
SUSTAINABLE LEASING POLICY

A guide to help Gannett Fleming
green its office portfolio

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WHY HAVE A LEASING POLICY?

A sustainable leasing policy is becoming increasingly important for businesses, as the use of office space is a material and significant source of environmental impacts. For Gannett Fleming, as a company whose majority of impacts come from its leased offices, real estate is a critical area of focus. By implementing a sustainable leasing policy, Gannett Fleming can reduce their environmental impact and improve their overall sustainability performance.

The Sustainable Leasing Policy compiled by the ASU team provides critical sustainability solutions in real estate and outlines what should be included in existing RFPs to ensure that environmental considerations are incorporated into leasing decisions. It also includes sample sustainability-related contractual language, internal policy recommendations, and resources that might be useful in greening Gannett Fleming's leasing policies.

ADDITION TO REQUEST FOR PROPOSAL

A Request for Proposal, or an "RFP," is a tool used to inventory building features of office spaces that could potentially be leased by companies like Gannett Fleming. In order to ensure future partners are committed to our client's sustainability goals, adding additional language to their RFP in order to gauge commitment to goals, sustainable features, and carbon reducing amenities and initiatives are key

"Gannett Fleming is making an **active effort** to reduce its contributions to climate change by inventorying its **Carbon Footprint**. We will be holding possible future partners to these **criteria**:

- Previous history or future plan to share energy consumption and intensity with Gannett Fleming
- Previous history or future plan to share annual energy data
- Enthusiasm to **collaborate** to mitigate net landlord-property manager Carbon Footprint
- Contact information for a designated **sustainability liaison**

Future partners with Gannett Fleming should expect to engage with sustainable practices."

SUSTAINABILITY SCORECARD

This tool simplifies sustainability initiatives included in the RFP that directly reduce the Carbon Footprint of Gannett Fleming. These weightings serve to help Gannett Fleming prioritize new contract opportunities based on GHG reduction impact.

Wishlist	Score
Submetering 	5
Renewable Energy 	4
LED Lighting 	4
Motion Sensor Lights 	4
LEED Certification 	3
Energy Star Score 	3
Shuttle Service 	2

Weighting

Wishlist items were scored out of 5 based on

1. Achievability
2. Impact
3. Usability
4. Resilience
5. Usefulness

Scores and reasoning are flexible depending on client priorities for reducing Carbon Footprint

(intended for internal use only)

1. Is this reasonably within landlord control?
2. Does this reduce office GHGs?
3. Will this be engaged with in order to be impactful?
4. Is this long-term?
5. Is this a practical goal?

Categories

 GOLD: 19-25
 SILVER: 9-18
 BRONZE: 0-8

Current Rankings

GOLD: 0
 SILVER: 4
 BRONZE: 3
 Out of 7 participating offices in 2023

CONTRACT LANGUAGE RECOMMENDATIONS

- 1 Designating a Sustainability Contact
- 2 Require Minimum Energy Efficiency Fit-out
- 3 Track Tenant Space Energy Use
- 4 Request Whole-Building ENERGY STAR Score from Landlord
- 5 Purchase On-site Renewables if Offered and Competitively Priced
- 6 Accept Cost Recovery Clause for Energy Efficiency Upgrades Benefiting Tenant:

At Gannett Fleming, sustainability and resiliency are core values. To align your real estate practices with these values, we recommend implementing mandatory and enforceable policies in your leasing agreements and contracts moving forward.

Using contractual language to access utility data and promote energy efficiency can help achieve sustainability goals and strengthen relationships with landlords--while also saving on costs.

To draft sustainable contractual language, we are using the Green Lease Leaders Reference Guide, a standard developed by the US Department of Energy and the Institute for Market Transformation.

