**BETTER
BUILDINGS
PARTNERSHIP**

TENANT ENGAGEMENT FOUNDATION REPORT

Engaging tenants to achieve net zero buildings

February 2018

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Cover photo: WT Partnership's Sydney office
Photograph: Rick Stevens/AP

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executive summary

As the Better Buildings Partnership (BBP) continues to work towards the City of Sydney's Sustainable Sydney 2030 targets and the BBP target of net zero emissions by 2050, there is increasing focus on achieving net zero buildings. A key challenge for building owners is that collaboration with tenants is essential and yet tenants may be unaware or disinterested in achieving net zero. Misaligned incentives mean that building owners may be hesitant to invest in tenant-based initiatives.

However, the benefits of tenant engagement around net zero extend beyond reductions in energy costs and greenhouse gas emissions. Tenant engagement initiatives can also: improve occupant satisfaction, health and productivity; enhance the reputation of building owners and tenants and, ultimately contribute to improved occupancy rates and rental returns.

There is extensive research in the fields of psychology, social psychology and organisational change that provide useful insights into the ways in which tenant engagement initiatives can be designed. In this report four credible publications that review relevant research are examined to establish a set of evidence based principles for tenant engagement in the commercial building sector context. These principles are outlined in the table below.

A selection of evidence based principles distilled from this analysis

Principle	Description
1. Know your audience	Tailor your intervention based on the business drivers, culture, attitudes and capability of each tenant.
2. Make it easy	Ensure that proposed changes should be easy to understand and achieve.
3. Make it attractive	Communicate and demonstrate consistently the multiple short and longer-term benefits that a focus on net zero can deliver.
4. Make it social	Create positive initiatives that involve people working together, having fun, taking on a challenge and publicly demonstrating achievements to provide a powerful social motivation for people to take action.
5. Make it timely	Plan engagement initiatives to piggyback on to other initiatives and avoid busy work periods.
6. Encourage commitment	Create opportunities for individuals and teams to make public commitments for the actions and outcomes they would like to achieve.
7. Provide continuity	Change doesn't happen overnight or through a single initiative. Plan to engage tenants in net zero beyond the period of a single initiative.

A central finding from the research is that there is no 'one-size-fits-all' approach to tenant engagement that will be effective for all tenants. This reinforces the need for future work on tenant engagement that is progressed by the BBP to include:

- Market segmentation
- Pilot initiatives to determine what works best and what doesn't when engaging tenants in the challenge of achieving net zero buildings

A useful segmentation of tenants around net zero could include the following four categories.

1. **Leaders:** Tenants that demonstrate a high level of commitment to net zero and have actively implemented initiatives to reduce energy consumption and greenhouse gas emissions.

2. **Opportunists:** Tenants that are currently involved in voluntary programs such as CitySwitch and are motivated to progress their efforts where such initiatives are seen to present reputational and other benefits to the organisation.

3. **Enthusiasts:** Tenants that show some interest in taking action but are not clear on the business case and how to progress.

4. **Compliers:** Tenants that are primarily motivated to act only when there are specific regulatory requirements or clear business risks to be managed.

The City of Sydney Floor space and employment survey would provide a useful first step to segment tenancies according to these overarching categories. This would then provide an opportunity for more specific surveys to be done within each of the categories to identify buildings and tenants that would be most suited to participating in tenant engagement 'pilot' programs.

The pilot programs themselves should be based on an adaptive methodology that enables the initiatives to be targeted at the particular needs of each tenant segment.

1. introduction

This report provides information that BBP Partners and the City of Sydney can use to design and deliver tenant engagement initiatives that contribute to the achievement of net zero buildings.

Over the past decade, members of the Better Buildings Partnership (BBP) have reduced the operational greenhouse gas emissions[1] of their base buildings by more than 52%[2]. This achievement demonstrates the ongoing commitment of these building owners as they work towards the one of the City of Sydney's Sustainable Sydney 2030 targets of becoming net zero emissions by 2050.

This report further supports the efforts of the BBP. It outlines a suite of evidence-based principles and approaches that BBP members and the city can use to better engage tenants in the challenge to achieve net zero buildings by 2050. It also informs the next stages of the BBP tenant engagement initiative by informing the development of a tenant segmentation methodology and piloting approach.

WT Partnership's Sydney office
Photograph: Rick Stevens/AP

1 Referred to as 'emissions' throughout this report

2 http://www.betterbuildingspartnership.com.au/bbp-annual-report-released-2017/

2. engaging tenants to achieve net zero buildings – context

2.1 Opportunities and challenges

Net zero buildings cannot be achieved by a building owner or individual tenant on their own – collaboration is essential.

A 'net zero building' is a building that has no net greenhouse gas emissions associated with its operations. This means that the energy needed to operate the building is either obtained from renewable energy sources or carbon offsets are purchased. Energy efficiency is typically included in a net zero approach since it reduces greenhouse gas emissions cost-effectively and typically delivers multiple benefits such as reduced maintenance costs, improved occupant comfort and enhanced productivity.[3]

There are a number of important reasons why net zero buildings are of growing interest to building owners:

1. **Investors.** There is growing interest from investors regarding the way in which building owners influence tenant sustainability performance. For example, investors use surveys such as the Global Real Estate Sustainability Benchmark (GRESB)[4] to obtain information on the environmental, social and government performance of real estate portfolios. The GRESB survey requests information on whole building energy consumption (including tenant consumption) as well as information on the way in which building owners engage tenants and other stakeholders. Other survey-based tools, such as CDP[5] also request similar information. Overall this reflects a growing expectation from investors that building owners work proactively to not only reduce emissions that they control directly, but also to work with tenants to reduce whole building emissions.

2. **Tenants** use sustainability criteria such as NABERS ratings to select corporate office space. There is growing interest from existing and prospective tenants in the performance of both the tenant space itself and the building as a whole.

3. **Government.** Regulations reflect a growing expectation from governments for the way in which energy is managed and climate change risk is considered. For example, the CBD legislation requires energy efficiency information to be provided when commercial office space of more than 1000 square metres is offered for sale or lease.[6] The Australian Prudential Regulation Authority (APRA) has highlighted that asset owners need to assess climate change risk and to mitigate those risks.[7,8]

4. **Rising energy costs.** In many buildings, there are opportunities for base building energy consumption and cost to be reduced through improved coordination with tenants.

To achieve net zero buildings an owner's base building operational emissions are combined with tenant emissions to establish the performance of the building as a whole. Building owners face a significant challenge to improve whole building performance because they have limited financial or operational control over the emissions associated with the energy consumed by tenants.

