

# Summary Report: **Collaboration for Climate Action Forum**



## Event Snapshot

---

On November 17, 2022 **First Capital REIT** in partnership with **Choice Properties REIT** hosted the **Collaboration for Climate Action** Forum. Over 25 senior representatives from 9 Canadian retail tenants and 4 real estate property owners met in person to unpack how to collaborate and decarbonize retail properties.

The push for global climate action has never been greater and we are in a defining moment. Many forum participant organizations are rolling out decarbonization plans, while others are on their way to setting meaningful carbon reduction targets.

What is evident is that our individual impacts extend beyond everyone's directly controlled business. Because of our interlinked operational business models, we know that our climate journeys cannot advance without a key puzzle piece - working together. Hence, we convened a group of leaders to:

- Build partnerships
- Foster collaboration
- Expedite progress

**During the forum, participants unanimously agreed that this conversation is mission critical and must continue. We are therefore committing to advancing industry collaboration and invite you to join us!**

## First Capital's Road to Net-Zero

---

In late 2022, First Capital set a science-based and third-party SBTi validated 2030 GHG reduction target and committed to achieving net-zero by 2050. Throughout our work to develop our target we recognized that collaboration with our tenants and partners is as important as progressing operations and technology and a key to our success. We knew that we needed to start a conversation with our stakeholders to figure out how we can achieve our shared climate goals. From there came the Collaboration for Climate Action Forum – a platform for us to begin working together.

## Background

---

Failure to mitigate climate change is the greatest risk facing humanity over the next decade.<sup>[1]</sup> We are already feeling the impacts of natural disasters as they are becoming more frequent and severe. Furthermore, the benefits of strong and early action far outweigh the economic costs of not acting.<sup>[2]</sup>

To avoid the worst impacts of climate change, we must limit global warming to 1.5°C above pre-industrial temperatures by transitioning to a net-zero economy by 2050. For the building sector, this means halving our emissions by 2030. This cannot be accomplished alone by any one company – **we must work together to decarbonize our industry.**

[1] World Economic Forum. Global Risks Report 2023.

[2] The Economics of Climate Change: The Stern Review 2006





## Background cont'd

---

Recognizing this, First Capital, in partnership with Choice Properties, assembled a group of major retail tenants and landlords last November for a half-day forum. The forum participants represented Canada's leading banks, grocery stores, retailers and real estate companies with over \$600 billion in market capitalization. Together, our annual emissions footprint total over 2 megatonnes, equal to the emissions from powering and heating over 740,000 Canadian homes for a year.<sup>[3]</sup> Many of us share the same goal – setting ambitious targets, in line with science, to reduce our impact on global warming.

We knew that building trust by getting to know each other and discovering that our climate goals align would be an essential first step to ongoing collaboration. We also wanted to put our heads together to develop solutions to the complex challenges we all face. The forum involved group break-out sessions to brainstorm solutions to the barriers that retail landlords and tenants face in decarbonizing our industry so that we can turn the conversation to opportunities and action.

## Our Challenges

---

We face significant challenges in reaching net-zero by 2050:

- Adapting our current building stock and ensuring new builds are net-zero ready
- Evolving the traditional landlord-tenant partnership to enable significant energy reduction and renewable energy sources – from building designs, lease agreements and cost-benefit sharing structures to redefined roles and responsibilities and accounting and reporting methods
- Duplicating pilot projects, innovating in silos and affecting change - one company at a time

The main forum activity was to find solutions to these challenges and identify ways that we could work together. Forum participants brainstormed three key questions:

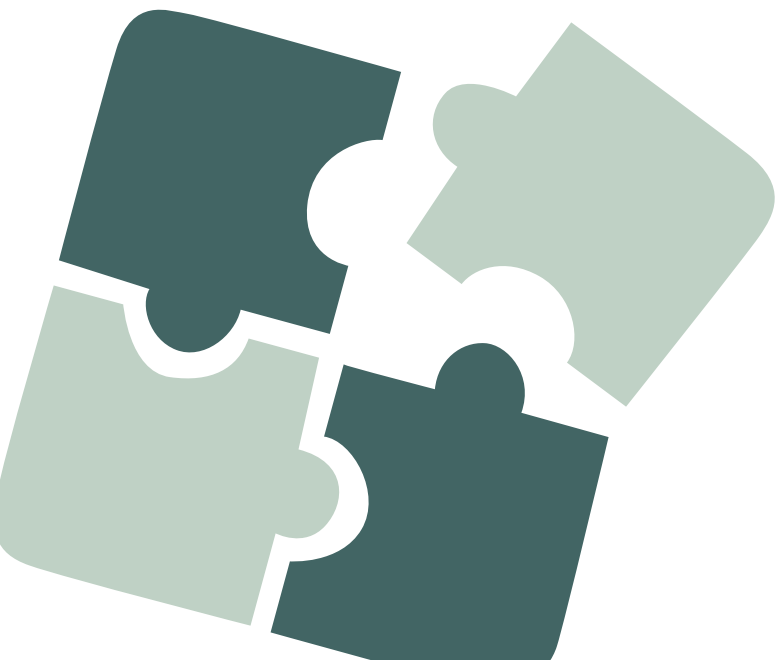
1. What are all the actions that we could take, individually or together, over the next 6-12 months to reduce GHG emissions?
2. How can we reimagine the landlord-tenant relationship to better align on low-carbon interests and incentives?
3. What are new ways for tenants and landlords to enhance communication and collaboration on each other's climate objectives?

Participants bounced dozens of ideas off one another and key themes and opportunities emerged from animated group discussions.

**At the end of the forum, we asked participants to stand up if they felt hopeful that our industry will successfully achieve net-zero – not one person remained sitting!**

---

<sup>[3]</sup> Citizens for Public Justice. Infographic: What is a tonne of greenhouse gas emissions?





## Our Opportunities

---

Participants agreed that collaboration is key and they want to start now! Working in silos will slow progress, but as a collective we can move the needle much further and faster.

Participants highlighted that collaboration must be equitable. Tenants and landlords must share both the costs and incentives associated with decarbonizing our buildings. We must also advance mutual information sharing without introducing repercussions, especially for sharing critical utility and costs data. To succeed, we need to involve the right people from all aspects of our businesses. Reducing carbon is a job for everyone from property managers and store managers, to leasing representatives as well as accountants.

The key collaboration opportunities from the forum are:

1

### Creating industry-wide templates

As landlords and tenants, we are all seeking new models and guidance on how to integrate climate considerations into our standard business processes and supporting documents. We can create templates for documents we use in key processes and transactions such as lease clauses and schedules, lifecycle cost analysis, utility consumption, savings and forecast reports and more.

2

### Advancing literacy around promising technologies

Everyone has a steep learning curve on how to integrate new technologies that will replace those we know well. Leveraging our significant influence within the Canadian retail sector and its ecosystem of suppliers and advisors, we can quickly expand our knowledge, share pilot project results, distribute innovation risks and influence the market for new technologies.

3

### Connecting with and informing regulators

Regulations can rapidly speed up decarbonization in buildings by shifting leading practices to minimum requirements. Furthermore, regulators, city planners and permitting bodies can incentivize certain types of projects and low carbon technologies. As industry experts, we have an important role to educate decision-makers about viable and cost-effective approaches that save carbon today and tomorrow.



## Call to Action

Participants left the forum energized and agreed that this should not be a one-off event but rather a starting point for continuing engagement and collaboration. Therefore, over the next year we will be establishing working groups to action specific initiatives. We are looking for more retail landlord and tenant partners as we know we have a big job and we cannot do this alone. If you are interested in learning more about the working groups and their mandates, **please contact Melissa Jacobs, Senior Director ESG, First Capital at [melissa.jacobs@fcr.ca](mailto:melissa.jacobs@fcr.ca).**

## Acknowledgment

---

Our sincere gratitude to all Collaboration for Climate Action Forum participants for the successful event.

## Hosts

---



FIRST CAPITAL

**Choice**Properties

## Peer Landlords

---



Crombie



**CT** REIT

## Tenants

---



BMO



 **Loblaws**



*Longo's*

**Scotiabank**<sup>®</sup>

**Sobeys**   
INC.