1. ESTABLISH A SUSTAINABILITY CONTACT:

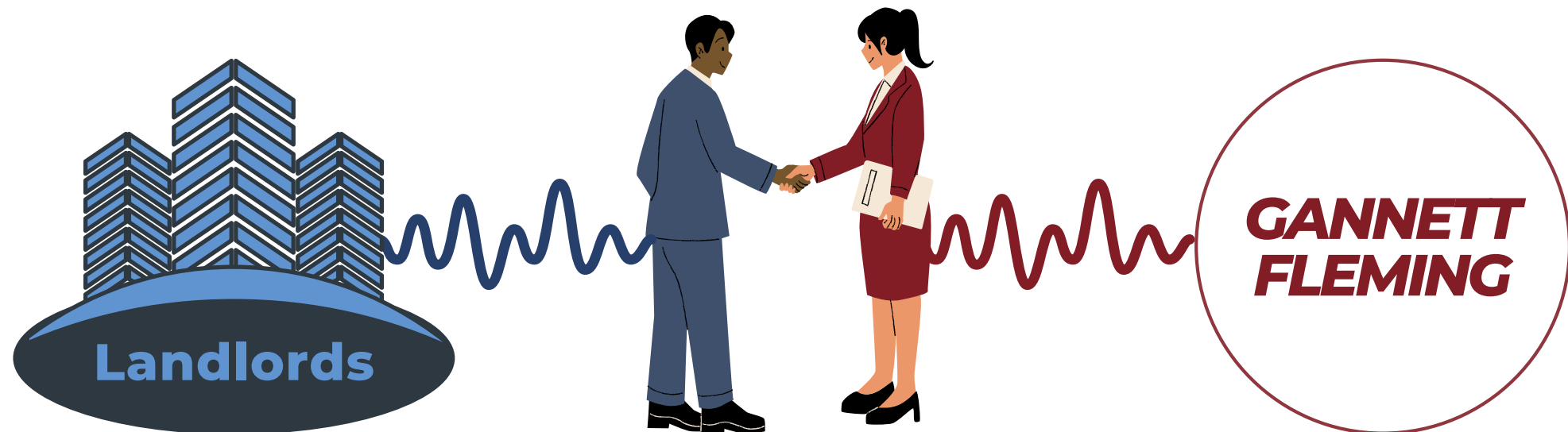
Description:

The aim is to enable landlords to effectively communicate with the appropriate individual within a tenant organization concerning energy efficiency, retrofits, billing issues, etc. Here, Gannett Fleming could insert a clause in the standard lease or develop corporate guidelines that specify the landlord's sustainability/energy contact(s).

Example:

"Landlord and tenant shall provide a point of contact for issues related to sustainability and energy. Issues include, but not limited to retrofit projects, billing issues, energy efficiency upgrades, and data access.

- Tenant sustainability contact:
 - Email:_____
 - Phone:_____
- Landlord sustainability contact:
 - Email:_____
 - Phone:_____ "



2. REQUIRE MINIMUM ENERGY EFFICIENCY FIT-OUT:

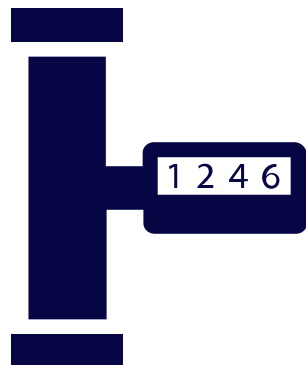
Description:

The aim is to ensure that the systems installed or modified as part of a fit-out, such as lighting and supplemental cooling, promote lower energy costs and greater visibility to energy use for the tenant throughout the lease term.

Gannett Fleming must require leased space fit-outs to meet the Environmental Protection Agency's ENERGY STAR Tenant Space criteria, which includes estimating tenant space energy use, metering tenant energy use, lighting efficiently, installing efficient equipment, and sharing meter data with the landlord on an annual basis. Alternatively, other criteria that are equally or more stringent may be used.

Example:

"Any and all Tenant Improvement Work and/or Alterations will be performed in accordance with Landlord sustainability practices that the Tenant has accepted as part of the lease agreement, namely the leased space fit-out must meet EPA ENERGY STAR Tenant Space criteria."