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3 Refer to the BBP internal discussion paper on net zero emissions buildings for a more comprehensive discussion of the boundaries and benefits

4 https://gresb.com/about/

5 https://www.cdp.net/en

6 http://www.cbd.gov.au/overview-of-the-program/what-is-cbd

7 http://www.apra.gov.au/Insight/Pages/insight-issue1-2017.html

8 https://sustainablebusinessaustralia.files.wordpress.com/2017/09/170831-sba-report-sba-climate-action-in-20171.pdf

Furthermore, there are important reasons why tenants may not be highly motivated to the operational emissions associated with their tenancy space.

1. **The leasing process.** This is characterized by infrequent design windows, multiple stakeholders, design and budget constraints, and the dynamics of fluctuating negotiating leverage between owners and tenants.

2. **Lack of awareness and interest.** Owners, tenants, and/or brokers may be unaware or disinterested in the financial benefits and opportunities that energy efficiency within leased spaces can deliver.

3. **Disbursed tenant markets.** A proportion of tenants in the market are small, have limited sustainability drivers and can be hard to reach.

4. **Misaligned incentives.** Owners and tenants may be hesitant to invest in tenant space energy efficiency measures due to the "split-incentive" problem. There is a financial disconnect because investments in energy efficiency and emissions reductions made by an owner may be recouped by the tenant, therefore acting as a disincentive to invest in tenant spaces.[9] In some cases building owners may also obtain a financial benefit by on selling energy to tenants.

Notwithstanding these challenges, there are many examples where tenants and owners have worked together to deliver emission reductions. Underpinning successful approaches, is the establishment of a constructive relationship between building owners and tenants based on a shared goal of achieving more cost efficient and productive buildings in which operations minimise environmental impact.

2.2 How tenant engagement can assist

Given that tenants have differing drivers, levels of interest, ambition and capacity to contribute to net zero, building owners need to develop a structured, evidence-based approach to tenant engagement.

In this report, we use the term 'tenant engagement' in the context of achieving net zero buildings. We consider a 'very strongly engaged' tenant to be one that (in relation to net zero) has:

■ a clear value proposition and/or business case for action[10]

■ an ambitious target that includes achieving a net zero tenancy

■ an interest in achieving net zero at the whole building level

■ motivated management and staff

■ the required skills, knowledge and capability

■ access to funding

■ a workplace culture that supports innovation and collaboration.[11]

This 'ideal' tenant provides a useful perspective on the challenge that is presented to building owners seeking to achieve net zero. Given the differing drivers, levels of interest, ambition and capacity to contribute to net zero amongst tenants, it is essential that building owners adopt a structured and evidence-based approach to engaging tenants.

Therefore, it is useful to draw on the evidence from the social scientific research to consider how best to influence tenants. These principles can then inform overarching tenant engagement strategies as well as the design of specific initiatives.

9   Drawn from: U.S. Department of Energy 2016 Energy Efficiency in Separate Tenant Spaces – A Feasibility Study and other sources

10   In this report, we define a value proposition as a broad understanding of the benefits of taking action. The term business case refers to a more specific analysis of costs and benefits

11   Examples of tenants with these characteristics include those in the banking sector such as the National Australia Bank (NAB). See for example: http://www.abc.net.au/news/2015-11-09/australian-industries-investing-in-low-polluting-measures/6925122

3. research insights that inform approaches to tenant engagement

3.1 Learning from social scientific research

There is an extensive body of research in the fields of psychology, social psychology and organisational change that provide useful insights into the ways in which tenant engagement initiatives can be designed to be efficient and effective. Since this body of literature is extensive, four credible publications that review relevant research are drawn on here to establish a set of relevant principles for tenant engagement in the commercial building sector context.

The reports are:

1. **Changing Energy Behaviour: Guidelines for Behavioural Change Programmes (BEHAVE) – European Commission.**[12] This publication was commissioned by the European Commission to draw out behavioural insights from 41 European-based energy behaviour change programmes. The programs covered of many different approaches including education, mass media campaigns, direct feedback, personal advice, community network approaches and the innovative use of ICT tools.

2. **The EAST approach – Behavioural Insights Team in the UK Cabinet Office.**[13] The EAST model was developed by the Behavioural Insights Team (BIT) within the UK Government's Cabinet office. The team's work is recognised for translating psychological theory and an experimental approach into actionable insights that inform the design and delivery of government policy. The BIT report on Behaviour Change and Energy Use was also included in the review.

3. **The Institutional-Behavioural Dimensions of Sustainability – United States Department of Energy.**[15] This report provides evidence-based guidance for government agencies looking to incorporate organizational changes to achieve energy efficiency, renewable energy, waste reduction, and other sustainability goals. A related report – *Behavioural Change and Building Performance: Strategies for Significant, Persistent, and Measurable Institutional Change*[16] was also included in the review.

4. **Facts & Trends report on Energy Efficiency in Buildings – World Business Council for Sustainable Development).**[17] A useful component of this foundation report was research undertaken to establish the impact that stakeholder attitudes and knowledge can have on the uptake of sustainability initiatives in buildings.

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12 https://ec.europa.eu/energy/intelligent/projects/sites/iee-projects/files/projects/documents/behave_guidelines_for_behavioural_change_programmes_en.pdf

13 See David Halpern's book 'Inside the Nudge Unit' for an insight into how the unit overcame significant skepticism to achieve mainstreaming of this approach http://www.behaviouralinsights.co.uk/inside-the-nudge-unit/
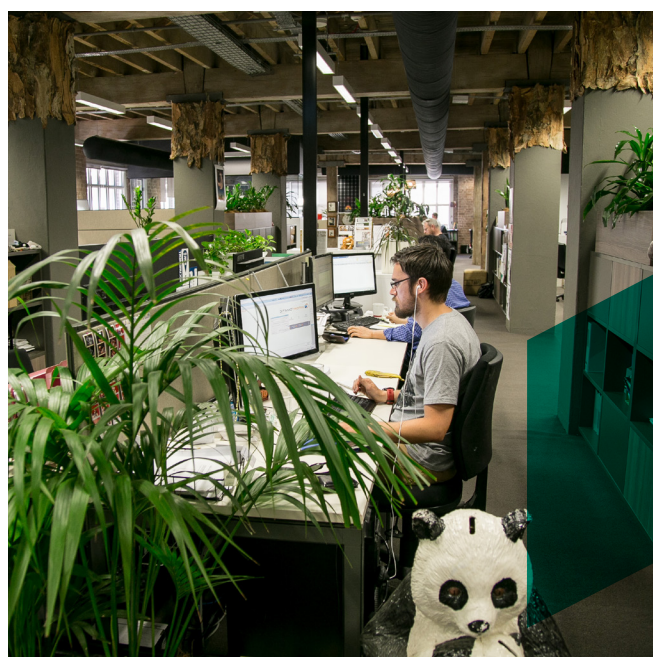
14 http://38r8om2xjhhl25mw24492dir.wpengine.netdna-cdn.com/wp-content/uploads/2015/07/behaviour-change-and-energy-use.pdf

