



# 2017 SUSTAINABILITY REPORT



**HOOPP**  
Healthcare of Ontario  
Pension Plan

# ABOUT HOOPP

The Healthcare of Ontario Pension Plan (HOOPP) was formed in 1960. As one of Canada's largest defined benefit pension plans, we provide a secure retirement income to more than 339,000 healthcare workers in Ontario. To deliver on our pension promise, our investment teams focus on generating stable returns, as well as growth, from our investments over the long term.

Our real estate investments contribute significantly to the HOOPP Fund's returns. Valued at \$13.4 billion, our portfolio spans Canada, the U.S., and Europe. In 2017, we posted an 11.9% return and committed more than \$1.7 billion in new investments. The HOOPP Real Estate team partners with third parties to develop, manage, and operate our properties.

## 2017 SUSTAINABILITY HIGHLIGHTS

**Renewed**  
real estate  
sustainability  
policy and  
strategy



**70%**  
of portfolio  
certified to  
LEED\* or  
BOMA\*\* BEST



**8.7%**  
carbon footprint  
reduction - the  
same as removing  
**3,100 cars**  
from the road



More than  
**80%**  
of our properties  
work with tenants  
on sustainability



Reduced water use  
by 124 million litres -  
equivalent to the volume of  
**50**  
Olympic-size  
swimming pools

\* Leadership in Energy and Environmental Design

\*\* Building Owners and Managers Association



## OUR INDUSTRY-LEADING SUSTAINABILITY STRATEGY AND POLICY

In 2017, we developed our renewed real estate sustainability strategy and policy. The Real Estate Sustainability Strategy 2017–2020 outlines our direction. While we continue to implement our award-winning sustainability program, we are also embarking on new, innovative initiatives that will uphold our position as an industry leader. These initiatives address priority areas such as climate change and tenant engagement. You can expect to see our Pillar Scorecard evolve to reflect this program.

Our Real Estate Sustainability Policy sets out our commitments and how we aspire to embed sustainability in our investment process. It complements HOOPP's existing Responsible Investing Policy, which outlines how environmental, social and governance (ESG) factors are considered in our decisions.

Our policy and strategy are closely connected. The policy outlines our sustainability commitments and the strategy represents our planned actions to address those commitments. But we cannot make progress by ourselves. Our third-party managers are key partners in the process and we will continue to recognize and reward those who demonstrate outstanding performance in sustainability. We are excited to update you on our progress against our policy and strategy in next year's report.

“We believe that the real estate industry can be a leader in environmental and social responsibility. HOOPP's new policy and strategy represent our ongoing mission to improve and effect positive change in our industry.”

**Stephen Taylor**  
Vice President,  
HOOPP Real Estate

## HOOPP REAL ESTATE SUSTAINABILITY PROGRAM

### COMMUNICATIONS

- Quarterly newsletter for business partners
- Quarterly Sustainability Committee calls
- Participation in international conferences and recognition programs
- LEAP (Leadership in Environmental Advancement Program) Awards
- LEAP Forward pitch

### PERFORMANCE

- Environmental targets
- Pillar Scorecard
- Excellence groups

### PARTNER EDUCATION AND TOOLS

- LEAP Conference
- Ongoing education and resources

### DISCLOSURE

- UN Principles for Responsible Investment (PRI)
- Global Real Estate Sustainability Benchmark (GRESB)
- Real Estate Sustainability Report





## 2017 PILLAR SCORECARD SHOWS WINS IN CARBON EMISSIONS, CERTIFICATIONS, AND TENANT ENGAGEMENT

Focused on material indicators, the Pillar Scorecard reports our sustainability performance. It provides feedback to our investment team and managers and identifies new focus areas.

Compared to 2016, we progressed in several areas in 2017. Our average building energy intensity decreased by 1.2% to 25.4 ekWh/sf<sup>\*\*\*</sup>, and our total portfolio greenhouse gas emissions footprint declined by 8.5%. Water use intensity decreased by 17%, which is partly due to improved practices at our properties combined with the sale of some high-consumption properties. At the end of 2017, 72% of the buildings in our portfolio were certified to LEED and BOMA

BEST, up by eight percentage points compared to 2016. We also saw wins in engaging with our tenants on sustainability issues and measuring their satisfaction; these results were 84% and 70%, respectively. Finally, as a result of managers aligning their policies with HOOPP benchmarks, we saw an increase in the presence of sustainable procurement policies to 61% of properties in 2017.

