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British Land – Systems and Processes to embed sustainability into the company

Organisation

British Land is a major UK listed property company which creates value by actively managing, financing and developing prime commercial property. It has a current portfolio of £16.9 billion.

The company's prime assets are in the office and retail sectors. Its strategy focuses on areas where supply and demand are strong over the long term. The company demonstrates a high degree of corporate responsibility in the management of its business, the development of sustainable properties and the management of its existing properties.

“We aim to lead the market in developing and managing buildings in a sustainable manner. By financing, developing and managing properties that responsibly utilise energy, water and waste, we conserve the world's resources and can also reduce our costs and those of our occupiers.”

[Stephen Hester, Chief Executive]

Summary

British Land adopts an integrated approach to embedding sustainability into the heart of its business. It has efficient systems and processes in place to ensure effective management of its social, environmental and economic impacts which are underpinned by policies and process management guidance documents. It focuses on developing sustainable properties which aim to conserve the world's resources and reduce company costs as well as those incurred by its occupiers.

Background

British Land's business strategy focuses on seven areas of risk and opportunity which were agreed in 2005 following a consultation process with its identified stakeholders (shareholders, employees, occupiers, local communities, suppliers and experts).

Seven areas of risk and opportunity identified in British Land's CR Report 2006

	Principal risk	Opportunities
Managing Corporate Responsibility	Ineffective management leading to poor handling of important corporate responsibility issues, such as climate change and stakeholder relationships.	To reduce risk, improve our reputation and build strong relationships with stakeholders, attracting and retaining occupiers and providing shareholders with a good return on investment.
British Land People Developing valuable people assets	Failing to attract and retain talented people or maximise the skills and career potential of existing employees.	To increase the value of employees to the business by enabling them to develop personal and professional skills and to be aware of their corporate responsibilities.
Occupiers and Suppliers Engaging with occupiers and suppliers	Dissatisfied occupiers could affect our reputation and financial performance. Unethical behaviour by suppliers	To engage with occupiers to better meet their needs and build closer relationships. To establish processes to engage with

	could affect our reputation.	suppliers to raise awareness of environmental and socially sound goods and services.
Regeneration Improving lives with long-term investment	Socially deprived areas and alienated communities affect the long-term sustainability of investment in an area.	Promoting sustainable design and construction of developments, and developing partnerships with communities throughout the property lifecycle brings benefits to those communities and to our property investments.
Community Strengthening local ties	Poor relationships with local communities can delay the development planning process and affect property values.	To develop relationships with local communities and local authorities, improving the process of developing and managing properties for the Company and the community.
Resource use Managing a sustainable portfolio	Unsustainable buildings can contribute to climate change, increase costs and be less attractive to occupiers.	To promote efficient use of energy and water, reduce carbon dioxide emissions and increase the attractiveness of buildings to occupiers.
Waste Management Minimising waste across the portfolio	Inefficient waste management increasing emissions which contribute to climate change. Increasing disposal costs due to the Landfill Tax and increasing transportation costs due to rising oil prices.	To realise cost savings and environmental benefits by minimising waste and encouraging occupiers and suppliers to manage waste in an environmentally responsible way.
Biodiversity Managing and enhancing habitats and species	Our activities leading to a decline in local biodiversity and subsequent delays to development projects.	To safeguard and enhance biodiversity for environmental and social benefit, and to attract occupiers to our properties.

The Process

Clear lines of responsibility and appropriate governance structures for sustainability issues are important in ensuring transparency and accountability. British Land has strong governance in place to ensure sustainability issues are well governed and managed throughout the business. The Board regularly reviews risks to the business, including those arising from CR issues. The CR Committee, consisting of heads of department and senior representatives, takes direct responsibility for sustainability targets. This committee also oversees working groups, each focusing on a key area, such as the supply chain. The Executive Officer chairs the CR Committee and reports sustainability issues directly to the Board.

The company has embedded sustainability in its decision making processes by adopting policies at a corporate level and providing guidance for each stage of the property lifecycle including acquisition, design and planning, construction, asset management, and refurbishment.

British Land Corporate Responsibility Policy

This Policy sets the framework for the way we manage our corporate responsibilities whilst maintaining commercial viability, long-term profitability and enhancement of our reputation. Our employees are responsible for the implementation of this Policy.

