

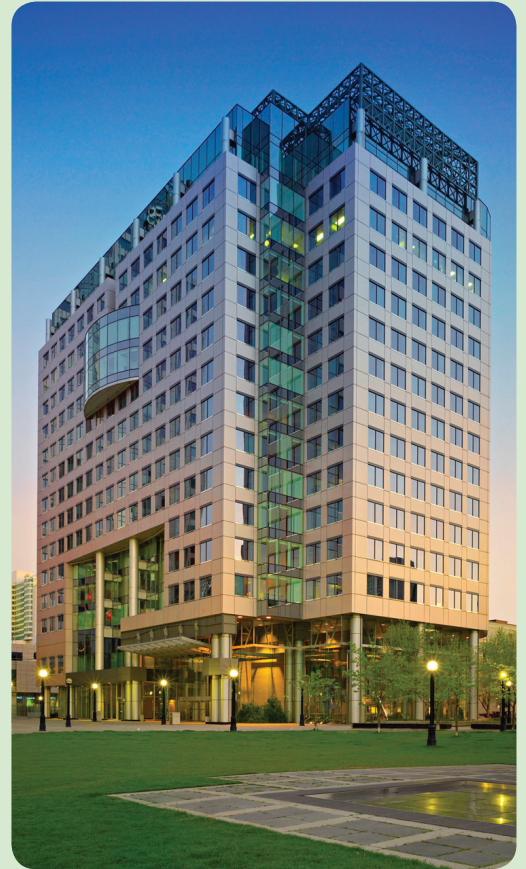
# Oxford Properties Group – Climate Change

CASE STUDY

## ABOUT OXFORD PROPERTIES GROUP

Established in 1960, Oxford Properties Group is a global real estate platform with roles as investor, owner, asset manager, developer, and real estate manager in the global market. The company employs over 1,200 people across six complementary business groups: Global Principal Investment, Global Asset Management, Finance, Legal, Real Estate Management and Human Capital Management. With a 50 million square foot portfolio, Oxford is one of Canada's largest fully-integrated commercial real estate firms, owning and managing properties in the office, retail, industrial, multi-family and hotel sectors. It is a subsidiary company of OMERS (Ontario Municipal Employees Retirement System), the third largest pension fund in Canada.

Oxford builds returns on intelligence, combining bottom up and top down information and econometric models developed by the internal research group to help drive activity. The company takes a similar approach to managing sustainability, recognizing that what is good for the environment is good for business when employed in an intelligent and measurable way.



*Oxford's Metro Centre tower at 225 King St. West, Toronto – the first multi-tenant LEED EB certified building in Canada.*

## LOCATION

**ADDRESS:** Oxford Tower, 130 Adelaide Street West, Suite 100, Toronto, Ontario

**PHONE:** 416-865-3000

**WEBSITE:** [www.oxfordproperties.com](http://www.oxfordproperties.com)

## OXFORD'S SUSTAINABLE INTELLIGENCE APPROACH

Oxford is committed to being an industry leader in sustainability, integrating the guiding principles from its sustainability program into its day to day activities and bottom line. To do this, the corporation takes a “Sustainable Intelligence” approach in its environmental efforts. This approach involves moving proactively and taking measurable action on impact-reducing opportunities. Sustainable Intelligence informs every step of Oxford’s process – from identifying goals, to implementing plans, to evaluating performance – and embodies Oxford Properties’ commitment to acting in the best interests of its shareholders, tenants, employees, and communities into the future.

## CLIMATE CHANGE MITIGATION – GREENHOUSE GAS EMISSIONS REDUCTION STRATEGY

In early 2008, Oxford initiated a process of calculating its corporate greenhouse gas (GHG) inventory as part of its efforts to take a leadership role in addressing climate change. The inventory was the first step towards determining a corporate GHG reduction target and was part of Oxford’s overall efforts to reduce emissions and increase energy efficiency across the enterprise.

There were a number of factors driving the project. The company hoped to increase its competitive position by decreasing operations and energy costs for its tenants. Oxford also understood the importance to its stakeholders of taking proactive steps to address the material risks of climate change. Lastly, Oxford strongly believes that businesses have a responsibility to develop strategies to manage their carbon footprint.

### Creating an Inventory and Target

Completed between February and June 2008, Oxford’s first GHG inventory (for the 2005 – 2007 time period) served as the foundation and starting point for Oxford’s target-setting process. As reference points, Oxford used ISO 14064-1 specifications and the GHG Protocol to develop the inventory and for quantifying and reporting its GHG emissions.

