

Our sustainability ambitions must match the scale of the problem

Fredrik Widlund, CEO, CLS Holdings plc

Across my years in the real estate industry, the conversation around sustainability has evolved exponentially. With a near universal acceptance that we can no longer afford to construct unsustainable buildings, action has been taken. Developers recognised that tenants or buyers will not accept inefficient buildings for both financial and ecological reasons. However, the progress achieved in recent years could well be leading to a level of complacency which belies the true scale of the problem our industry is tackling.



In 2015, representatives of the countries of the world came together to agree on seventeen wide ranging and intertwined ambitions for our planet and its inhabitants. These Sustainable Development Goals (SDGs) covered everything from poverty to inequality and sustainable cities. Set by the United Nations General Assembly, they are a universal call to action to states, their people and the institutions which make them function.

To ensure delivery of these ambitions, businesses of the world have a critical role to play. The central function of business is to ensure the economic development of the world to the betterment of people. However, our license to operate comes with conditions. We are expected to act responsibly and play our part in solving the challenges facing society. Tackling the degradation of our environment is perhaps the most central tenant of the UN SDGs with aspects of this challenge underpinning multiple goals.

Our industry sits the heart of the problem. Buildings and construction account for 39% of global energy related CO2 emissions and 36% of final energy consumption, according to the Global Alliance for Buildings and Construction. In the UK specifically, the built environment contributes around 40% of the UK's total carbon footprint.

The reality is that the issue rarely lies in new buildings. While undoubtedly more can be done to mitigate the environmental impact of new development, the primary emitters are the older, more inefficient existing stock. As 80% of the buildings we will have in 2050 have already been built, the burden of solving the environmental building challenge falls on owners such as ourselves.

This challenge requires us to not just tick the sustainability box through placative measures. Businesses must align themselves with the ambitions of the societies in which we operate, defined for us in the UN SDGs.

Within each of the SDGs lies a number of specific targets, many of which we can act on. For example, within Goal 12, which is to 'ensure sustainable consumption and production patterns', companies are responsible for adopting sustainable practices and to integrate sustainability information into reporting cycles. We are responsible for substantially reducing waste generation. We are responsible for reducing emissions by 45% by 2030 to limit warming to 1.5 degrees.

On this year's World Environment Day (5th June), CLS released its sustainability report, showing the significant progress our team has made over the past year in reducing our own impact. There was a

15.9% reduction in carbon emissions across our managed portfolio, supported by 500 MWh of on-site renewable electricity generation and low-carbon technology which was roughly 4% of CLS's required electricity in 2018. The remaining 96% of our electricity is sourced from renewable certified suppliers.

Yet I was struck by how much more we have to do against the UN SDGs. This challenge is particularly pertinent for us as a large proportion of our portfolio is comparatively old building stock as opposed to newly developed assets which have the benefit of sustainable thinking factored into the design.

To further drive progress, we have tied our sustainability strategy to the goals set in the UN SDGs. We have chosen to focus on five of the seventeen goals over which we have the most control; sustainable cities and communities, affordable and clean energy, decent work and economic growth, responsible consumption and production and finally, industry, innovation and infrastructure. This is now a crucial aspect of the way in which we think about sustainability. Our targets, such as reducing operational managed carbon emissions by 25% by the end of 2025, based from our 2018 usage all work towards the broader goal of the achieving the objectives set by the United Nations.

Recognising this is a very complex subject and will require the whole industry to pull together, we have to be realistic and therefore have set long-term targets which supports our journey towards reaching these aims. We may not reach all these goals, but higher targets will deliver better results and we must not temper our ambition in fear of future or present recrimination.

To see directly what CLS Holdings plc is doing to tackle climate change, you can read our sustainability report here: [2018 Sustainability report](#)

About Us



We are a commercial property investment company with assets in the UK, France and Germany, which has been listed on the Main Market of the London Stock Exchange since 1994.

We invest in quality office space in non-prime locations in key European cities delivering stable cash flows. We provide cost effective premises to over 680 tenants including leading blue-chip corporations and governments.

We operate an efficient, proactive management approach, working closely with tenants to meet their individual requirements. As at 31 December 2018 CLS had a market capitalisation of approximately £1 billion and our property portfolio was valued at £1.9 billion.