The changing nature of our portfolio due to ongoing property sales and acquisitions has led some Pillar Scorecard indicators show variability between 2016 and 2017. Renewable energy penetration decreased slightly, but we anticipate a slight increase as technology costs continue to decrease and as we work with properties on managing and mitigating climate change risk. Similarly, we saw our waste diversion slip. To turn this around, we need to emphasize the importance of meeting our 2020 targets in all property communications.

PILLAR	PILLAR INDICATOR	2016	2017	PROGRESS
 <b>ENERGY AND ATMOSPHERE</b>	Energy performance (ekWh/sf)	25.7	25.4	●
	Renewable energy (% of gross floor area)	12%	11%	●
	Greenhouse gas emissions (000s tCO <sub>2</sub> e) †	166	152	●
 <b>RESOURCE STEWARDSHIP</b>	Water consumption (litres/sf)	66	55	●
	Waste diversion (average % diverted)	58%	53%	●
	Construction and renovation waste policies (% of properties)	—††	48%	●
	Sustainable procurement policy (% of properties)	47%	61%	●
 <b>ENGAGEMENT AND INNOVATION</b>	Tenant engagement (% of properties)	86%	84%	●
	Tenant satisfaction survey (% of properties)	—††	70%	●
	Green leases (% of GFA)	8%	21%	●
	Building ratings (% of GFA)	62%	72%	●
	Sustainable development (% of new developments targeting LEED Gold or equivalent)	44%	41%	●
 <b>SOCIAL IMPACT</b>	EHS system responsiveness	97%	96%	●

Notes: All data provided by GreenCheck. Energy and water performance data are for office properties only. Select 2016 data points have been restated to reflect portfolio changes and data availability from more properties.

\*\*\* Equivalent kilowatt-hours per square foot

† Thousands of tons of carbon dioxide equivalent

†† Select indicator definitions have changed to reflect GRESB and PRI reporting standards; therefore, it is not possible to compare 2016 to 2017 performance for those indicators.

#### LEGEND

- Progress 2016-2017
- Maintained performance 2016-2017
- No progress 2016-2017

## PROGRAM SPOTLIGHT: LEAP AWARDS FOR PROGRESSIVE PROPERTY MANAGEMENT

Our annual LEAP Awards recognize top performers and innovators in sustainability among our management partners and tenants. They also identify best practices that are scalable across the HOOPP portfolio. Property teams travel from across Canada to the awards ceremony and conference in June to receive this prestigious recognition from HOOPP's CEO.



**Performance awards** recognize superior energy, water, and waste performance and reward properties that are actively managing their environmental footprints.