15 https://energy.gov/sites/prod/files/2013/10/f3/in_behavioral_dim.pdf

16 https://energy.gov/sites/prod/files/2014/06/f16/change_performance.pdf and https://energy.gov/sites/prod/files/2014/06/f16/change_performance.pdf

17 http://wbcsdservers.org/wbcsdpublications/cd_files/datas/business-solutions/eeb/pdf/EEB-Facts&Trends-Summary.pdf

WWF-Australia's Sydney office
Photograph: Rick Stevens/AP

Seven core principles were identified (Table 1). These principles were selected based on the aim of providing practical and actionable insights to assist BBP members and the City of Sydney to develop tenant engagement strategies.

Table 1: A selection of evidence based principles distilled from this analysis

Principle	Description
1. Know your audience	Tailor your intervention based on the business drivers, culture, attitudes and capability of each tenant.
2. Make it easy	Ensure that proposed changes should be easy to understand and achieve.
3. Make it attractive	Communicate and demonstrate consistently the multiple short and longer-term benefits that a focus on net zero can deliver.
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6. Encourage commitment	Create opportunities for individuals and teams to make public commitments for the actions and outcomes they would like to achieve.
7. Provide continuity	Change doesn't happen overnight or through a single initiative. Plan to engage tenants in net zero beyond the period of a single initiative.

18 p19 in https://ec.europa.eu/energy/intelligent/projects/sites/iee-projects/files/projects/documents/behave_guidelines_for_behavioural_change_programmes_en.pdf

3.2 Evidence based principles

3.2.1 Know your audience

To design effective tenant engagement initiatives, it is important to understand the business drivers, culture, attitudes and capability of each tenant. This understanding enables initiatives can be selected and tailored to maximise impact.

One of the top three recommendations from the EU's BEHAVE review of 41 European-based energy behaviour change programmes is that:

It is important to do a detailed market segmentation, so that the analysis, and later on the implementation of activities, can be tailored to specific segments of a target group. Target groups should be carefully selected so that activities can be specifically set for the behavioural changes that are requested of a specific group, rather than sticking with a one-size-fits-all approach.[18]

This aspect of the design for behavioural change programs is reinforced in other reports. For example, the US DoE report highlights the need to assess the starting point of an organisation by understanding the physical, social and institutional "system" in which they are operating. Box 1 illustrates in how this can influence selection and design of engagement initiatives.

Box 1: The need for varied approaches to sustainability in US Government Agencies

In considering the need for different approaches to energy efficiency across US Government Agencies three broad categories were identified.

The first was a group of Departments that already had 'the beginnings of an energy efficiency culture'. These included the DoE and the General Services Administration as evidenced by a history of visible and successful campaigns, public recognition awards, and identified Energy Champions. They required approaches that would build on their culture and past experience.

The second group were agencies that "traditionally trumped sustainability and energy efficiency with their mission requirements". These agencies were actively oppositional and had a history of attempting to minimise sustainability efforts. These would require careful attention to the business case and legislative requirements for action.

A third group were those that had no particular stance toward sustainability. These presented an opportunity to build a program from the ground up.

To achieve the appropriate level of understanding the DoE report suggests that it is necessary to understand and organisation's rules, roles and tools.

1. **Rules** can be both formal or informal. For example, an organisation may have a formal energy efficiency policy and specific guidelines for the way in which energy consuming equipment is procured or used. Informal rules are demonstrated through routine behaviours or habits and may be endorsed 'socially' as part of the organisational culture.

2. **Roles** reflect the areas that individuals are responsible for and actively influence. Given that sustainability crosses many operational boundaries the level of interest and influence of individuals may not reflect an individual's formal role or their interest and ability to influence others on sustainability issues.

3. **Tools** support behaviour in the workplace. They include guidelines and requirements around accounting, reporting, rewards and recognition.

To understand a tenant and their approach to energy and sustainability, it is important to understand how the rules, roles and tools relevant to sustainability interact. Influencing change in the longer term requires careful attention to how existing rules, roles and tools can be influenced and modified (Figure 1).

Figure 1: An integrated strategy takes into account organisational rules, roles and tools

Research conducted for the *WBCSD Facts & Trends report on Energy Efficiency in Buildings* report provides useful insights into other variables that can influence the extent to which an organisation is supportive of sustainability and likely to act. The research considered:

■ perceptions of "sustainable" or "green" buildings

■ levels of understanding and maturity of the concept

■ the readiness of stakeholders to adopt sustainable practices.
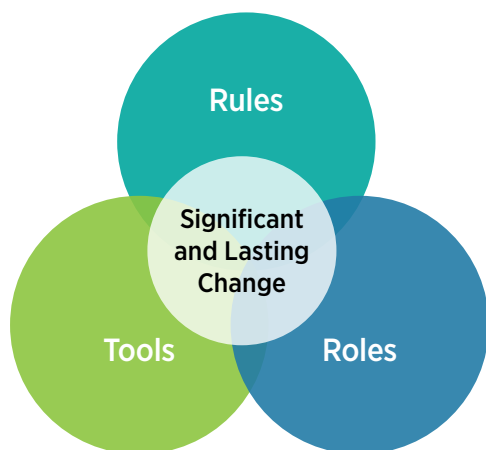
The research established four distinct attitudinal segments among building professionals (including tenants). Of relevance is that of the range of respondents across the building sector, the research found that the majority of corporate tenants were in the 'unengaged' category (Box 2).

Box 2: Categories of engagement with sustainability amongst building stakeholders and suggested interventions

1: **Unengaged:** Very low knowledge levels and pessimism about "do-ability".

Suggested intervention: *Convince why and educate how*

2: **Uninformed enthusiast:** Pessimistic about the economics, the climate impact and the incentives. Unsure how to get involved. Passionate about the environment.

Suggested intervention: *Educate how*

3. **Skeptical participant:** Personal know how is high but personal commitment is low. Companies highly motivated by the concept of Corporate Social Responsibility (CSR) but individuals within the firms are not necessarily convinced.

