



SUSTAINABILITY  
SUMMARY REPORT  
2010



CREATING  
VALUE THROUGH  
SUSTAINABILITY



**SEGRO**  
WHERE BUSINESS WORKS

# TALKING SUSTAINABILITY

OUR FOCUS ON DEVELOPING SUSTAINABLE BUILDINGS AND MANAGING THEM EFFICIENTLY HELPS OUR CUSTOMERS TO ACHIEVE COST EFFICIENCIES FROM LOWER ENERGY AND WATER BILLS, AT THE SAME TIME AS REDUCING THEIR CARBON FOOTPRINT.

We strive not only to make our buildings sustainable but to ensure that the estates on which they are located are well-connected to their local communities, either by proximity or through good public transport links. Locations such as the Slough Trading Estate and IQ Winnersh serve both local and international businesses, providing high-quality buildings in a sustainable environment, with excellent transport links and comprehensive regeneration programmes.

All of our buildings are undergoing energy-efficiency assessments to identify where upgrading or refurbishment is required and, in the UK, to meet the CRC Energy Efficiency Scheme. This systematic approach will ensure that all buildings, both new and old, meet customer requirements.

Our sustainability strategy is encouraging us to develop more efficient buildings and identify opportunities to improve our existing stock. It is also helping us to get closer to our occupiers, as we work with them on Green Leases and Memoranda of Understanding.

Sustainability reporting and implementation are now more embedded in our day-to-day business operations. For instance, the Sustainability Framework for Developments is now integrated into the approvals process for capital expenditure. At Energy Park Vimercate near Milan, we are targeting a LEED Silver environmental rating, with the development well positioned to deal with the impacts of potential energy supply restrictions, increasingly stringent environmental regulation and climate change.



**IAN COULL,**  
CHIEF EXECUTIVE  
(2003 TO APRIL 2011)

We have continued to make good progress this year on our journey to embed sustainability into every aspect of our business. This includes improvements to our data collection systems which will help ensure we have the data we need to more effectively measure the impact of our sustainability efforts.

We are pleased to have consistently stayed ahead of environmental regulation, as well as anticipating demand from occupiers and investors. At the same time, we recognise that this agenda is constantly evolving and continue our efforts to drive performance.



**DAVID SLEATH,**  
CHIEF EXECUTIVE  
(FROM APRIL 2011)

We have come a long way over the last two years, developing and implementing a comprehensive sustainability strategy, measuring performance and seeing real progress against our sustainability targets. This has only been made possible by the way in which members of our team, at all levels, have taken on responsibility for a range of sustainability initiatives, reporting on data across our managed portfolio and changing how they think about the way we do business.

In 2011, we will continue our efforts to drive forward the sustainability agenda, working with people across our business and beyond to cut energy and water costs for our occupiers, and make a positive local contribution where we have a presence. We recognise that we have more to do, and are stepping up our efforts to deliver more sustainable buildings and manage our properties more efficiently, without significant additional costs. I look forward to continuing this journey and overcoming the challenges we encounter.

For our full Sustainability Report 2010, visit [SEGRO.com/sustainability](http://SEGRO.com/sustainability)

# SUMMARY OF OUR 2010 PERFORMANCE

## SUMMARY OF OUR PROGRESS AGAINST OUR 2014 TARGETS.

SEGRO has over 1,700 customers and the majority of our buildings are let on the basis that the occupier is directly responsible for the electricity, gas and water bills. Reflecting this, we have reported energy usage, water consumption and carbon data on 1.6 million sq m, which is approximately 30 per cent of our portfolio by area and relates to our own offices, common parts, vacant properties and the relatively small number of properties where we have multi-lets or it is local market practice for the landlord to recharge the utility bills via the service charge. Our larger customers report energy and water usage and carbon emissions for the buildings they occupy in their own sustainability reports.

Our portfolio contrasts with the majority of our listed peers with predominantly retail and office portfolios. Here the majority of occupiers pay their utility bills via the service charge and the energy use is reported by the landlord.

### SAFETY

#### **MAINTAIN A ZERO FATALITY RATE THROUGHOUT GROUP OPERATIONS.**

There were no fatalities across our operations.

#### **ENSURE NO HEALTH AND SAFETY PROSECUTIONS OR ENFORCEMENT ACTION THROUGHOUT GROUP OPERATIONS.**

We had zero reported instances of non-compliance with regulations concerning customer health and safety in connection with our operations, including penalties and fines.

### ENERGY

#### **IMPROVE OUR ENERGY EFFICIENCY BY 30 PER CENT.**

We reduced energy intensity by 8 per cent per sq m in the multi-let buildings we manage.

#### **CONSTRUCT BUILDINGS WITH 30 PER CENT BETTER ENERGY EFFICIENCY THAN BASE BUILD.**

Our current developments are forecast, when completed, to achieve 51 per cent better energy efficiency on average than current standards in the UK, and 10 per cent better in Continental Europe.