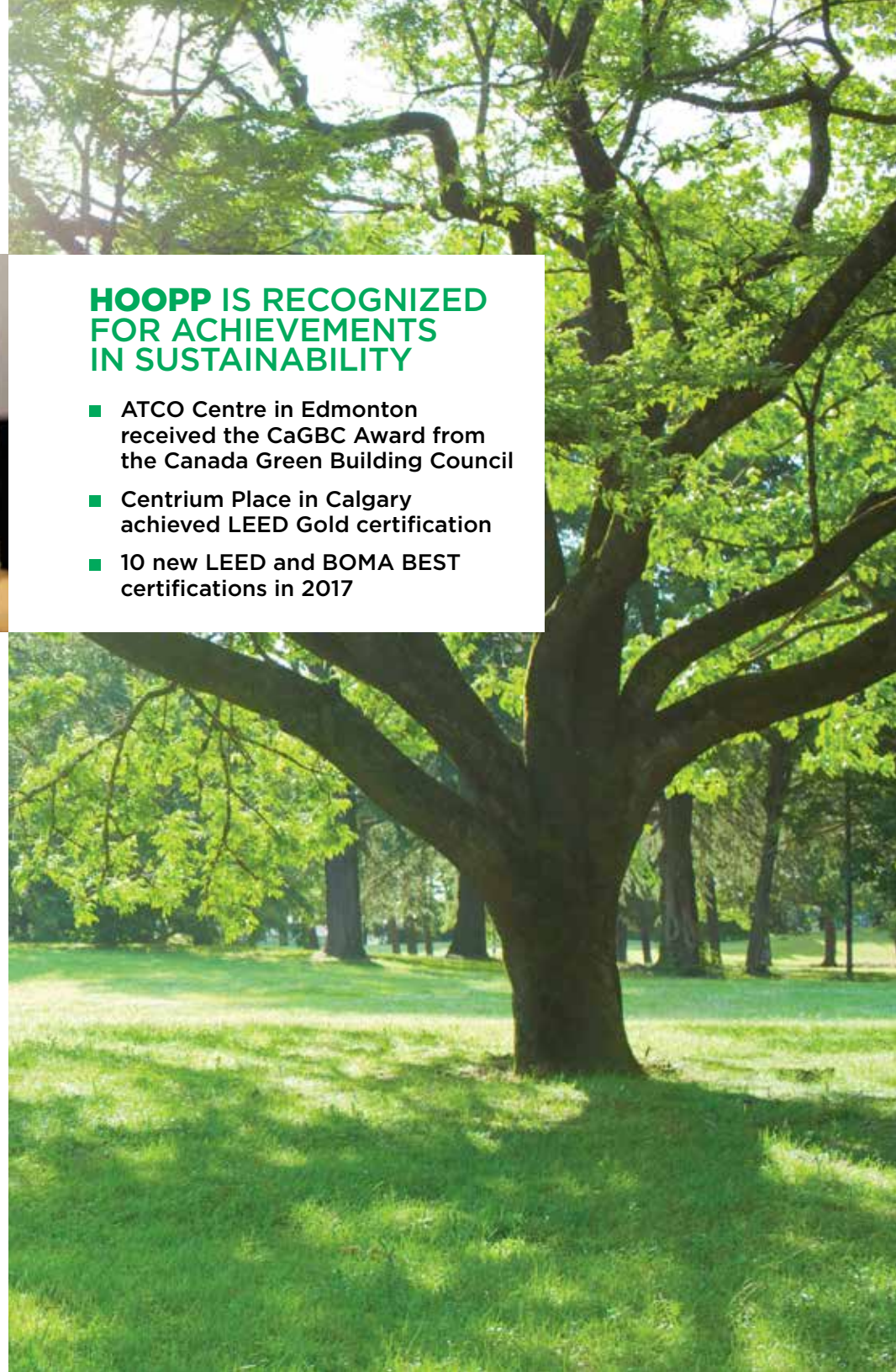
**Collaboration awards** acknowledge dedicated tenants that are implementing sustainable business practices and driving others to change.

**Innovation awards** shine light on the management partners that demonstrate exceptional property management and implement creative and effective sustainability programs.

New for this year, and to reflect evolving sustainability priorities, we also recognize the Green Lease of the Year, Sustainable Operator, and Climate Leader.

## HOOPP IS RECOGNIZED FOR ACHIEVEMENTS IN SUSTAINABILITY

- ATCO Centre in Edmonton received the CaGBC Award from the Canada Green Building Council
- Centrium Place in Calgary achieved LEED Gold certification
- 10 new LEED and BOMA BEST certifications in 2017



## CASE STUDY

# SUPPORTING GREEN AND HEALTHY PRACTICES IN OUR TORONTO OFFICE PORTFOLIO

Green building certification can help to secure the best tenants and minimize vacancy rates. It serves as proof that you can have attractive and resource-efficient buildings. We believe that certified buildings can improve the long-term value of our portfolio and seek to certify buildings whenever feasible.

In this section, we highlight the achievements of two progressive office properties.

### One York: LEED Platinum

This 35-storey building in Toronto's South Core district achieved LEED Platinum certification in 2017. The building has many resource-efficient technologies, minimizing its impact on the environment. For example, a rainwater collection system supplies toilets and irrigation and saves over five million litres of potable water each year.