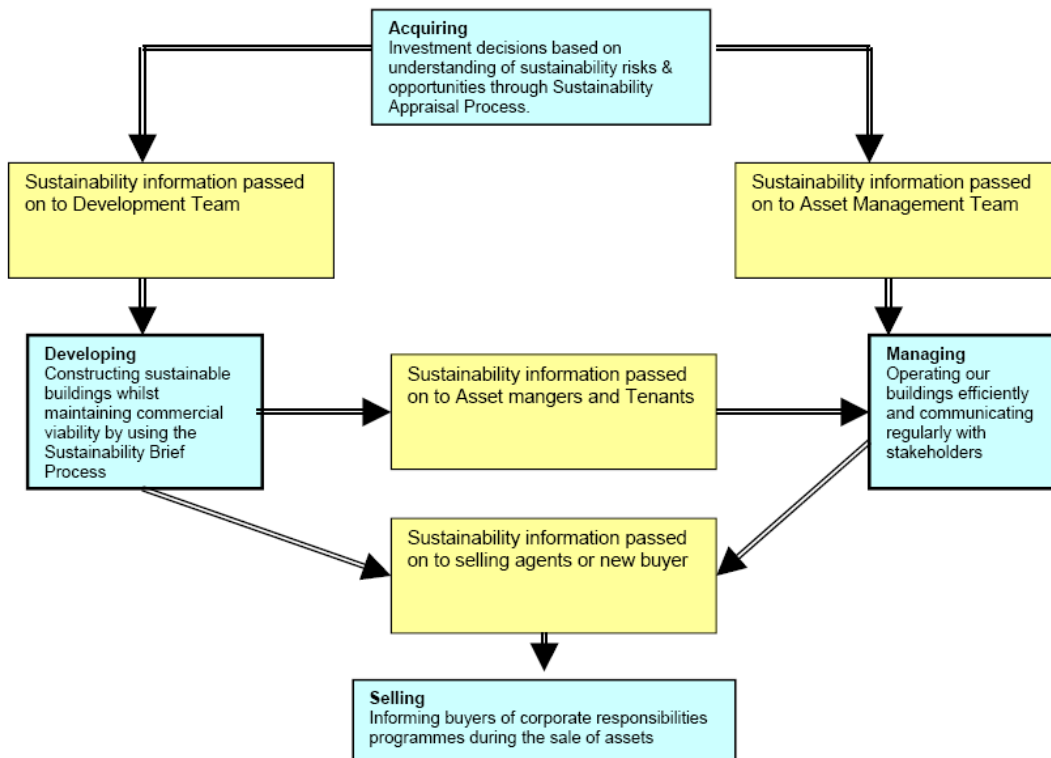
Adding value

Through our business principles and operations, we aim to nurture opportunities and manage risk by:

- Promoting the sustainable use of resources and reducing greenhouse gas emissions.
- Minimising, reusing and recycling waste.
- Protecting and enhancing biodiversity.
- Integrating environmental and social issues into our supply chain relationships.
- Promoting the highest standards of health and safety for our staff, contractors and other individuals.
- Consulting with and supporting communities, which are local to our business.
- Ensuring appropriate remediation of contaminated land.
- Providing equal opportunities to all job applicants and employees.
- Upholding International Human Rights standards
- Providing a good working environment for our employees, treating them with fairness, dignity and respect.

Managing our impacts

Our strategy is to optimise opportunities throughout the *property life cycle* by:



British Land has set sustainability objectives in alignment with its strategic priorities (identified as risks and opportunities). It has also set quantitative Key Performance Indicators (KPIs) against the majority of the objectives and has set itself targets which it reports performance against year on year in its annual Corporate Responsibility report.

The Tools

British Land has developed a number of management ‘tools’ in the form of process guidelines to ensure sustainability policies are embedded in all decision making processes. These consist of:

- **Sustainability Guide for Acquisitions**

The purpose of this Guide is to:

- Broaden the pre-acquisition due diligence process to consider a wider range of environmental and social issues, allowing the potential risks, costs and opportunities associated with these issues to be identified and managed by British Land at the earliest stage;
- Define the process, guidance and responsibilities for managing sustainability at each stage of the acquisition process; and
- Raise the sustainability awareness of the Company's staff, joint venture partners and suppliers.

The Guide covers three types of property acquisition undertaken by British Land:

- Investment - acquisition of an existing asset which will be maintained by British Land;
- Forward Investment - acquisition of an asset which is currently being developed by another party, to be handed over to British Land upon completion;
- Investment for Development - acquisition of a property or site with the intention to redevelop.

<http://www.britishland.com/downloads>

- **Sustainability Brief for Developments**

British Land has developed the Sustainability Brief to facilitate the management of environment, social and economic impacts of the Company's developments during design and construction. The Brief supports the implementation of the Company's Corporate Responsibility (CR) Policy and is a part of the Company's corporate responsibility management system. The Sustainability Brief addresses all four priority areas of the UK Government's Sustainable Development Strategy and seeks to ensure that British Land development projects contribute towards meeting the goals of the UK sustainable development strategy.

