

Responsible Property Investment Performance: Results & Targets

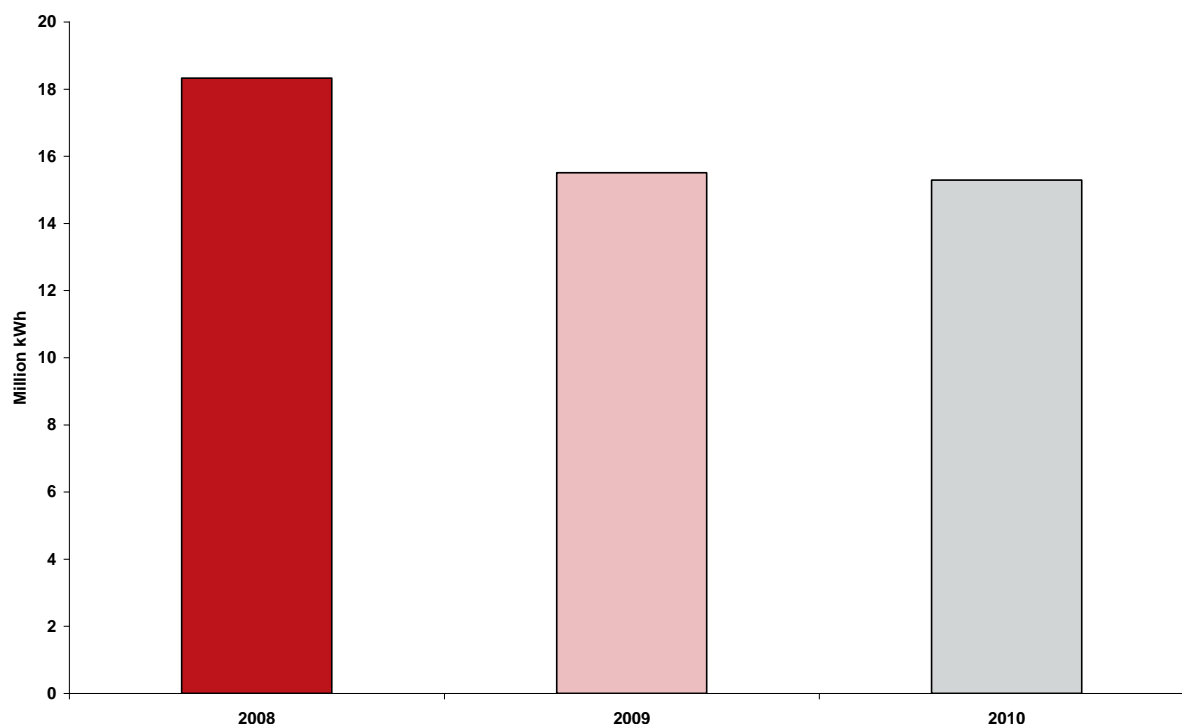


Results: January 2009 – December 2010

USS set energy, water and waste performance targets for calendar years 2009 and 2010. The targets were measured against 8 offices and 8 retail properties and were compared against a 2008 baseline. The targets and results are listed below:

	Electricity	Gas	CO ₂	Water	Recycling	Landfill
Targets	-8%	-8%	-8%	-6%	50 / 80%	-40%
Office Portfolio	✓	X	✓	✓	✓	✓
Retail Portfolio	✓	✓	✓	✓	X	X

The total energy savings over the period (highlighted below) equalled a 16.5% reduction. It is estimated that the energy reductions achieved across the portfolio in 2009 and 2010 equates to savings of £216,972, and an estimated £20,147 of avoided cost against the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme.



Best practice example - Offices (Manchester)

	Electricity	Gas	CO ₂	Water	Recycling	Landfill
Performance against target	-33%	-32%	33%	-31%	62%	-0.8%

Energy and water saving measures in place include:

- Movement sensors on lighting in communal areas and toilets;
- Energy efficient lighting throughout;
- Unnecessary lighting removed in stairwells;
- Improved lighting controls;
- BMS system improved;
- All cardboard, paper, plastic and glass recycled.

Best practice example – Retail (Shopping Centre, London)

	Electricity	Gas	CO ₂	Water	Recycling	Landfill
Performance against target	-58%	5%	-58%	-12%	57%	-50%

Energy and water saving measures in place include:

- Communal area lighting use movement sensors;
- Energy efficient light bulbs throughout;
- Dual-flush toilets;
- Flow restriction devices on taps;
- Sensors on taps;
- Grey water recycling;
- Landscape irrigation removed;
- Cardboard recycling introduced.

Targets: April 2011 – March 2013

Fresh performance targets have been set for the period April 2011 – March 2013. These will be monitored and reported on internally every 3 months, and externally in April 2013. The targets will be measured against 12 offices and 11 retail properties and be compared against a financial year April 2010 – March 2011 baseline. The target setting has moved away from a calendar year to a financial year comparison to run alongside the CRC. The targets, which were assessed following a review of our past performance, our peer commitments and national benchmarks, are listed below:

	Office and Retail Portfolios April 2011 – March 2013 Targets
CO₂	10% reduction
Water	5% reduction
Waste	80% diverted from landfill

The rationale for the targets is as follows:

CO₂ emissions: 10% cut

- The financial year baseline for the office portfolio results from CO₂ emissions from both electricity and gas use. In the retail/leisure portfolio this results mostly from electricity use, as gas use is very limited;
- The target to reduce CO₂ emissions by 10% is important in light of the CRC and the cost and reputational impacts it can have;
- Such a cut should reduce our costs under the CRC which can be passed on to occupiers. The reputational impact of a carbon footprint is also becoming more important.

Water: 5% cut

- 5% threshold determined through consideration of historical water consumption data and options for improvements within the USS portfolios, and acknowledging the increase in water consumption between 2009 and 2010 for the both office and retail properties;
- Evidence of peer / occupier commitment to water efficiency and expectation that costs of water are set to increase;
- The potential cost savings which can be passed on to occupiers through lower service charges.

Waste diverted from landfill: 80%

- Waste management at both office and retail properties has greatly improved as has reductions in waste to landfill;
- With landfill tax charges increasing the motive for reducing waste to landfill is clear, and the proliferation of Materials Recycling Facilities around the country make it easier to avoid direct waste-to-landfill for waste that cannot be segregated on site;
- By reducing the volume of waste sent to landfill tax costs will be minimised.