ONE YORK STREET (TORONTO, ONTARIO)

One York also offers well-being programs, which help occupants adopt healthier and environmentally friendly behaviours. For instance, the building is connected to multiple modes of public transit and has bicycle storage, electric vehicle charging stations, and car-share parking spots. In addition, all occupants have access to a rooftop garden space. To encourage occupants to use the stairs, the stairwells are painted in bright colours and adorned with motivational signage.

### 25 York: Fitwel

25 York, Toronto, was the first office building in Canada to earn Fitwel certification. Fitwel drives a building to promote physical activity, community health, occupant safety, and healthy eating to make its occupants feel better. During the certification process, property management had an opportunity to create close connections with tenants through education and joint efforts to improve healthy practices in the building.

As occupant focus on health and well-being increases, our management partners will examine certification options across our portfolio.



25 YORK STREET (TORONTO, ONTARIO)



**CASE STUDY**

## ELECTRIC-VEHICLE READINESS - PREPARING FOR THE FUTURE OF TRANSPORTATION

Transportation represents about one-third of greenhouse gas emissions globally. Electric vehicles can play a key role in reducing

emissions and are expected to see accelerated growth in the coming years; however, a robust charging network is required for these vehicles to become mainstream.

Property owners play a critical role in contributing to this network by installing and maintaining charging stations. At HOOPP, we recognize the importance of this and have already installed electric-vehicle charging stations at several of our office and retail properties. We continue to work with our managers to expand our charging network to keep pace with the evolving demands of our tenants and customers while supporting reductions in transportation emissions.

EV CHARGING



**CASE STUDY**

## UPDATE: SUSTAINABLE DEVELOPMENT AT DEVONSHIRE MALL

We are very excited to introduce the new and improved Devonshire Mall in Windsor, Ontario this summer after a major redevelopment. The integrated design process captured opportunities for HOOPP to contribute to the low-carbon economy and resulted in innovative technologies such as onsite solar power, a smart lighting system, electric-vehicle charging stations, and a rainwater-capture system. This property is also on track to achieve LEED Commercial Interiors Gold certification.

RAINWATER CAPTURE SYSTEM AT DEVONSHIRE MALL (WINDSOR, ONTARIO)



**CASE STUDY**

## LESSONS LEARNED FROM THE LEAP FORWARD INNOVATION PROGRAM

Our LEAP Forward program finances and pilots innovative technologies for improving property performance in sustainability. During the implementation process, teams share progress updates, financials, and lessons learned with peer companies for maximum scalability and benefit.

The co-generation investment at ATB Place in Edmonton, Alberta, was the inaugural LEAP Forward winner. Co-generation uses natural gas and excess heat to generate electricity for the building, resulting in a carbon footprint reduction of up to 70%. At the time of this report, the project team was awaiting city and utility approval and safety improvements before starting up the co-generation units. All project learnings are shared with other portfolio properties considering this technology. This commitment to innovation and information sharing is expressed in our new sustainability policy and we look forward to piloting other creative sustainability solutions in the future.



## DEFINITIONS

### **BOMA BEST**

Building Owners and Managers Association Building Environmental Standards. This Canadian certification program evaluates properties based on energy, water, waste, greenhouse gas emissions, indoor environment and environmental management systems.

### **CO<sub>2</sub>e**

Carbon dioxide equivalent. This metric calculates the total global warming impact of different greenhouse gases by converting them to the standard measure of carbon dioxide. It is often displayed in metric tonnes or tCO<sub>2</sub>e.

### **ekWh**

Equivalent kilowatt hours. This metric is the standard unit of energy consumption used to compare different energy sources by equating them to the standard measure of electrical energy.

### **Greenhouse gas emissions**

Gases that trap heat in the earth's atmosphere, raising the average air temperature. They are released as the result of fossil fuel combustion and industrial, agricultural and waste management processes.

### **GRESB**

Global Real Estate Sustainability Benchmark. This investor-sponsored assessment is the global standard for assessing the sustainability performance of real estate companies and funds. In 2017, the assessment had 850 participants from 62 countries, representing \$3.7 trillion in gross asset value.

