existing assets.

The SKA rating, developed and led by RICS (Royal Institution of Chartered Surveyors) is an environmental assessment method enabling landlords and tenants to assess non-domestic fit-outs against a set of sustainability best practice guidelines and criteria.



GRESB / other benchmarking tools

The Global Real Estate Sustainability Benchmark (GRESB) survey is a dynamic benchmark used by institutional investors to assess the sustainability performance of real estate portfolios around the globe. It is the only benchmark which fully examines environmental performance together with social and governance issues that are of specific importance to the real estate sector. Participating property companies and private funds are scored on a variety of sustainability criteria and scores are plotted on GRESB's Quadrant Model. Those participants scoring in the top quadrant are awarded a Green Star. The survey is open between April and July and the Savills Sustainability Team can support you with your GRESB survey submission.



Savills Sustainability Bespoke Service

Bespoke strategic advisory services can be offered throughout the year where additional support from our sustainability experts is required. The Savills Sustainability Team will work with you to establish, enhance and protect reputational standing and investor confidence at asset, fund and corporation level.

We can tailor our support based on your specific strategic and business drivers and provide dedicated and collaborative resource to help you create and drive forward your corporate social responsibility and sustainability goals.

As your strategic partner we can deliver this service in support of specific initiatives or as on-going support, such as facilitating quarterly sustainability meetings, delivering strategy advice and guiding environmental and CSR policy creation.





Kames Property has worked on a broad range of initiatives with the Savills Sustainability Team including Kames's first GRESB Submission, CRC and EPC improvements.

The Savills Sustainability Team have always been innovative, informed and highly energised in their assistance and support to the Kames Property Sustainability Agenda.

As an aligned partner, the Savills Sustainability Team have played an essential part in enabling Kames Property to further enhance and develop our Sustainability Credentials and Performance.

William Coghill - Kames Capital



Savills has provided Sustainability Consulting for Deka's UK portfolio for over 10 years as part a joined-up property management service. Having a highly trained and commercially aware sustainability consultant in the property management team has enabled us to progressively improve the sustainability characteristics of our properties on a least-cost path.

Donal Campbell, Senior Project Manager - Deka Immobilien



Sustainability is at the heart of our business at The Crown Estate. We believe that a sustainable business is a successful business. We are pleased to be working with Savills as our Managing Agents on our Urban portfolio, to help deliver strong customer service for our tenants and visitors and integrating sustainability initiatives as part of our approach to active asset management.

Jane Wakiwaka, Sustainability Manager – The Crown Estate



The Savills Sustainability Team: How To Contact Us



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