Suggested intervention: *Convince why*

4. **Leader:** Willing to drive/lead adoption. Believes in the economics, the climate impact and the regulatory incentives.

19 https://energy.gov/sites/prod/files/2013/10/f3/in_behavioral_dim.pdf

3.2.2 Make it easy

Tenants typically have limited time and resources to progress initiatives that will help to achieve net zero – particularly where such efforts are seen as distinctly separate from their "core business". This means that changes must be well communicated and easy to achieve.

Make it easy is the first of four guiding principles outlined in the in the EAST framework and is referred to in the other approaches that were examined. The focus on 'making it easy' is particularly important for many tenants' energy is likely to be of limited direct relevance to their day-to-day work. They may be aware of and interested to act, but without dedicated resources they may be unwilling to do things that involve time and effort that may take them away from the focus of their day to day work.

Default to the most efficient operational option where possible

The behaviour change literature highlights that individuals tend to work with 'pre-set' options. It is more difficult and less likely for individuals to 'opt out' or change these options. In the DoE study[19], this is referred to as part of the infrastructure principle which highlights that the way in which infrastructure is designed can have a profound influence on behaviour.

For example, many office buildings are excessively cooled in summer or warmed in winter. This has an impact on not only efficiency but also tenant comfort and productivity.[20] While this may be seen as the responsibility of the tenant, it can be challenging for them to understand what is required, whether they are able to influence the situation and, ultimately, what action they should take to change set point temperatures. Box 3 illustrates how this can work in a way that enhances energy efficiency.

Box 3: Changing default settings in UK government tenancies

Changing the default settings was one of the factors that contributed to the UK government reducing emissions by 10% in one year in its tenancies by changing default settings. The changes made included:

- changing the defaults around when heating and cooling systems were turned on and off through the identification of 'optimal core hours windows'

- aligning operating temperatures with best practice for the public sector, so that buildings are never over-heated or over-cooled

- ensuring that buildings were shut down effectively during relatively quiet periods. Some departments did this between Christmas Day and the New Year bank holiday, which included minimising unnecessary lighting and heating.[21]

20 https://www.nytimes.com/2015/07/05/sunday-review/enduring-summers-deep-freeze.html?_r=2

21 http://38r8om2xjhhl25mw24492dir.wpengine.netdna-cdn.com/wp-content/uploads/2015/07/behaviour-change-and-energy-use.pdf

23 http://www.barangaroo.com/the-project/progress/sustainability/

Integrate relevant clauses into standard leasing arrangements

In the same way that default setting can be incorporated into physical infrastructure, they can also be incorporated into leasing agreements. For example, the BBP Leasing Standard Template Clauses can integrated into leasing documents as a starting point for negotiations rather than being made available as a potential 'add on'.

In some cases, net zero may also be a specific requirement. For example, the buildings in the Barangaroo Precinct are part of an overall sustainability commitment to be carbon neutral. Leases includes an estate levy to cover costs associated with sustainability and energy targets are incorporated into all leases.[22]

Provide clear and actionable feedback

Information and feedback are an essential component of comparison and competition. These can be powerful motivators for individuals, teams and organisations to change behaviour. However, information and feedback should be carefully designed to ensure that it is relevant to the individuals and groups where the change in behaviour is required. If people can't see themselves taking those actions or if they are difficult or irrelevant within the particular workplace then the use of information can backfire and leave people discouraged and possible cynical and negative about a particular program and what it is intended to achieve.

For information to be "actionable" it should also be carefully tailored to the circumstances of the particular workplace (Box 4).

Box 4: Employee engagement in the Jack Davis Building, BC, Canada

Energy information systems provide a powerful and efficient mechanism to communicate performance feedback to building occupants. Owen et al. (2010) demonstrate how an EIS can combined with a behaviour-based approach (Community Based Social Marketing) to achieve results. Careful design of the EIS enabled building occupants to:

- obtain visual reminders of progress towards their commitments

- understand how their actions compare with other members of their 'community'

- receive personalised messages.

The project demonstrates the importance of designing data feedback systems in conjunction with broader tenant engagement initiatives to optimise outcomes.[23]

Similarly, energy audits have been seen as an important way to provide information to energy users. However, while the intention has been to support action, without specific figures including costs and benefits and the presentation of that information in a contextual framework, then it is far less likely to be actioned.

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23 Owen, Tom, Andrew Pape-Salmon and Brooke McMurchy, 2010. Employee Engagement and Energy Information Software Supporting Carbon Neutrality. Paper submitted to the 2010 ACEEE Summer Study on Energy Efficiency in Buildings. http://aceee.org/files/proceedings/2010/data/papers/2148.pdf

3.2.3 Make it attractive

Net zero as a standalone goal may not be particularly motivating to tenants. It is important to communicate and demonstrate the multiple benefits that a focus on net zero can deliver – both in the short and the longer term.

"Make it attractive" is another of the four guiding principles in the EAST framework and is referred to in the other approaches that were examined.

Three aspects of making an action more appealing is to:

1. focus on multiple benefits and attract attention

2. design rewards and sanctions for maximum effect.

Focus on multiple benefits

An essential aspect of making it attractive is to be able to articulate the benefits that are of most relevant to each particular tenancy and, to particular stakeholders within the tenancy themselves.

The principle is expressed as 'the multiple motivations' principle in the DoE publication.[24]

The benefits of net zero buildings as outlined in the Rocky Mountains Institute Publication *Eight Steps to Net Zero Energy* include:

- Savings in water, maintenance, insurance and other building costs

- Improved individual occupant satisfaction, health and productivity

- Improved reputation and leadership of occupant enterprises

- Enhanced energy security – providing the ability to continue operations in the event of a prolonged energy outage

- Enhanced investor, customer, and regulator relations – reducing compliance costs and protecting and enhancing occupant revenues

- Reduced risks of property economic and functional obsolescence and reduced enterprise risk for owner-occupants

- Increased tenant and investor demand (for investor-owned properties) – and related improved occupancies, rents, tenant retention and other property revenues.[25]

Net zero as a standalone goal may not be particularly motivating to tenants. The 'appeals' that are made to tenants for action should be carefully crafted and may include:

- Improving comfort (for example by changing set point temperatures)

- 'doing the right thing' by reducing greenhouse gas emissions

- doing better than a peer or competitor

- being 'cool or trendy'

- saving money

- Improving physical comfort.

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24 p20 https://energy.gov/sites/prod/files/2013/10/f3/in_behavioral_dim.pdf

25 Carmichael and Managan 2013. Reinventing Existing Buildings: Eight Steps to Net Zero Energy. http://resources.cleanenergyroadmap.com/SCPP_Z_steps-to-next-zero.pdf

The EAST report emphasises the importance of 'personalisation". Personalised messages make it easier for an individual to imagine the costs and benefits of a particular action which helps them to identify 'what's in it for me'.

