



**HOOPP**

Healthcare of Ontario  
Pension Plan

## Sustainability Through Connectivity

2015 SUSTAINABILITY REPORT

[hoopp.com](http://hoopp.com)

# About HOOPP



## About Us

For over 55 years, HOOPP has become one of Canada's largest pension plan providers, serving more than 300,000 active and retired Ontario healthcare workers. Our investment strategies, including real estate, aim to provide stable risk-adjusted returns to meet our pension promise to our members.

The HOOPP Real Estate team manages an investment portfolio valued at \$10 billion, made up of nearly 44 million square feet of commercial, retail, industrial and multi-residential properties in over 180 locations in Canada, the U.S. and Europe.

## Our Strategy

The HOOPP Real Estate sustainability strategy addresses environmental, social and

### Our Strategy Components

Key performance indicators

Target setting and performance measurement

Programs and implementation tools

Communication and disclosure

Recognition of performance and achievements

governance aspects across the real estate life cycle, e.g., acquisitions, developments, asset management and day-to-day operations; it also involves important stakeholder groups, such as tenants, suppliers and industry peers.

Our strategy incorporates leading global best practices and responsible investing principles. It protects and enhances the value of our real estate portfolio by investing in and developing healthy, efficient, high-quality buildings that are future oriented.

## Responsible Investing Best Practice

We believe the best investment managers incorporate environmental, social and governance (ESG) factors into the investment decision-making process along with traditional financial metrics.

As a result, the properties we acquire and manage are considered better long-term investments because of reduced operational, reputational and financial risks. This is aligned with our fiduciary duty to our pensioners.

"Our sustainability program is designed around industry best practices to enhance asset values. Simply put, a portfolio of healthy, high-quality buildings makes good business sense."

– Lisa Lafave, Senior Portfolio Manager

## Our Affiliations

HOOPP joins other investment industry leaders in supporting initiatives that promote responsible investing and sustainable business practices. We are:

- A founding member of the Canadian Coalition for Good Governance (CCGG)
- A signatory to the United Nations-supported Principles for Responsible Investment (PRI)
- A signatory to CDP
- A member of Extractive Industries Transparency Initiative (EITI)
- An investor member of the Global Real Estate Sustainability Benchmark (GRESB)

## Our Key Stakeholders





# HOOPP Real Estate

## 2015 Sustainability Highlights

**11%**  
of portfolio  
**PURCHASING  
RENEWABLE  
ENERGY**



**GRESB  
Green Star**  
for the  
**3<sup>rd</sup>**  
year in a row

**WINNER OF  
IPE**  
Real Estate  
Sustainable Strategy  
Award

**7%**  
less waste  
produced, or  
**450,000**  
kilograms less stuff thrown  
out compared to 2014

**REDUCED**  
water consumption by  
**80M**  
litres — the same as  
**800,000 bathtubs**

Kept **5,700 TONNES** of carbon emissions  
out of the air –  
the same as driving a car **3,100** times  
**ACROSS CANADA**

— Our —  
**Tenants**

— Our —  
**Peers**

# Making the **Connection**

It starts with a foundation of partnerships connected by a solid commitment to a sustainable future that will benefit people, reduce environmental impact and provide the best returns for our members. We are one team working together with a connected purpose.

— Using —  
**Technology**

— Our —  
**Communities**

**Our Suppliers  
and Management  
Partners**

— Global —  
**Responsible Investing  
Community**

## Our Tenants

Tenants play a key role in the sustainability performance of a real estate asset – there is only so much a property can do without the collaboration of the people who occupy the space. We connect with tenants through our management partners; they engage and educate tenants on conservation and

waste-reduction practices at their individual properties. These efforts are recognized at our annual LEAP Awards.

### PORTFOLIO SPOTLIGHT:

Our portfolio includes Coquitlam Centre, an almost 920,000-square-foot retail mall in British Columbia.

Our management partners have engaged the property's tenants in a program designed to reduce waste output. The program educates tenants and visitors on recycling and composting, and provides self-serve recycling rooms, allowing tenants to take ownership over their waste and recycling practices.

In 2015, 158 tenants participated in the program (up from 40 in 2008), increasing Coquitlam Centre's waste diversion from 30% to 56% and decreasing total waste volume by 33%.

## Our Communities

As a real estate owner with a long-term investment strategy, it's crucial that we connect our buildings to adjacent communities and the people who live in them. Community involvement is a key focus during the acquisition and development processes. Incorporating sustainable transportation options, access to amenities and community-friendly spaces are important for the long-term success and future relevance of our assets.

### PORTFOLIO SPOTLIGHT:

In Mississauga, Ontario, our phased office development Spectrum Square is a pedestrian-friendly, transit-oriented hub complete with restaurants and communal space to bring the 130,000-plus residents and tenants in the area together. As a result of this development, the City of Mississauga adjusted its transit planning in order to service the area via the Mississauga Rapid Transit System in 2017.

