

The Business Case for Environmental Sustainability

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The Balance of Sustainability



What Motivators Prompt Change?

The Business Case

Being Environmentally Sustainable CAN make you more profitable



Marketing

70-80% of consumers say they are switching to “green” companies.

In 2006 20% Actually Did

(Sustainable brand study by egg, March 07)

Human Resources

- 40% of MBA grads rated CSR as an “extremely” or “very” important company reputation measure when job hunting (Hill & Knowlton Jan 08)
- 92% of students and entry-level hires seek an environmentally friendly company (MonsterTRAK.com survey, Nov 07)
- 83% of employees in G7 countries say that a company’s positive CSR reputation increases their loyalty (GlobeScan 2006)
- 83% of employees in G7 countries say that a company’s positive CSR reputation increases their motivation (GlobeScan 2006)

Points from Bob Willard’s Presentation at BC Hydro Power Smart Forum November, 2008

Financial

1. Increased revenue / market share
2. Improved reputation
3. Reduced recruiting costs
4. Reduced attrition costs
5. Increased employee productivity
6. Operating Cost Savings

Companies Who Made it Work

- XEROX: 21% energy savings since 2002-2007, saving \$18M in 2006.
- BP: Reached its 2010 emissions reduction target in 2001 saving \$650M.
- Proctor & Gamble: Retrofits of lighting, heat recovery from waste water, etc. Saving \$380K/year.

Companies Who Made it Work

- Herman Miller: 32% ROI on energy efficiency investments. Reduced landfill waste by 80%, hazardous waste by 91%, overall emissions by 87%, and water usage by 67%, while doubling sales to more than \$2B (Forrester Research, 2008)
- Dell: Saved \$3M from energy savings from lighting upgrades, HVAC retrofits, tweaking building temperature settings and shutting off idle computers. Payback period of under 3 years.

Points from Bob Willard's Presentation at BC Hydro Power Smart Forum November, 2008

And One More...

- Jawl Properties!

Who We Are

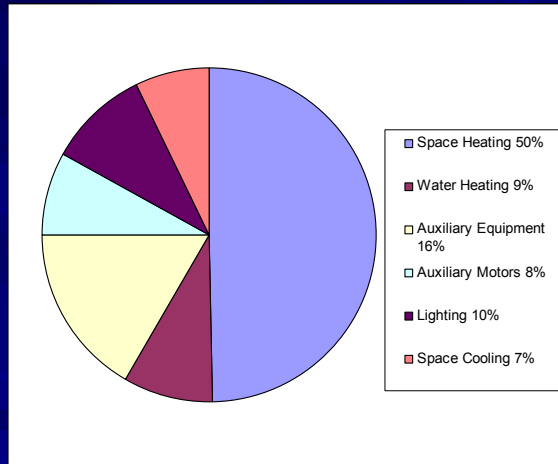
- Jawl Properties owns and manages 14 office buildings in Victoria which we lease to 50+ government and private sector tenants.
- Buildings range in age from 5 to 97 years old.



The Impact of Office Buildings

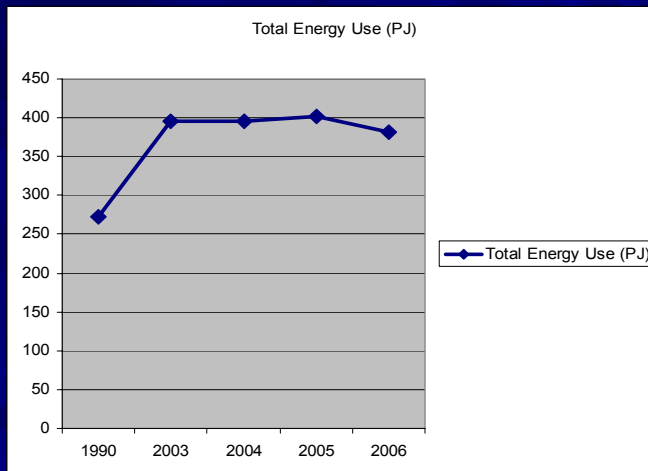
- According to the CRD Office Buildings use 6% of water in the CRD.
- According to NRCAN the Commercial and Institution Sector used 14% of National Energy Consumption in 2006 (includes all energy consumption including vehicles).