Therefore, in order to be appealing to a range of different tenant types and to the individuals within them, it is important to integrate a range of benefits into program design and communication. These should be personalised to the particular tenancy and key decision-makers within it to improve their effectiveness.

This principle also underscores the need to 'know your audience' which is the basis to determining which benefits are most likely to be appealing to a particular tenant group.

Design rewards and sanctions for maximum effect

Incentives are also an important motivator. Some behavioural insights from the EAST report include that:

- people have a tendency to focus more on the size of a prize (e.g. in a lottery) rather than our chances of winning it

- we are more attracted to something if we believe that it is 'scarce' or unique

- we have a powerful design to maintain a positive self image – this means that the potential gain from felling or looking good can be a powerful incentive

- the rise of 'gamification' through mobile phone apps for example can provide a virtual competition against others in a social network as well as being linked to tangible rewards.

The GreenBe technology platform provides a tangible example of the way in which rewards can be designed to encourage positive sustainability behaviour in buildings (Box 5).

Box 5: Application of the GreenBe technology platform in the Cities of Blacktown and Melbourne

The GreenBe cloud-based technology platform provides an effective means of creating and deploying community engagement initiatives based on the setting of sustainability challenges which, once achieved, are rewarded with offers provided by local businesses.

The GreenBe platform is significantly more cost-effective way to deliver information to residents and the software enables clients to quickly and easily track and share participation, levels of engagement and progress towards stated KPIs.

Examples on use of the platform are available for Blacktown City Council[26] and the City of Melbourne.[27] In Melbourne over 71% of CitySwitch partner organisations participated. Challenges related to net zero buildings included:

- Learning about LED and green procurement

- Taking an action to improve the efficient use of computers.

26 https://app.hubspot.com/presentations/2374163/view/1482183?accessId=bb5e11

27 https://app.hubspot.com/presentations/2374163/view/9208989?accessId=33aea3

3.2.4 Make it social

The opportunity to be involved in a positive initiative that involves working with others, taking on a challenge and demonstrating what can be achieved can provide social motivations for people to take action.

This principle is common across each of the resources that were reviewed. It is based on the understanding that organisations and people change when they see or hear of others (individuals, groups, organisations, etc.) behaving differently. That implies that it is essential that people can see the desired behaviours being adopted by people that they respect.

There are many different ways in which this can be achieved.

- Involve staff (tenancy) in the discussion of proposed changes

- Introduce changes in informal meetings rather than just formal ones

- ensure that managers and leaders model desired behaviours

- Share stories of others' successes.

It also provides some useful insights into how to use energy data. Rather than just providing performance data for an individual tenancy or building, it can be more effective to show comparison data from other tenancies or buildings that people care about.

How we feel we compare with others has long been known to be a key determinant of our feelings and actions.[28] (See p19 of [28,29]). Therefore, providing feedback on how their energy use compares with others (in the tenant context this may be another tenant in the building, the tenancy of a space in another building.

This approach has been attributed as an important success factor behind the Opower's customer engagement platform. Opower bills show people how much electricity they use, when they use it, and what their neighbours and peers use.[30]

The success of the approach is attributed to social comparison as illustrated in the following quotes.

> ... "if you want to change things, you have to pay close attention to social signals, because they can either guarantee a change effort or doom it!"

> "When a situation changes and people don't know what to do, they don't look inside themselves for answers ... instead they look to others for evidence of how to act"[32]

Encourage active leadership at all levels

Organisations and people change because the workplace rules change and visible leadership communicates management commitment ... so be visible and demonstrate commitment.

It is important to note that leadership is not just 'from the top'. The role of leadership is to:

- Signal that sustainability is something that they need to pay attention to rather than shrugging off what could be seen as a diversion from 'real work'.

Championing is different from just 'approaching". The involvement of high ranking people demonstrates the importance of the effort as well as a top-down commitment

28 http://38r8om2xjhhl25mw24492dir.wpengine.netdna-cdn.com/wp-content/uploads/2015/07/behaviour-change-and-energy-use.pdf

29 https://www.theguardian.com/big-energy-debate/2014/sep/11/neighbours-bills-cut-consumption

30 http://e360.yale.edu/features/how_data_and_social_pressure_can_reduce_home_energy_use

31 Heath, C. and D. Heath. 2010. Switch: How to Change Things When Change is Hard. Broadway, New York.

32 Ehrhardt-Martinez, Karen and John A. "Skip" Laitner. 2010. Buildings, Energy Efficiency and People: Integrating People-Centered Insights and Initiatives to Accelerate and Deepen Energy Savings. Report to the U.S. Department of Energy and Argonne National Laboratory, September, Washington, DC.

3.2.5 Make it timely

Plan tenant engagement initiatives to piggyback on to other initiatives and to avoid busy work periods.

Communication about changes in behaviour are more likely to be effective when people are more receptive to change. Some of the periods in the leasing cycle that may provide an opportunity to engage tenants are:

- Marketing tenant space
- During lease discussions
- In the initial fit out
- Throughout the period of the lease
- Towards the end of the lease
- Within individual staff induction processes.

In summary, tenant engagement initiatives should take into account where tenants are within the leasing cycle. This will influence the types of initiatives that are most likely to be effective at any particular time.

3.2.6 Encourage commitment

Create opportunities for individuals and teams to make public commitments for the actions and outcomes they would like to achieve.

There is often a gap between what we want to do and what we actually do. Without making a commitment however, it can be far easier to 'give up' or reduce the amount of effort that is put in to a particular initiative.

Where possible then, the likelihood that action will occur can be increased by encourage individuals and tenancies as a whole to make public commitments. This can take many forms.

Box 6: Examples of public commitments mechanisms

- The UK Government's behavioural Insights Team has a commitment board where team members can write personal pledges for the actions that they plan to take
- Sustainability Victoria has a public website on which individuals, businesses, government, educational and community organisations can publicly commit to actions that will help Victoria meet a target of net zero emissions by 2050.

Therefore, it is important to establish context and individual specific commitments to action that will support these broader commitments. These might include establishing tenancy or floor specific targets or individual/team commitments to the actual actions that may be taken to reduce energy consumption (reduce the use of after-hours air conditioning for example).

3.2.7 Provide continuity

Change doesn't happen overnight or through a single initiative. Plan to engage tenants in net zero over the short and the longer term.