3. TRACK TENANT SPACE ENERGY USE:

Description:

The aim is to track energy use across a portfolio of leased spaces as the first step towards managing energy performance and reducing waste. By measuring energy consumption, landlords can manage it over time and assess the effectiveness of energy-saving improvements. The requirement is to create corporate guidelines stating that energy use in leased spaces must be recorded at least monthly. Additionally, Gannett Fleming should record energy use monthly for as many leased spaces in the portfolio as possible.

Example:

"The Landlord and Tenant agree to regularly share their Environmental Performance Data regarding the Premises and/or Building with each other, the Managing Agent, and any agreed third parties. If shared with third parties, they must also keep the data confidential and only use it for specified purposes. The data can only be used for monitoring and improving the environmental performance of the Premises and/or Building and measuring it against agreed targets. The Managing Agent will also be bound by similar confidentiality obligations."



Benefits

- Improved Energy Management
- Cost Savings
- Enhanced Corporate Sustainability

4. REQUEST WHOLE-BUILDING ENERGY STAR SCORE FROM LANDLORD

Description:

The objective is to use an ENERGY STAR score, a 1-100 rating that compares a building's energy performance to that of other similar buildings, to improve tenants' understanding of their energy performance in the context of the whole building. This enables them to make more informed decisions when leasing a new space.

Example:

"Landlord shall provide the tenant with the building's ENERGY STAR score annually. To the extent Tenant obtains electricity independently of the building, Tenant shall give Landlord access to Tenant's data on energy use for inclusion in Landlord's annual reports, ENERGY STAR annual rating, and similar purposes."



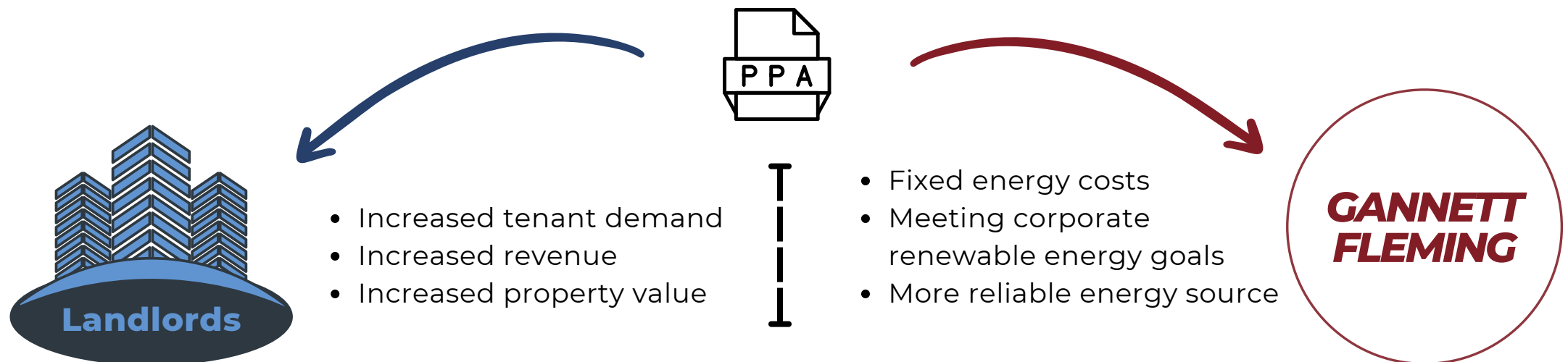
5. PURCHASE ON-SITE RENEWABLES IF AVAILABLE AND COMPETITIVE

Description:

.Building owners are increasingly incorporating on-site renewable energy sources as a means of attracting sustainability-minded tenants and safeguarding against potential energy price fluctuations. Tenants can benefit from this by agreeing to purchase the renewable energy generated on-site, which can provide long-term price stability and contribute to their own sustainability goals. A Power Purchase Agreement (PPA) between a tenant and a landlord with renewable energy sources allows for the purchase of sustainable energy at a fixed rate, creating financial incentives for both parties while promoting the adoption of renewable energy practices.