Energy Consumption in Office Buildings



Consumption Figures from Natural Resources Canada

Change in Energy Consumption in Office Buildings Over Time



Consumption Figures from Natural Resources Canada

Our Primary Environmental Initiatives

- Implemented Physical Upgrades to Reduce Energy Consumption in all of our Office Buildings (50% done).
- Developed Education Program for Tenants Targeted at Green Behaviours.
- Worked with BC Hydro as a Partner



The Business Case

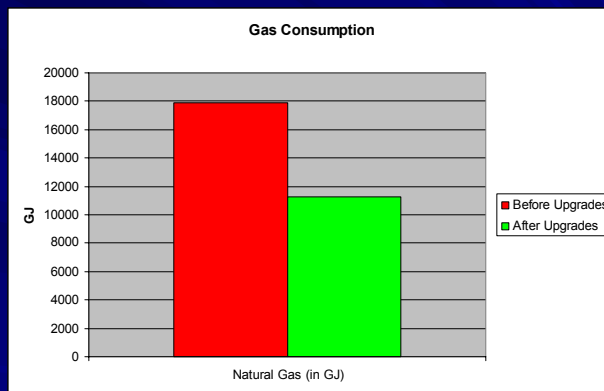
Upgrading a building to reduce its energy consumption and environmental footprint is the right thing to do for the environment and for your bottom line.

Results at our Pilot Building

- Reduction in Electrical Consumption & Costs: 23%
- Reduction in Gas Consumption & Costs: 54%
- Reduction in Green House Gas Emissions: 120 tonnes/year or 48%
- Operating Cost Savings: Approx. \$1/ft/year. This does not include savings in carbon tax or future savings to government tenants for carbon offsets
- Achieved BOMA Go Green Plus Certification (now called BOMA Best)

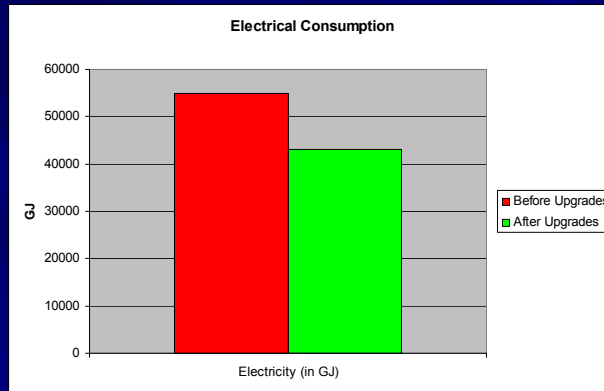


Projected Reduction in Natural Gas Consumption



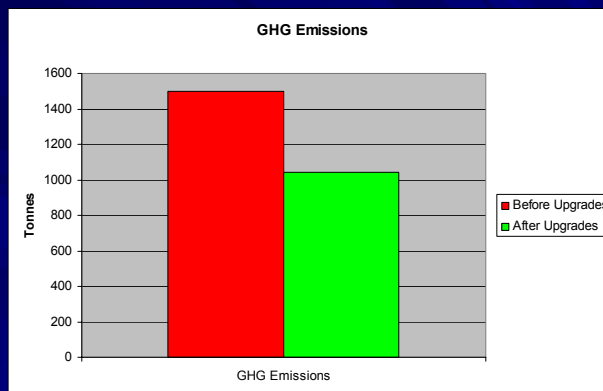
37% Reduction in Natural Gas Consumption and Cost

Projected Reduction in Electrical Consumption



21% Reduction in Electrical Consumption and Cost

Projected Reduction in GHG Emissions



30% Reduction in GHG Emissions

Cost benefit to government tenants who will have to buy carbon offsets in 2010

Financial Summary

- Average Payback Period: 6.7 Years
 - Based on Simple Payback

- Average Annual Return on Investment: 14.57%

- Assume a 10 year lifespan for upgrades

* Neither calculation factors in grants we received from EcoEnergy and BC Hydro which averaged 30% of the capital costs.

Financial Summary with Contribution Amounts*

- Average Payback Period: 4.5 Years
 - Based on Simple Payback

- Average Annual Return on Investment: 22%
 - Assume a 10 year lifespan for upgrades

*Calculations are based on 5 buildings where contribution amounts are finalized.