The DoE research includes "the continuous change principle' as one of its 8 principles. The principle acknowledges that change takes time and therefore it is essential that efforts to change behaviour are supported over the long term. While tenants may respond in the short term to a particular information campaign for example, in its own right this may be insufficient to shift the deeper cultural attributes that encourage established behaviours to be maintained. This is reflected in the KPMG CitySwitch KPMG case study which highlights how KPMG improved its performance between 2002 and 2016.[33]

Similarly, the priorities, circumstances and people within a tenancy may change over time. In order to make the most of these changes in a positive way – it is important to have a continuous process that allows for awareness of the current performance to be maintained and provided opportunities to build on the momentum that may be achieved through individual initiatives.

Box 7: Tenant Engagement Program at Shorenstein, a US Commercial Property Owner

Shorenstein is a privately owned real estate organisation in the United States. Headquartered in San Francisco. Its current portfolio is around 2 million square metres with a gross value of USD $7.8 billion. In 2011 Shorenstein initiated a sustainability initiative for its tenants. It began as an educational workshop campaign in which tenants in all buildings were invited to attend sustainability presentations and discussions. A key factor in the success of the program is that following the workshop one-on-one assistance is provided to tenancies.

Since the program began it has grown and evolved. Resources including a workshop outline, sustainability action guide, plug load energy challenge and green scorecard are accessible on the company's website at: http://fliptheswitch.info/main. cfm?sid=ftsttoolkit&pid=ftsworkshop.

Further information is available on the Better Buildings Initiative website.[34]

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33 http://www.cityswitch.net.au/Portals/0/Case%20study%20 pdfs/CitySwitch%20KPMG%20Case%20Study.pdf

34 The Shorenstein tenant engagement program case study is available from: https://betterbuildingsinitiative.energy.gov/ implementation-models/%E2%80%9Cflip-switch%E2%80%9D-tenant-engagement-program and see www.1407broadway-ny. com/sustainability#act-sustainably-area for an example of how this information is made accessible to tenants.

3.3 Considerations for applying the principles

This analysis of the research provides a number of evidence based principles that can be applied to interventions by BBP members and the City of Sydney to better engage tenants in the challenge of achieving net zero emission buildings. The analysis highlights that there is no one size fits all approach to improving tenant engagement. Rather, it is important to 'know the tenant' in the first instance in order to develop the interventions that are most appropriate to them and that are most likely to be effective. Further, the principle of 'providing continuity' suggests that one-off initiatives are useful, but are less likely to embed the new behaviours that any single initiative might encourage into the ongoing day-to-day efforts of tenants.

The next section considers how to develop tenant engagement strategies in two different but related areas. Firstly, developing an ongoing tenant engagement strategy. Secondly, designing and implementing individual initiatives.

4. developing tenant engagement strategies

Tenant engagement for net zero can enhance the relationship between building owners and tenants in a very constructive way. Individual initiatives should be carefully designed to fit within a structured approach to tenant engagement over the long term.

Evidence based principles are essential – however, they are not sufficient to design and deliver programs effectively. That is because the process is important. This should be based on:

- An understanding of the tenant drivers, attitudes and needs

- Drawing on existing programs/information/tools and resources to minimise effort

- Involving tenants in design where possible

- Designing in evaluation and review

- Considering the implementation of initiatives over time – not just as a one-off activity.

An important first step is to establish the context, goals and scope of the program. Key questions to explore include:

■ **How does the strategy fit within your company's sustainability policy and goals?**

For example, there may be formal policy or position statements that refer to leadership in sustainability. In some cases, these may specifically mention tenant engagement or a commitment to working to reduce value chain emissions.

■ **What are the expected benefits of the strategy?**

The benefits of a strategy may be specific to sustainability as well as other benefits such as improving tenant relationships, reducing operational management costs and attracting and retaining tenants over the longer term.

■ **What is the scope of the strategy?**

A strategy could be focused on a particular building or a tenant in multiple buildings. It may also be relevant to have a broader focus such as across a particular portfolio or across all portfolios.

Targets can be set around the extent of tenant engagement (e.g. number of tenants or total floor space of tenants engaged, number of whole building ratings), outcomes (energy consumption and costs reduced, greenhouse gas emissions saved) and other benefits such as improving tenant satisfaction.

WWF-Australia's Sydney office
Photograph: Rick Stevens/AP

Figure 2 outlines the key steps that can be used to develop and implement a tenant engagement strategy for a single or multiple tenants in a building.

Figure 2: Steps to develop a tenant engagement initiative for net zero

1 | Establish goals and outcomes

2 | Identify tenant segments

3 | Assess tenants' degree of motivation and capability

4 | Determine appropriate scope and technical focus

5 | Establish the offer

6 | Specify key stakeholders within tenancies

7 | Establish delivery mechanism

8 | Establish delivery channels

9 | Pilot initiatives

10 | Track and evaluate initiative

Each of these steps are described in more detail throughout the report. It is proposed in the final section of the report that this process be piloted as part of the next phase of the BBP tenant engagement program. That will enable BBP companies and other stakeholder to provide input and to refine the approach.

4.1 Establish goals and outcomes

Start by considering what type of sustainability KPIs and strategies you would like to achieve. Your goals could be:

■ To achieve net zero for the whole building

■ To have cleaner waste streams

■ To obtain tenancy energy data

■ To improve communication of sustainability to tenancies

■ To pilot an initiative with a tenant to demonstrate the benefits of net zero

■ To pilot a range of different tenant engagement initiatives with a range of different tenants.

At the design stage, it is also important to consider what specific outcomes might be achieved and how they could be measured. They might include:

■ Reduced energy consumption

■ Reduced greenhouse gas emissions

■ The extent to which the initiative is taken up

■ The degree to which tenants are 'engaged with' or satisfied with the initiative.

4.2 Identify tenant segments

Identify leading indicators and allocate to segments. Four useful categories (based on the research conducted for the *WBCSD Facts & Trends report on Energy Efficiency in Buildings* report and the experience of the City of Sydney staff involved in the CitySwitch program) are Leader, Opportunist, Enthusiast and Complier (Box 8).

Box 8: Categories of engagement with sustainability amongst building stakeholders and suggested interventions

Leaders:
■ Demonstrate a high level of commitment.
For example, they may have:
– a public commitment to net zero
– an ambitious energy efficiency or renewable target

■ Have taken action in the past and are committed to continuous improvement

■ Have built in-house capability and / or constructive partnerships with service providers to enable practical action

■ Culture in which there is:
– a belief in the need to contribute to greenhouse gas reductions
– a belief in the economic value of acting to reduce greenhouse gas emissions

■ Motivated by initiatives that provide an opportunity to be recognised for their actions.