Example:

Tenants will buy energy from on-site renewables provided by the landlord through a fixed-rate Power Purchase Agreement. The landlord will install, own, and maintain the on-site generation and sell power directly to tenants at or below the local utilities' electricity rate. The provider may acquire low or zero greenhouse emission power sources at any time. If the customer pays additional utility costs besides the Base License Fees, the cost of renewable energy certificates, carbon offsets, and environmental sustainability credits will be included in determining the payable utility costs.



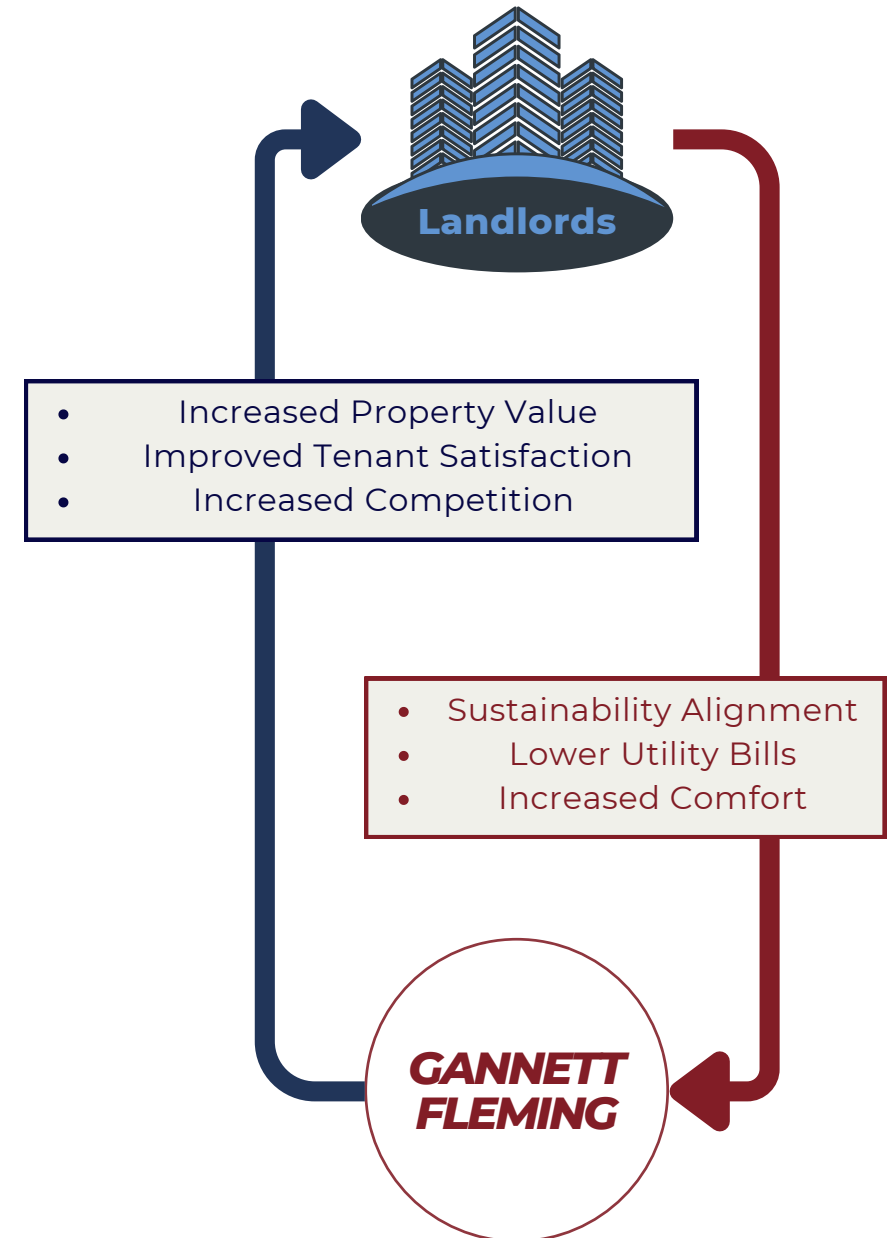
6. ACCEPT COST RECOVERY CLAUSE FOR ENERGY EFFICIENCY UPGRADES BENEFITING TENANT:

Description:

The split-incentive problem arises when landlords make energy efficiency improvements to their buildings and tenants receive the financial benefits from decreased energy consumption. To address this problem, tenants can agree to a cost recovery clause allowing landlords to recover capital costs for energy efficiency improvements. Recommendations include establishing guidelines or a clause in the lease accepting the cost recovery clause.

Example:

"Landlord may include the costs of certain capital improvements [intended to] [that] improve energy efficiency in operating expenses of tenant space. The amount passed through by Landlord to Tenant in any one year shall not exceed the prorated capital cost of that improvement over the expected life cycle term of that improvement [and shall not exceed in any year the amount of operating expenses actually saved by that improvement]. Interest/the cost of capital can be included."



COMPANY GUIDELINE RECOMMENDATIONS

A company guideline for sustainability is a set of internal policies or procedures developed by a company to guide its employees and stakeholders towards sustainable practices and driving down emissions. These guidelines are developed to provide guidance to our employees and stakeholders on how to conduct sustainable lease negotiations and reduce emissions in our buildings. They are sourced from the Green Lease Leaders Program, a national recognition program that distinguishes property owners, tenants, and brokers who are effectively using leasing strategies to improve energy efficiency and sustainability in buildings. Although not legally binding, these guidelines reinforce our dedication to sustainability and reducing our environmental footprint, while also having the potential to greatly influence our company culture and reputation



TRAINING LEASE NEGOTIATION TEAM

Description:

The purpose of this best practice is to ensure that real estate decision-makers are trained in sustainability to enable them to negotiate and execute energy-aligned lease contracts. You should keep a record of the name, date, duration, and source of training completed by each member of the transaction management team.

Acceptable training includes obtaining current LEED Green Associate, LEED Accredited Professional status, or completing "The Business Case for High Performance Buildings" training from the US Department of Energy

Example:

"All transaction management team members shall complete at least one hour of sustainability training covering the fundamentals of energy efficiency in commercial buildings."



IMPLEMENT ENERGY-SAVING BEST PRACTICES

Description:

The Green Lease Leaders Reference Guide provides a comprehensive set of 13 office best practices designed to reduce energy waste and promote sustainable practices. These guidelines offer a range of options, many of which are easily achievable and require minimal additional costs or effort. By adopting these practices, companies can make significant strides in reducing their environmental impact while also improving their bottom line.

1. Restricted HVAC hours
2. Prohibit the use of space heaters
3. Schedule janitorial work during regular business hours
4. Clean and replace air filters as recommended by manufacturers
5. Use programmable thermostats to adjust heating and cooling during unoccupied periods
6. Install lighting controls such as occupancy sensors and timers
7. Train occupants to turn off or unplug electronics and appliances when not in use
8. Obtain regular inspections of HVAC equipment and exhaust fans
9. Conduct an annual tenant space energy audit
10. Conduct retro-commissioning periodically to optimize energy consumption
11. Prohibit vending machines or place timers
12. Monitor supplemental air-conditioning units and refrigerators for leaks
13. Continuously optimize chilled and hot water temperatures/flows in the central plant



ADDITIONAL RESOURCES

- [IMT Green Lease Language Examples](#)
- [BOMA Green Lease Guide](#)
- [Dept. of Homeland Security Integrating Sustainability into Lease and Build Agreements](#)
- [Green Lease Leaders Tenants Reference Guide](#)
- [ENERGY STAR Tenant Space](#)
- [IBM Green Lease](#)