### **LEED**

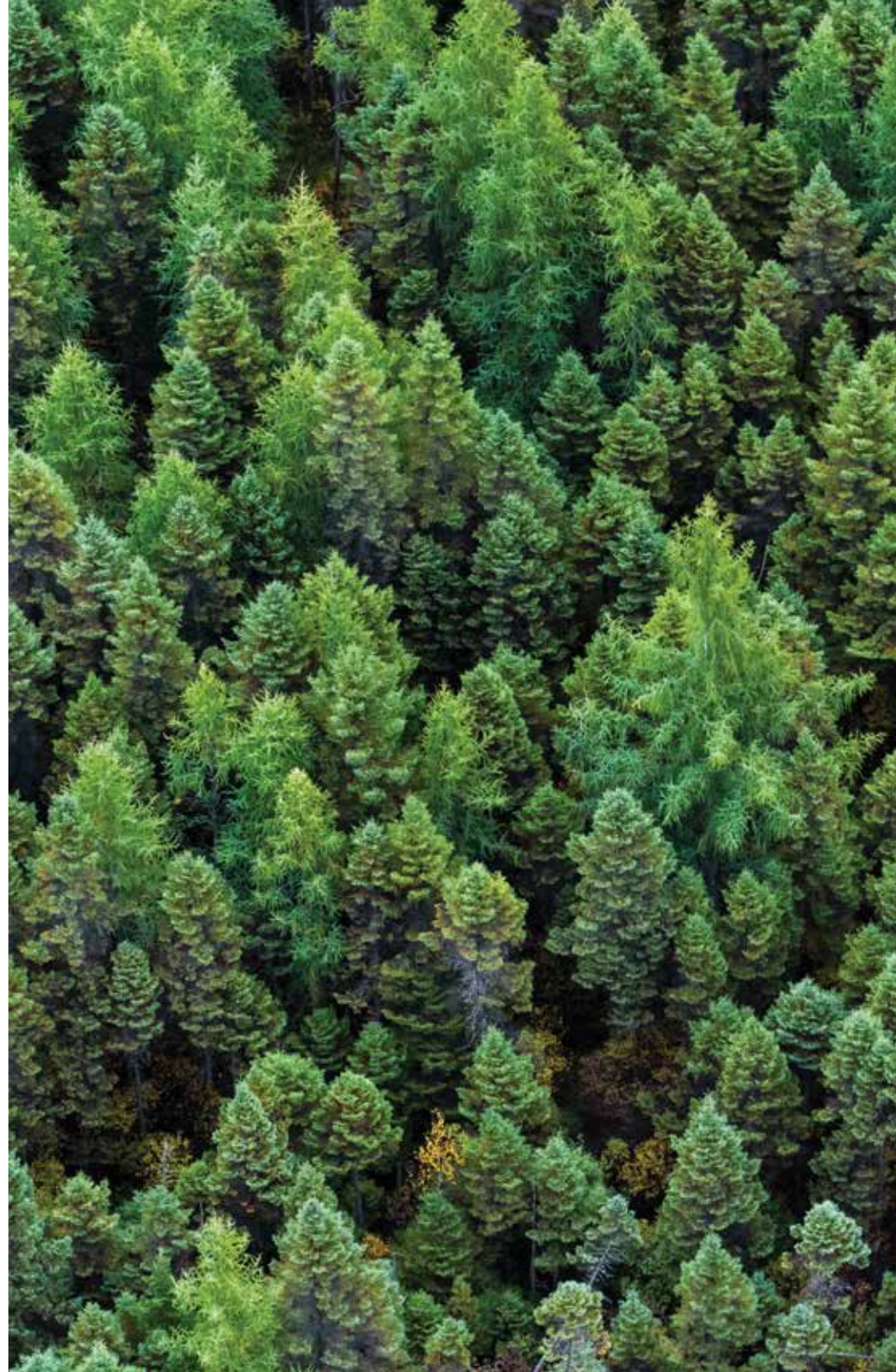
Leadership in Energy and Environmental Design. This internationally recognized, third party certification system rates a building's site, water and energy efficiency, waste management, material selection and indoor air quality.

### **PRI**

Principles for Responsible Investment. This United Nations-supported organization works to understand the investment implications of environmental, social and governance factors and to support its international network of investor signatories in incorporating these factors into their investment and ownership decisions.

### **Waste diversion**

The percentage of total waste produced that is diverted away from landfill through recycling or composting.







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