#### **INVESTIGATE THE FEASIBILITY OF RENEWABLE ENERGY FOR EVERY DEVELOPMENT SITE.**

We investigated the feasibility of renewable energy sources at all of our new developments. At the latest phase of our office development at IQ Winnersh, completed in the first quarter of 2010, one MWh will be generated from ground-source heat pumps.

### WATER

#### **REDUCE WATER USE BY 20 PER CENT.**

Reported water usage reduced to 68,680 cubic metres (2009: 93,729 cubic metres, which included a large proportion of estimated data for UK water use).

#### **CONSTRUCT BUILDINGS WITH 20 PER CENT BETTER WATER EFFICIENCY THAN BASE BUILD.**

The installation of water-efficiency measures and water recycling means that our current developments are forecast, when completed, to use 10 per cent less mains water on average than current standards.

We are continuing to work to reduce energy intensity and water use in relation to our own consumption and the consumption which is recharged to occupiers. However, we recognise that we can have a more material impact on energy consumption across our portfolio through improving the energy efficiency of our developments and existing buildings to reduce the amount of resources consumed by our occupiers and this is a key focus of our ongoing sustainability efforts.

In 2010, we made significant improvements in our data collection and measurement systems. This, together with the inclusion of the first full year of the former Brixton portfolio in our dataset, has led to an increase in our reported carbon footprint and energy consumption. We have also restated 2009 data where appropriate. However, with such a large number of buildings and diverse portfolio, reporting our energy data remains challenging and there are still improvements to be made in our reporting processes and data capture to improve the accuracy and completeness of our data. We are continuing to work on this in 2011.

### WASTE

#### **REUSE OR RECYCLE 80 PER CENT OF DEVELOPMENT WASTE.**

We reused or recycled 90 per cent of all non-hazardous construction and demolition waste.

#### **REDUCE THE WEIGHT OF DEVELOPMENT WASTE TO LANDFILL BY 70 PER CENT.**

We reduced the weight of non-hazardous construction and excavation waste to landfill to 794 tonnes, from 1,005 tonnes in 2009.

### REGENERATION

#### **INVEST IN COMMUNITIES WHERE WE HAVE A MAJOR PRESENCE.**

We invested more than £1.2 million in good causes, through money, time and donation of business space and we invested in local communities around eight of our largest business locations in the UK.

#### **ENSURE COMMUNITY ENGAGEMENT PLANS ARE IN PLACE WHERE WE HAVE A MAJOR PRESENCE.**

We maintained Community Engagement Plans at two of our largest locations in the UK (Slough Trading Estate and IQ Winnersh).

### STAKEHOLDERS

#### **ENGAGE WITH A SIGNIFICANT NUMBER OF CUSTOMERS TO IMPROVE SUSTAINABILITY.**

We engaged with 64 customers (representing £49 million of annualised rental income) with the aim of reducing energy and water costs.

### ACCESSIBILITY

#### **ALL APPROPRIATE DEVELOPMENTS AND MANAGED ESTATES TO HAVE A TAILORED TRAVEL PLAN.**

We maintained Green Travel Plans at three of our largest locations in the UK (Slough Trading Estate, IQ Winnersh and Heywood Distribution Park).

For our full Sustainability Report 2010, visit [SEGRO.com/sustainability](http://SEGRO.com/sustainability)

# OUR STRATEGY AND PERFORMANCE

OUR FIVE-YEAR STRATEGY, DEVELOPED IN 2009, SETS OUT OUR MATERIAL ISSUES AND OBJECTIVES: SAFETY, RESOURCE EFFICIENCY, REGENERATION, STAKEHOLDERS, FLEXIBILITY AND ACCESSIBILITY.

## RESOURCE EFFICIENCY CARBON

In October 2010, we published our full carbon footprint for the first time, covering 2009 emissions from the energy we purchased both for our own use and on behalf of our customers. Our total carbon footprint for 2010 was 19,300 tonnes (2009: 13,700 tonnes). This increase was due to significant improvements in data comprehensiveness and accuracy, combined with an increase in the number of vacant properties, following our acquisition of Brixton plc in August 2009. During 2010, we reduced the vacancy rate in the former Brixton portfolio to 18.6 per cent from 22.1 per cent. We also worked with occupiers to reduce carbon emissions.



Energy Park Vimercate near Milan is targeting a LEED Silver environmental rating, with 37 per cent lower forecast carbon emissions and energy bills than standard buildings, thanks to sustainability initiatives such as ground-source heating and cooling.

## RESOURCE EFFICIENCY WATER COSTS

We are working with our customers to reduce water costs, for instance by installing dual-flush toilets, low-flow taps and automatic urinal flushing, as well as introducing rainwater harvesting schemes. In 2010, SEGRO purchased £351,100 of water (2009: £342,700).