The primary steps of the inventory process involved data collection, scoping, development, and reporting. Data collection can be a limiting factor for an inventory and required developing the data management system so it was dynamic enough to produce the high quality of data that Oxford wanted. Oxford paid special attention to how it used its data in the inventory, especially in relation to its energy side.

Scoping is a crucial step, since the scope of the inventory is significantly linked to that of its GHG reduction target. Scoping can be a challenging exercise, as organizations evaluate and prioritize the different purposes the data ultimately serves. Oxford concentrated on determining which emissions were most relevant to its target audience (intended users), which included its co-owners, building managers, and tenants. Its GHG Inventory included emissions from its managed properties (operational control), while excluding emissions from directly-metered tenants, indirect investments, and industrial properties (on the basis of limited control / access to data, materiality, or relevance). Oxford included Scope 1 (energy direct) and Scope 2 (energy indirect) emissions as per the ISO 14064 standard and GHG Protocol, and also included emissions from waste and employee travel under Scope 3 (other indirect).

*“Oxford knows that sustainability is fundamentally about good management – respecting our stakeholders, the environment and the communities in which we do business.”*

R. Michael Latimer, President and CEO, Oxford Properties

Oxford then evaluated the different opportunities for reducing its GHG emissions, considering options such as internal energy efficiency improvements, the purchase of green power, and the purchase of GHG offset credits. Opportunities for internal reductions were the primary focus, and their potential was evaluated based on historical capital improvements and energy performance. Oxford agreed to leave the door open to considering green power purchases and has taken a position not to purchase GHG offset credits.

Following the scoping process, Oxford developed and modeled different scenarios based on different levels of capital expenditure, energy-related capital improvements, building management practice expenditures, and possible green power purchases. It considered those emissions sources which were most significant (e.g. electricity and natural gas consumption) and considered investment scenarios and improved building management practices in these areas to understand potential GHG reduction scenarios.

During the target-setting process, Oxford worked with the Pembina Institute and ICF International to look at what corporate commitments were being made by other large companies. Following this, the company was able to decide upon its base year, agreeing to use the earliest year for which complete data was available; it then projected emissions for a multi-year period and selected one of those years as its target year (2012). Using that information and the inventory as guides, Oxford chose an overall target that was ambitious, financially and materially achievable, and generally consistent with current (other industries) and potential future regulatory directions. The final target Oxford decided upon is:

To reduce GHG emissions from properties directly owned and managed, on a per square foot basis, by 20 per cent by the year 2012 from the base year of 2005.

### Lessons Learned and Key Benefits

The inventory and target-setting process required a concerted effort on the part of the project team. The main lessons learned were:

- A clearly defined and rigorous data management system and quality control process are crucial to getting good quality data and managing progress.
- Looking at organizational and operational boundaries is key when scoping out your GHG Inventory and requires considerable time and thought.
- Reporting emissions will differ from company to company and depending which metric best helps them manage their overall effort and track progress. In Oxford’s case, it found that reporting emissions by square footage (tonnes of CO<sub>2</sub> equivalent / ft<sup>2</sup>) was more informative than by total emissions due to fact that normalizing emissions by square footage allowed Oxford to intelligently manage results and track progress, while being able to accommodate portfolio liquidity (purchase and sale of buildings).

Oxford experienced both hard and soft benefits as a result of this process. The company is now better able to drive further energy and cost reductions, understand its risk exposure to potential carbon pricing and engage in a dialogue with its tenants about its efforts and their carbon reduction goals. In the long-term, the company's investments in building improvements and commitment to sustainability will help increase asset values. Similarly, the inventorying process has strengthened Oxford's relationships with tenants.

Against its 2005 baseline, Oxford Properties has tracked its success using its Sustainable Intelligence Scorecard, which covers buildings that are directly owned and managed by Oxford (including solely and jointly owned properties). This portfolio of buildings includes 68 per cent office, 18 per cent retail, and 14 per cent residential space (based on 2008 square footage); regionally, it includes 58 per cent Ontario, 23 per cent Alberta, 11 per cent Quebec, 5 per cent British Columbia, and 3 per cent in Manitoba and Nova Scotia combined (based on 2008 square footage).