The purpose of the Brief is to:

1. Guide design and construction

The Brief is intended to guide the design and construction phases by:

- Establishing a clear process for continual improvement with regard to the sustainability performance of development proposals, by undertaking sustainability reviews at key project milestones and setting sustainability objectives and targets for the design and construction phases
- Raising the sustainability awareness of the Company's staff, joint venture partners and suppliers
- Defining the standards, guidance and responsibilities for each stage in a development project, from masterplanning through to construction and commissioning.

2. Support the planning process

The main mechanism to implement government policies and strategies on sustainable development is the planning system. The principles of sustainable development now underpin the planning policies of national, regional and local governments throughout the UK. At national level in England, Planning Policy Statement 1 (PPS1) and its supplements set out the Government's overarching policies on the delivery of sustainable development through the planning system. In particular, PPS1 promotes the following:

- Communities that are inclusive, healthy and safe

- Urban regeneration in order to improve the well-being of communities, including the improvement of facilities and encouraging high quality and safe development
- Enhancement, as well as protection, of biodiversity, natural habitats and landscape character.

Many regional and local planning authorities also have specific sustainable development policies that new developments should comply with.

Sustainability statements, demonstrating the sustainability performance of development proposals, are increasingly requested by planning authorities for submission with planning applications. The planning risk can be reduced by a sustainability statement that clearly demonstrates how the principles of sustainable development have been incorporated into the design of a development proposal from the earliest design stage.

3. Meet market demand for sustainable buildings

Like British Land, many investment institutions and occupiers have corporate governance frameworks which require them to have regard for issues of environmental and social responsibility. Investors and occupiers recognise that the sustainability characteristics of the property stock they hold or occupy can affect its worth and functional performances. They are increasingly aware that the sustainability performance of a building is a factor that should be taken into account when making property decisions. As this awareness grows, the sustainability performance of a property is likely to impact more and more upon the economic performance of the building, in terms of rental growth, depreciation, duration to let and duration to sell. By implementing this Brief, British Land aims to further strengthen the Company's reputation for building sustainable and commercially viable properties.

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- **Travel Plan for all developments**

British Land's Travel Plans for its developments and properties set out the framework for delivering new transport initiatives and assess whether there is a need to launch a series of new facilities and provisions to address the needs of the visitors and staff who travel to and from the properties. Travel Plans reduce emissions by supporting sustainable transport and reducing single-occupancy car travel. British Land has Travel Plans for many of its properties including Regent's Place in London and Meadowhall Shopping Centre in Sheffield. Sustainable travel planning is integrated into British Land's development process. Initiatives at its properties include:

- Travel forums, for instance at Glasgow Fort Shopping Park in Strathclyde
- Travel information available online, for instance at Broadgate in London
- Free travel booklets and CD Roms, for instance at Regent's Place in London
- Cycle spaces and cycleways, for instance at Eastgate Shopping Centre in Basildon

- **Biodiversity Programme**

Biodiversity conservation is part of British Land's broader Corporate Responsibility activities. The Company has implemented an ongoing Biodiversity Programme that includes the preparation of Biodiversity Action Plans for key properties. During the property life cycle it is important to collect and manage information that may have an impact on biodiversity issues and ensure this is available at each of the stages of the cycle. The process by which British Land considers biodiversity issues is outlined in the Biodiversity Programme and is shown diagrammatically in a flow chart (see Figure 1).

British Land recognise the need for Biodiversity Action Plans to be prepared that guide the implementation of measures at its landholdings, and has begun preparing these plans at several of its sites.

The Biodiversity Action Plans aim to:

- Detail the main features of value for biodiversity present;
- Explain the targets for these features as set within published UK or Local Biodiversity Action Plans; and
- List the measures that are to be taken on site to help meet these targets or to improve or enhance value for wildlife.