Other Benefits

- BOMA BEST Certification
- Credibility
- Employee Engagement
- Tenant Engagement
- Competitive Advantage

Marketability of Green Buildings

- 91% of tenants would select a 'green' office space, if all other factors were equal.
- 63% of tenants are willing to pay a premium for 'green' office space.
- 62% of tenants are willing to pay higher net rent if the utility costs are lower.

*Source: Colliers International 2007
Canadian Office Tenant Survey Results

Implementing Energy Upgrades in Your Office

- Meet with your landlord to discuss options. See if the landlord will amortize the costs over the payback period so your cash flows remain unaffected.
- BC Hydro and NRCAN's ecoEnergy Program both have great incentive programs. In our experience funding ranged from 10%-40% of total project costs.

Process of Implementing Energy Upgrades

1. Talk to your BC Hydro Representative
2. Conduct an Energy Audit
3. Apply for Funding Options from Provincial and Federal Government and BC Hydro
4. Establish Budget
5. Implement Upgrades
6. Enjoy the financial and environmental benefits

Big Energy Savers

- Building Automation Systems and DDC Systems (the brains of a building)
- Efficient Use of Heating and Cooling
 - CO2 Sensors
 - Weather Predictors
 - Free Heating & Cooling
- Energy Efficient Lighting
- Lighting Controls (connect to DDC and motion sensors)

Water Conservation

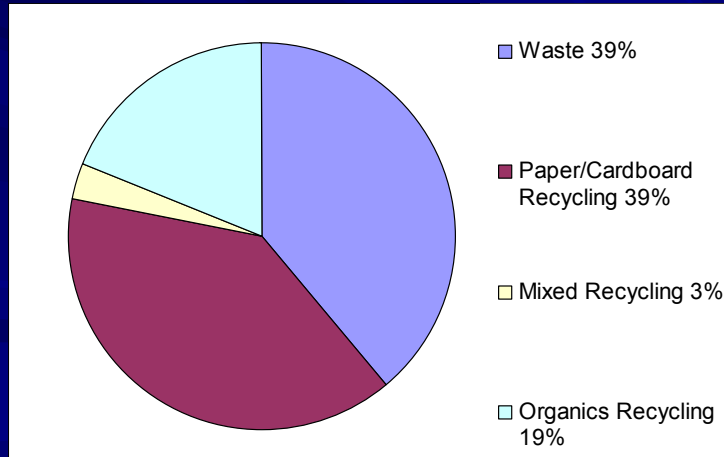
- CRD will do free water audits and have a product incentive program.
- Water Efficient Toilets: 1-5 year payback period
- Install low-flow aerators on taps: Payback Period < 1 Year
- Low Flow Showerheads: Payback Period < 1 Year

*Payback periods are after CRD rebates.

Waste Management

Pilot Building: 3350 Douglas Street

61% Diversion Rate



Education Program

- Newsletters
- Posters
- Suggestion Box Program
- Commitment Sheets
- Workstation Audits
- Events
- Prizes
- Speech from Senior Management
- Incentives & Prizes
- Challenges & Competitions
- Emails
- Tracking Progress
- Many More!

Education Program Benefits

- Reduced Energy Consumption by 3-5%
- Reduced Landfill Bound Garbage
- Reduced Water Consumption
- Reduced Demand for Parking
- Increased Tenant Loyalty
- Want a copy of our education program?
Email me: karen.jawl@jawlco.com

Environmental Certifications

- Building Owners and Managers Association (BOMA) have a certification called BOMA BEST.
- LEED Certification
- Others as well

So What Can You Do?

- Talk to your landlord, facilities manager and boss and lobby to have upgrades done at your building. Educate them on the cost savings.
- Get all your coworkers to change the settings on their computer so their monitors automatically turn off after a certain amount of time of inactivity. Screen savers DO NOT save energy.

So What Can You Do?

- Set computers to default to double sided printing.
- Get your coworkers to turn off lights when rooms are empty.
- Get your coworkers to unplug chargers when not in use.
- Look at what recycling options are available at your building and request enhanced recycling if you don't have it.

Questions?

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