To date, Oxford has tracked the following reductions:

### Oxford's GHG Emissions Reductions<sup>1</sup>

	2005	2006	2007	2008
Floor area of buildings (ft <sup>2</sup> )	39,823,213	35,831,380	32,567,146	31,450,018
Emissions (tonnes CO <sub>2</sub> e)	479,678	394,945	373,727	339,464
Direct (Scope 1) Natural Gas, Other Fuels, Refrigerants, Fleet Vehicles	78,645	64,975	63,616	54,768
Energy Indirect (Scope 2) Electricity, Steam	401,033	329,970	310,111	284,696
Emissions Intensity (tonnes CO <sub>2</sub> e/ft <sup>2</sup> )	0.0120	0.0110	0.0112	0.0107
				Reduction (2005/2008): 10.9 per cent
				Reduction (2007/2008): 3.8 per cent

Oxford has published a number of important ancillary notes to help further the reader's understanding of the reductions above. These notes are as follows:

#### NOTES:

1. This indicator now aligns with Oxford's Target 2012 commitment – a 20 per cent reduction in direct (Scope 1) & energy indirect (Scope 2) greenhouse gas emissions, on a per square foot basis by 2012 (relative to a 2005 base year).
2. Floor area, consumption and emissions are prorated in accordance with the period held for new, acquired, and sold properties.

3. Actual and estimated direct (Scope 1) and energy indirect (Scope 2) emissions.
4. Vacancy across the portfolio decreased from 9.2 per cent in 2005 to 3.3 per cent in 2008 resulting in upward pressure on consumption and emissions.
5. Capacity upgrades at several data centre properties between 2005 and 2007 resulted in upward pressure on electricity consumption and emissions.
6. Portfolio shifts resulted in downward pressure on electricity consumption and emissions.
7. Energy efficiency capital improvements, conservation, and enhanced management practices resulted in downward pressure on consumption and emissions.
8. New Environment Canada provincial electricity grid emission factors have been applied to 2006 & 2007 electricity consumption numbers (since previous numbers, as at December 31, 2007), resulting in slight adjustments to total emissions.

For the complete scorecard, see <http://www.oxfordproperties.com/corp/corporate/pdf/Scorecard.pdf>

### Awards

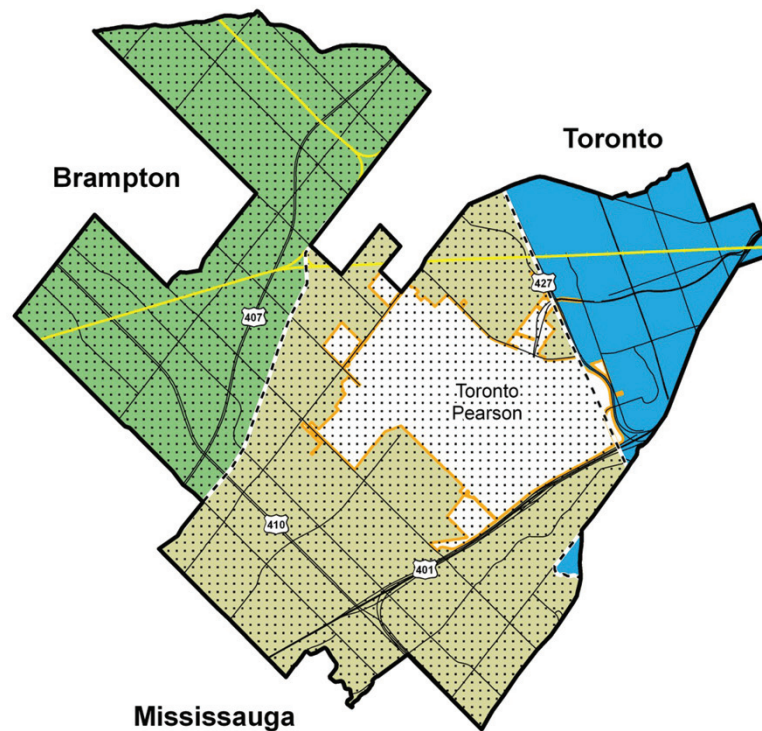
The company has received numerous awards for its sustainability efforts at various properties, including the 2008 NAIOP Commercial Real Estate Development Association Toronto's Green Project of the Year (Metro Centre, LEED EB Silver Certification). The company's total number of green building certifications and awards has risen from 12 in 2005 to 59 in 2008, a 392 per cent improvement, and includes certifications such as LEED, BOMA Go Green, BOMA Go Green Plus, and environmental awards from BOMA, International Council of Shopping Centres, and Recycling Council of Ontario.

## WHAT IS PARTNERS IN PROJECT GREEN?

Opportunities to gain a competitive advantage through sustainable business practices are more attainable than you think. Partners in Project Green is a growing community of businesses working together to green their bottom line by creating an internationally-recognized eco-business zone around Toronto Pearson.

Through new forms of business-to-business collaboration, Partners in Project Green delivers programming that helps businesses reduce energy and resource costs, uncover new business opportunities, and address everyday operational challenges in a green and cost-effective manner.

## PEARSON ECO-BUSINESS ZONE



[www.partnersinprojectgreen.com](http://www.partnersinprojectgreen.com)