Opportunists:
■ Currently involved in a voluntary program such as CitySwitch

■ May have a public sustainability report

■ Interested in taking action where there is a clear benefit in terms of public reputation and/or reducing operating costs

■ Motivated by initiatives that make it easier for the organisation to take action.

Enthusiasts:
■ Express interest in 'doing the right thing'.

■ However, limited commitment to investing in greenhouse gas emissions reductions where it involves staff time and effort or significant funding

■ Limited motivation beyond the easiest initiatives with very low risk associated with them.

Compliers:
■ Only motivated if there is an explicitly requirement or clear incentive to do so

■ Typically have low level of motivation and capability

■ Influenced by technical argument – but even then, may be more of a risk based requirement or a core business need that requires action

■ Motivated by explicit legislative or customer requirements.

4.3 Assess tenants' degree of motivation and capability

During or following the stakeholder mapping exercise, it is useful to understand the current motivation and attitudes for the tenancy to contribute to net zero or sustainability outcomes more broadly. This can be achieved in a number of ways. For example, by reviewing policies through a web search, integrating questions in existing tenant surveys, directly approaching tenant representatives or by exploring the questions at a building management meeting that involves tenants.

Key questions might include:

- What are your reasons for/ interests in sustainability?

- What policies and practices do you have in place?
  – Is there a green/ environmental/ sustainability team?
  – Is there a formal policy at the local or corporate level?
  – Have there been previous initiatives that the tenancy has been involved in?

- What is the culture of the office?
  – Do staff typically get involved in competitions and other non-work activities?

By the end of the consultation process you should have an understanding of the interests, needs and readiness of tenants to be involved in a net zero initiative. You should understand:

- Internal policies relevant to energy and environmental issues

- Past experience with energy initiatives (e.g. successful or not)

- Time and capability of staff to be involved in initiatives

- Where the tenancy is in the leasing cycle

- Perception of benefits from involvement – both as a tenancy overall and from the point of view of individual staff that have an influence on the degree of effort and resourcing invested into net zero-related initiatives.

With this background knowledge, it can be useful to categorise the tenancy as a means of determining the initiatives that are likely to work best.

4.4 Determine appropriate scope and technical focus

There are many different ways that you can engage tenants in a collaborative effort to achieve net zero. The level and complexity of the intervention will depend on a range of factors. Interventions can be broadly categorised as large strategic initiatives, operational initiatives and behaviour-based initiatives.

Large strategic initiatives. These are initiatives that leverage constructive collaboration between landlord and the tenant to deliver substantial benefits and emission reductions. They typically involve building and technology upgrades that are delivered at scale. Examples are provided in Box 9.

Box 9: Examples of large strategic initiatives – Building upgrades at 500 Bourke St Melbourne, 10 Valentine Ave Parramatta and tenant requirements at Barangaroo

Strategic initiatives require a high level of collaboration and co-ordination between building owners and tenants. For example:

- When NAB was looking to relocate their head office a range of options were explored. NAB needed a modern and productive workspace that would assist them to achieve their carbon neutral target. A whole-building upgrade was undertaken in conjunction with the building owner ISPT. This delivered significant energy and water efficiency improvements to both the tenancy and the base building.[35]

- Government Property NSW was examining options to upgrade its buildings and to reduce energy and greenhouse gas emissions. Through collaboration with Australian Unity Investments an Environmental Upgrade Agreement for 10 Valentine Ave Parramatta was undertaken for a tenancy lighting upgrade. The collaborative approach enabled the tenant and owner to access funds and share the costs and benefits of the project.[36]

- Tenants in buildings located in Barangaroo become part of a precinct-level commitment to carbon neutral. Leases includes an estate levy to cover costs associated with sustainability and energy targets are incorporated into all leases.[37]

35 http://ispt.net.au/esg/sustainability/3447-2/ and http://bit.ly/2wvyHm8

36 http://www.environment.nsw.gov.au/resources/business/120135csValentineAveEUA.pdf

37 http://www.barangaroo.com/the-project/progress/sustainability/

Operational initiatives. These typically incremental technology improvements in HVAC, lighting or building management systems. Building owners can assist tenants to:

■ access appropriate funding[38] and/or co-fund lighting fit-outs for example

■ Include shared purchasing arrangements between the tenant and landlord around the purchase of renewable energy

■ Work with tenants to change set point temperatures.

Behaviour-based initiatives. These are typically low or no cost initiatives. Examples have been included throughout this report including:

■ Providing data and feedback

■ Integrating communications into newsletters and stand-alone emails etc

■ Providing a visual display in the building
  – Breakdown by tenancy and base building
  – Make it easy to compare KPIs such as energy/SQM
  – Provide specific examples of the actions taken to improve performance (ie why the data changed), who they were taken by and how they implemented them

■ 'Switch off' communication campaign

■ Provide workshops and/or educational session (face-to-face or online)

■ Pledges associated with particular energy using behaviour

■ Competitions
  – Within a tenancy
  – Between tenants in an existing building
  – Between individuals (own carbon budget, pledges and actions).

Consideration should also be made at this stage of the technology focus. This may involve a range of technologies of focus in on a particular cluster of technologies around, for example energy efficiency, renewable energy or benchmarking.

4.5 Establish the offer

Be clear on what you are able to offer the tenant. Offers might include:

■ technical support for a building upgrade

■ a product offer or promotion

■ support with data capture and analysis for the development of a tenancy and whole building NABERS rating

■ other options including information materials, training and networking activities to support behavioural change within the tenancy.

There are a number of different initiatives that could form part of a tenant engagement strategy. As emphasised throughout this report, it is important that the initiatives that are considered within the strategy align with tenant size, policies, attitudes, interest, capability, existing technology and the use of the space (e.g. trading floor versus office versus data room vs open plan office).On this latter point, Azar & Menassa[39] found that "a significant portion of energy use in small buildings is typically attributed for the HVAC systems, as opposed to large buildings that spend higher portions of energy use on equipment and lighting."

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38 http://www.cityswitch.net.au/Resources/
CitySwitchResources/Financingsustainableofficeupgrades/
Financingsustainableofficeupgradesarticle/TabId/155/
ArtMID/825/ArticleID/388/Loans-and-leases-for-office-energy-
efficiency.aspx

39 Azar & Menassa 2012, p. 849

4.6 Specify key stakeholders within tenancies

Before designing an initiative, it is important to understand each of the tenants. As described earlier in this report, a 'one size fits all' approaches to tenant engagement is less likely to be as effective as one that is carefully aligned to tenant needs. Mapping stakeholders is essential to establish where there is interest and influence within tenancies and what is likely to be most appealing to them.