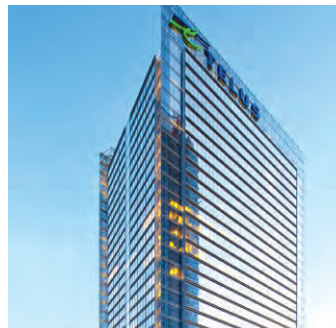


One of our newest properties is Marine Gateway in Vancouver. Both compact and walkable, it is

an equal mix of office, retail and residential space with access to many of the city's public transit routes, including the Canada Line Skytrain and the South Vancouver Bus Loop, which sees 500 buses come in and out each day. It includes bike storage facilities, car share spaces, electric vehicle charging stations, public art installations and community space for farmers' markets and other events – making it truly community connected.

## Our Suppliers and Management Partners

We outsource all asset, property and development management to more than 20 management partners. This can present challenges for improving property sustainability performance because we do not have control of daily operations, and collaboration and best-practice sharing do not happen naturally among our partner companies. In order to continually improve sustainability performance, we enable collaboration between our management partners who can make a difference at each and every property. We also work to



identify sustainability successes from one property or area and pass them along to other properties to advance the sustainability of our portfolio as a whole.

### PORTFOLIO SPOTLIGHT:

Our Industrial Excellence Group, first convened in 2015, brings together our industrial property managers to learn about and discuss sustainability issues and challenges relevant to the industrial asset class, like rooftop solar initiatives, BOMA BEST certification and how best to engage industrial tenants. Information and best practices are then captured in presentations, which can be leveraged as a resource to further improve sustainability in this asset class.

In 2015, our LEAP Awards and Conference brought together more than 100 representatives, many in senior roles, from our management companies to discuss practical solutions to sustainability challenges and celebrate successes in our portfolio. Given that our management partners make up a significant portion of the commercial real estate market in Canada, our efforts to actively manage and promote sustainable practices and collaboration extend beyond our portfolio to influence the Canadian and global real estate market.

## Our Peers

To access local expertise, we often partner with other real estate companies in development and investment ventures. In this process, we explore our mutual views on sustainable value creation and exchange sustainability best

practices. We also collaborate with our peers through local and global industry associations to drive sustainable outcomes to advance the industry as a whole.

### PORTFOLIO SPOTLIGHT:

HOOPP has partnered with European investor and developer Verdion to construct several industrial properties over the next few years. In addition to being an experienced developer,

Verdion shares HOOPP's view of the importance of sustainability in real estate. The buildings in the European development pipeline will be built to high sustainability standards.

## Global Responsible Investing Community

As a leading real estate investor in Canada, we take our position very seriously and strive to advance the sustainability of the Canadian real estate industry.

### PORTFOLIO SPOTLIGHT:

In the year 2015, we were pleased our sustainability efforts were recognized. HOOPP was honoured with two awards for advancing sustainability from Canada's Clean50. Our Senior Portfolio Manager, Lisa Lafave, was recognized for her leadership and



oversight of HOOPP Real Estate's sustainability program, which has

been in place since 2009. The LEAP Conference and Awards was also recognized as a 2016 Clean15 project for exemplifying how a real estate owner can engage with and inspire its business partners on sustainability issues, and subsequently influence a large portion of the Canadian commercial real estate market.

Our sustainability efforts were acknowledged at a global level when we received the 2015 Investments & Pensions Europe (IPE) Real Estate Award for Sustainable Strategy

alongside our UK business partner, The Crown Estate.

Finally, our participation in the 2015 GRESB survey earned us our third straight Green Star, the highest ranking that can be achieved. We improved our score by 9% and ranked second out of nine in our peer group. As a GRESB investor member, HOOPP is part of a global network of investors that contribute to the evolution of the survey, connecting us to real estate best practices around the world.

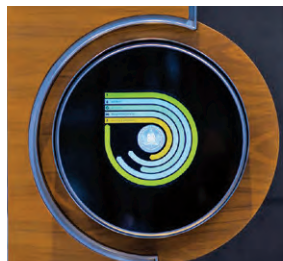
## Using Technology

We are embracing industry-leading technologies to reduce our environmental footprint and make our properties as attractive and efficient as possible.

### PORTFOLIO SPOTLIGHT:

Marine Gateway was built to LEED® Gold standard and in accordance with the City of Vancouver's renewable energy requirements. It has several technologies that contribute to

high sustainability performance. For example, Marine Gateway uses a geothermal heating and cooling system, which reduces the complex's need for conventional energy generated by fossil fuels. It also has a district energy system that uses low-carbon energy sources to heat and cool (e.g., by heating water using recovered waste heat). The district energy system was built with the future in mind – it was sized to accommodate demands



from neighbourhoods yet to be built.