## RESOURCE EFFICIENCY ENERGY COSTS

We are working with our customers to reduce energy costs, for instance by replacing traditional light bulbs with energy-efficient alternatives, improving building insulation, and installing motion and daylight sensors. SEGRO purchased £4.4 million of electricity and gas in 2010 (2009: £3.8 million).



By reviewing energy usage and costs across our portfolio, our property teams identified opportunities to negotiate better rates and improve efficiency, for instance saving over £50,000 at two of our buildings at IQ Winnersh in Reading.

## RESOURCE EFFICIENCY WASTE MANAGEMENT

We reused or recycled 6,900 tonnes of development waste (2009: 24,200 tonnes) primarily as a result of the lower level of development activity. In 2011, we will be working with our property management teams and waste contractors to gather waste data from across our managed portfolio and encourage recycling.



## FLEXIBILITY

### FLEXIBLE PLANNING

At Heywood Distribution Park in Manchester, we secured the creation of the first new Simplified Planning Zone in the UK since 1998, giving the flexibility to develop a range of commercial buildings, without requiring separate planning applications.

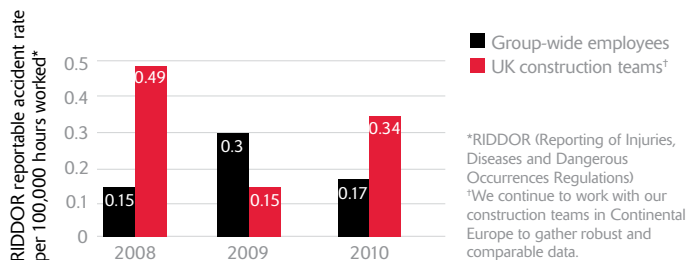


## SAFETY

### SAFETY AWARD

Our high standards in managing health and safety risks were recognised with a British Safety Council International Safety Award, for the second year running.

#### Accident frequency rate



## REGENERATION

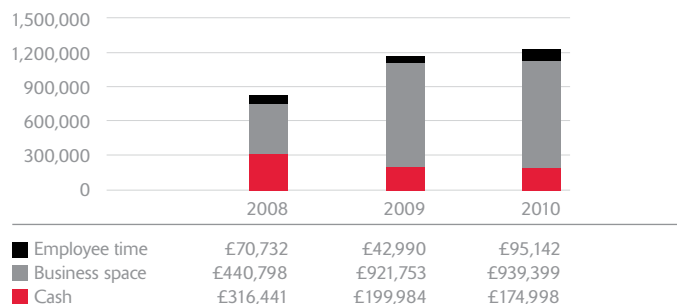
### COMMUNITIES

In 2010, we invested £1.2 million to support community projects and charitable causes through money, time and donation of business space. Our employees spent some 2,000 hours on volunteering, fundraising and managing community initiatives, equivalent to almost one day for each employee.



Our partnership with LandAid, the property industry charity, created a new learning centre set to support 400 homeless and vulnerable young people each year. We funded this extension to a supported accommodation facility provided by St Basils youth agency in Birmingham, near to our Kings Norton Business Centre and Meteor Park.

#### Community investment 2008 - 2010 (£)



## STAKEHOLDERS

### GREEN ENGAGEMENT

SEGRO was one of the first developers to introduce Green Leases for industrial buildings in Europe, as well as Green Memoranda of Understanding for existing occupiers. Throughout the year, we engaged with 64 customers, of which 61 per cent comprised ongoing engagement from 2009. We have signed 97 Green Leases and Memoranda of Understanding over the last few years.

## STAKEHOLDERS

### EMPLOYEE SATISFACTION

In 2010, we commissioned an independent and confidential employee engagement survey across the Group, achieving an excellent 89 per cent response rate.

Of our employees, 82 per cent are willing to go beyond the requirements of their role to help SEGRO succeed and are confident

SEGRO will be successful in the future. A further 79 per cent reported a sense of personal accomplishment from their work and 73 per cent stated they have clearly-defined performance objectives. These results are reflected in our employee retention rates, which continue to be high in 2010, at 87 per cent.

## STAKEHOLDERS

### CUSTOMER SATISFACTION

73 per cent of our UK customers surveyed in 2010 rated their overall satisfaction as an occupier as 'good' or 'excellent', significantly outperforming the industry average. However, this was a slight reduction on our 2008 satisfaction levels, and so we are stepping up our efforts to meet our customers' needs during a challenging time for many businesses.

We are focusing on encouraging communication, working more closely with occupiers to understand their changing business needs, and responding to requests quickly and efficiently, as well as providing good value, particularly around service charges.

**// IN 2010, OUR CONTINENTAL EUROPEAN TEAM STARTED THE ROLLOUT OF A PROACTIVE CUSTOMER RELATIONSHIP MANAGEMENT ACTION PLAN, APPOINTING CUSTOMER CHAMPIONS IN EACH REGION AND IMPLEMENTING CUSTOMER-FOCUSED KEY PERFORMANCE MEASURES. //**

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To download our full Sustainability Report,  
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To let us know your views,  
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