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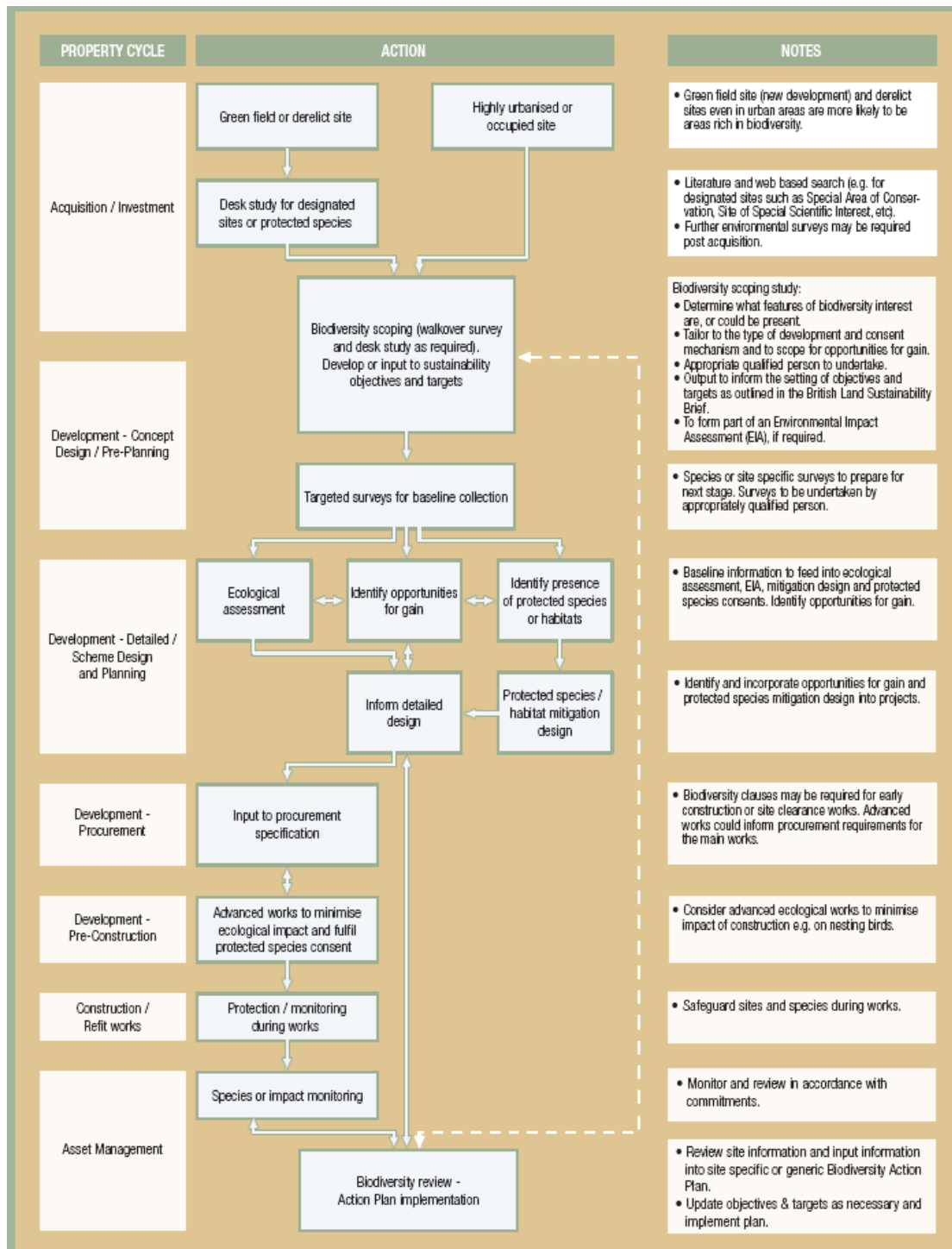


Figure 1: Considering Biodiversity during the Property Lifecycle

- **Waste Management Plan**

The Waste Management Plan sets out British Land's approach to waste management from property investment, through to development (design and construction) and asset management, as a part of its own Corporate Responsibility (CR) programme. It promotes an improvement in waste management across its properties and construction sites.

The plan aims to deliver:

- Better resource efficiency and sustainable waste management practices;
- Best means of sharing waste management information, for example on contractors' rates and licences;
- A method of recording the volumes of waste going to landfill or recycled from our properties and construction sites; and
- The possible use of the British Land Portal for storing more detailed waste information.

British Land recognises that waste minimisation can provide competitive advantage to its properties in the following ways:

- Cost savings through reducing waste to landfill, subsequently reducing landfill tax paid;
- Environmental benefits by saving on landfill space, reducing emissions through appropriate storage and minimising waste transport;
- Reducing the space needed at British Land properties for the storage and recycling of waste;
- Risk reduction both legal through duty of care compliance and financial through reducing exposure to increase in landfill tax; and
- Improved market positioning by promoting an organisation and properties which manage waste efficiently.

British Land recognises that the true cost of waste is:



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Achievements and Outcomes

In 2006 British Land continued to integrate corporate responsibility into every aspect of what it does bringing benefits to the business and its stakeholders as well as to society and the environment. The main driver for this is managing aspects of short, medium and long term risk (identified as strategic priorities). Other drivers are linked to more direct financial impacts, these include:

- Monitoring and managing energy use reduces carbon dioxide emissions, minimises the impact of increasing energy prices and helps meet existing and future regulatory requirements.
- Responsible waste management reduces the company's impact on climate change, saves valuable resources and can reduce disposal and transport costs.
- By enhancing local ecosystems, properties are more attractive places to work, live in and visit, and are thus more attractive to occupiers.
- By supporting good causes British Land enhances its reputation. Supporting local initiatives also builds relationships with local stakeholders.