HOOPP's 25 York Street is a world-class "smart" office building in downtown Toronto. It is the first building in

Canada to use the U.S. Green Building Council's LEED Dynamic Plaque. The Plaque engages and educates building occupants, visitors and staff by displaying up-to-date information on the building's sustainability performance in five categories: energy, water, waste, transportation and human experience. As part of their responsibilities, 25 York's front desk security staff have been educated about how the Plaque works so they

can answer questions from visitors about the property's sustainability performance. The Plaque also serves to hold the property's operations team accountable. In order to maintain and improve the performance that is displayed, they are encouraged to ensure that the building's systems are functioning at their best; this means exploring and resolving utility issues to maximize efficiencies before they become bigger issues.







# Connected to Driving Change

Divided into 13 performance indicators, our Pillar Scorecard guides our sustainability focus and reports our progress over time. We advanced our performance on many of the indicators and will focus on those indicators where we did not strengthen our performance.

Over the short term, acquisitions and dispositions of properties may impact certain sustainability measures. In 2015, we acquired an office property portfolio that did not have the same advanced sustainability policies as the rest of our portfolio, and for this reason select indicators show a negative trajectory. We are currently working to embed HOOPP's sustainability program at these properties.

In 2016, we plan to change some of the indicators in the Scorecard to reflect changing, more ambitious sustainability priorities.

## Pillar Scorecard

PILLAR	PILLAR INDICATOR	2013	2014	2015	PROGRESS
 <b>ENERGY AND ATMOSPHERE</b>	Energy performance (ekWh/sf)	28.5	28.5	27.4	●
	Renewable energy (% of GFA)	4%	5%	11%	●
	Greenhouse gas emissions (000s tCO <sub>2</sub> e)	153	183	177	●
 <b>RESOURCE STEWARDSHIP</b>	Water consumption (litres/sf)	69	63	63	●
	Waste diversion (average % diverted)	53%	54%	51%	●
	Construction and renovation waste policies (% of properties)	Note (3)	90%	72%	●
	Sustainable procurement policy (% of properties)	Note (4)	60%	51%	●
 <b>ENGAGEMENT AND INNOVATION</b>	Tenant engagement (% of properties)	71%	95%	88%	●
	Tenant satisfaction survey (% of properties)	Note (4)	44%	64%	●
	Green leases (% of GFA)	53%	53%	52%	●
	Building ratings (% of GFA)	56%	53%	60%	●
	Sustainable development (% of new developments targeting LEED Gold or equivalent)	Not Available	63%	56%	●
 <b>SOCIAL IMPACT</b>	EHS system responsiveness	89%	88%	93%	●

1. All data provided by GreenCheck. The year 2014 has been restated to reflect portfolio changes.
2. Energy and water performance data is for commercial properties only.
3. The methodology for determining share of properties with construction and renovation waste policies was changed in 2014. To improve accuracy; therefore, no 2013 data is available.
4. The sustainable procurement policy and tenant satisfaction indicators were new in 2014; therefore, no 2013 data is available.
5. EHS system responsiveness refers to monthly compliance with our internal health, safety and environmental monitoring program.

### LEGEND

- Progress 2013-2015
- Maintained performance 2013-2015
- No progress 2013-2015

# Connected to Our Performance

Energy usage, water usage and waste diversion are three sustainability indicators that we use to measure our portfolio's sustainability performance.

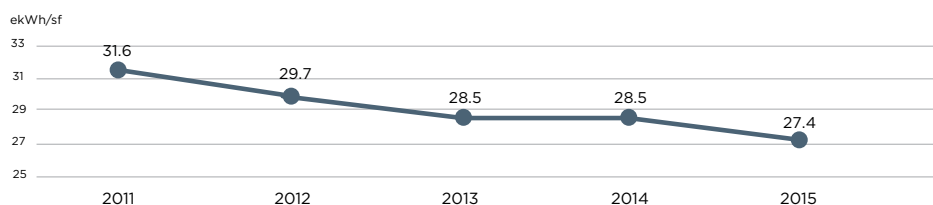
## ENERGY

In 2015, our office buildings decreased energy consumption per square foot by 5% compared to 2014. Our overall energy consumption remained constant despite acquisitions we made in 2015.

In 2016, we will be working closely with our properties to set new energy targets. We are committed to continuing the energy reduction trend we have seen since 2011, where we have reduced average energy intensity by nearly 4% per year on average.

*Note: Data is not normalized.  
Properties with exceptional users are excluded.*

### Average Energy Intensity: Commercial



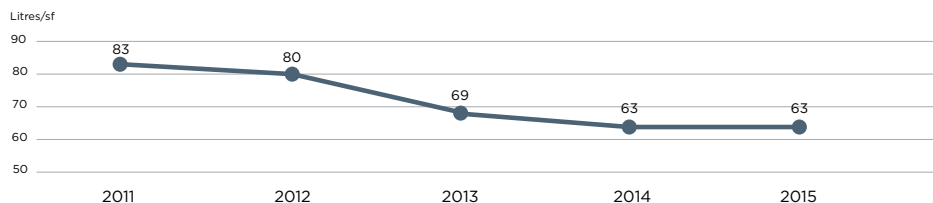
## WATER

Our water consumption per square foot stayed constant in 2015. Overall, in 2015, we consumed nearly 80 million fewer litres of water — a 5% decrease.

Since 2011, our properties have reduced average water intensity by 7% per year.

*Note: Data is not normalized.  
Properties with exceptional users are excluded.*

### Average Water Intensity: Commercial

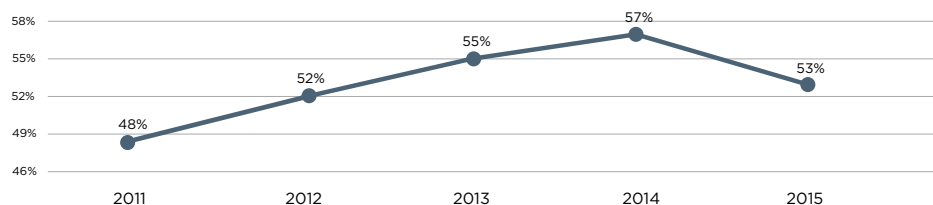


## WASTE

In 2015, the average waste diversion rate at our commercial properties decreased to 53% from 57% in 2014. We will support our properties to implement waste diversion programs across all property types and emphasize the importance of meeting waste targets.

Although our diversion rate decreased in 2015, we reduced our overall waste output by 7%, or 450 tonnes.

### Average Waste Diversion: Commercial





# Connected to Excellence

## LEED Certification Demonstrates Leadership

LEED Certification provides independent third-party verification that a building has been designed and built using strategies aimed at achieving high performance in key areas of human and environmental health.



### HOOPP's LEED-Certified Properties

- 122 Dorey Avenue – Dartmouth, NS
- 25 York Street – Toronto, ON
- 4711 Yonge Street – Toronto, ON
- 507 West Broadway (Cross Roads) – Vancouver, BC
- 5550-5570 Explorer Drive – Mississauga, ON
- 5600 Explorer Drive – Mississauga, ON
- 5799 Route de l'Aéroport – Longueuil, QC
- 720 King Street West – Toronto, ON
- Devonshire Mall – Windsor, ON
- Exchange Tower – Toronto, ON
- Intercity Shopping Centre – Thunder Bay, ON
- Lansdowne Place – Peterborough, ON
- Rampart Building 1 – Edmonton, AB
- Rampart Building 2 – Edmonton, AB
- Robson Court – Vancouver, BC
- Siemens – Chemnitz, Germany
- Smart Technologies Headquarters – Calgary, AB
- Willingdon Park Ph. 1 – Burnaby, BC
- Willingdon Park Ph. 6 – Burnaby, BC
- Willingdon Park Ph. 8 – Burnaby, BC
- Willingdon Park Ph. 9 – Burnaby, BC

## 2015 Sustainability Achievements

### Devonshire Mall – Environmental Achievement Award

Devonshire Mall, a retail property of over one million square feet in Windsor, Ontario, received an Environmental Achievement Award from the Essex Region Conservation Authority. It was recognized for implementing a culture of conservation and educating its more than seven million visitors per year on sustainability issues and conservation efforts.

### Race to Reduce

Race to Reduce is an initiative that challenged Toronto-region office buildings and landlords to decrease their energy consumption over a four-year period. The challenge ended in 2015 with strong results. Collectively, participants reduced energy consumption by 12.1% – the same as taking 4,200 cars off the road. Several HOOPP office properties participated in Race to Reduce and were recognized for their efforts:



**25 York Street:** Lowest energy use, 500,000–1,000,000 square feet – Energy Star score of 98

**AeroCentre 1:** Lowest energy use, under 250,000 square feet – Energy Star score of 97; greatest energy reduction – 39%

**AeroCentre 2:** Greatest energy reduction – 30%

**AeroCentre 6:** Greatest energy reduction – 22%

**AeroCentre 3:** Greatest energy reduction – 16%

**AeroCentre 4:** Greatest energy reduction – 13%

# Connected to the Future

Our focus in 2016 is the continued improvement in the sustainability of our properties as measured by the Pillar Scorecard. For example, we aim to set new energy and greenhouse gas emission targets and leverage our past experience to ensure the targets are simultaneously ambitious and realistic. We will then apply industry best practices through guidance and tools to meet or exceed these targets.

We continually strive to enhance the health and wellness of our buildings' occupants and visitors, and to reduce our portfolio's environmental footprint.



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