It is often challenging to identify the right people. That is because even formal roles may not provide the best indication of who is likely to have the knowledge, awareness and motivation within a tenancy to help progress engagement initiatives. Table 2 lists a number of the formal roles that tenant leaders in the CitySwitch program hold. An initial contact may provide a useful 'in' to the tenancy, but further questioning may be required to identify the appropriate people.

Table 2: Roles identified by various tenants who are lead contacts in the CitySwitch program

Management oriented	Operations oriented	Energy and environment oriented	Other
C-suite executive	Building manager	Energy	Tenancy services
General	Operations	Environment	Administration / EA
Property	Interior design	Sustainability	Business development
Asset	Engineering	Health, Safety & Environment	Marketing
Finance	Technician	Corporate Social Responsibility	HR
	Development	Environmental or energy team convener	Marketing
	Office		Communications
			Sales

Initial tenant contacts themselves may not have the past background or knowledge – particularly if they have recently joined the organisation. Other stakeholders that may be able to provide insights include:

- The facility manager for the tenancy and/or base building

- The sustainability manager from a real estate services firm (if one is in place)

- HVAC or controls contractors who, in some cases, may have had interactions with the tenant as well as the building owner.

By the end of the stakeholder mapping process you should have a list of key contact people and an initial understanding of their interests, influence and potential involvement in a tenant engagement strategy.

4.7 Establish delivery mechanism

The initiative may be delivered in a number of ways including by:

- Packaging it with outgoings and delivering through the lease

- Delivering through a third-party offer

- Based on opt-in services.

4.8 Establish delivery channels

Establish whether the initiative should be delivered through a combination of channels or predominantly:

- Web, intranet or mobile

- Face to face

- Through corporation communications.

4.9 Pilot initiatives

Given that there are likely to be a range of suitable initiatives, it is useful to select an initial approach and use that as a pilot program. Implementing this as a pilot helps to build ownership and learning about the best way to approach tenant engagement.

4.10 Track and evaluate initiative

Tracking progress and evaluating the pilot is essential. As discussed above, it is important to establish performance indicators in the design stage to ensure there is clarify about what the initiative is intended to achieve and to ensure that data is gathered throughout the process to enable real time performance tracking and evaluation of the initiative.

5. a role for the BBP to pilot and promote tenant engagement

While the information provided above provide a useful and evidence-based blueprint that building owners can use for tenant engagement, it can be enhanced through the implementation and promotion of pilot strategies and initiatives at a collective level. The BBP is well-placed to conduct these pilots and to share the tools and insights that emerge. This process also provides an opportunity for BBP members to demonstrate leadership in the area – providing an opportunity to promote their efforts with investors, tenants and government stakeholders.

A tenant engagement pilot program could have the following actions:

1. Promote a theory of change to inform pilot activities and subsequent tenant engagement initiatives.
A theory of change provides the context within which pilot activities could be designed. It can help ensure that discrete initiatives occur within the wider context of delivering tenant engagement across a market in which the needs and motivations of tenants vary widely. The model introduced in this report and complemented by the more targeted theory of change developed by the City of Sydney provides a useful framework that will inform piloting initiatives.

2. Survey and segment the market to explore ways in which tenant readiness can be assessed and categorised. As well as piloting the application of surveys, interviews and focus groups, this process would identify buildings that would be most suitable for the piloting of various tenant engagement initiatives.

Outcomes could include:

- A list of existing tenant engagement initiatives that the BBP can promote

- A list of tenants and owners with an interest in piloting tenant engagement strategies

- Survey and market segmentation tools (including survey, interview and focus group guides) to be used by BBP members and the wider market to better understand the needs of tenants to inform the selection of appropriate initiatives.

3. Develop tenant engagement strategies. The process that is described in section 4 of this report could be piloted with a sample of tenants. Ideally this would include a range of differing tenant circumstances. For example:

- a building with multiple, similar-sized office tenancies

- a retail tenant focus

- a building in which an anchor tenant may want to lead but smaller tenants are not yet 'on board'.

Outcomes could include:

- A 'lessons learned' report highlighting the approaches and insights associated with co-design of a tenant engagement strategy as the foundation for ongoing collaboration between owners and tenants

- Strategy development tools including templates and a suggested process.

4. Pilot specific tenant engagement initiatives. As described in this report, the overarching strategy aims to establish a foundation and ongoing relationship with a tenant. Within that strategy, specific short-term initiatives are implemented to support the achievement of energy and emission-reductions. A selection of initiatives could be selected. These would ideally demonstrate:

- how tenants and owners can 'co-design' an initiative to enhance 'buy-in' and effectiveness

- new approaches or the application of typical initiatives in new contexts

- initiatives that have the potential to be scaled up.

Outcomes could include:

- Practical tools and guidance for other owners and tenants to implement the initiatives piloted.

The first two steps proposed for the tenant engagement program are discussed in more detail below.

5.1 Create an overarching theory of change

"Theory of change" is an outcomes-based planning and evaluation methodology. The approach aims to explains how and why an initiative is expected to work in a particular context. From its origins as a program evaluation tool it has evolved into a flexible and dynamic approach that is used for planning, strategy, organisational learning and evaluation design.

Characteristics of a theory of change approach include:

- Defining long-term goals and the preconditions that will support these goals

- Establishing expected short and medium-term outcomes that will support the long-term goals

- Describing the rationale for the intervention that will enable short term outcomes to be achieved and then, in turn, for these outcomes to support medium and longer-term outcomes

- Using the theory of change model to inform the strategies and tactics of an intervention

- Clearly stating assumptions about how and why the change process is expected to progress

- Emphasising the importance of evaluation to establish whether the extent to which the theory of change is delivering the expected outcomes

- Supporting collaboration between key stakeholders to develop the approach.

The theory of change approach is flexible in that it can be applied to a specific initiative or to inform a multi-year strategy or program.

The literature reviewed for this report has consistently highlighted the multiple variables that influence tenant behaviour. As a consequence, the importance of understanding these variables before developing a tenant engagement strategy and progressing specific initiatives has been emphasised. Therefore, the theory of change at this level needs to be broad in order to encompass the range of more specific 'theories of change' that might be developed for particular interventions (e.g. competitions vs educational workshops etc.). However, the preconditions and assumptions in an overarching theory of change can still provide an important prompt and direction for building owners and other stakeholders to align more detailed theories of change that inform the design, delivery and evaluation of specific initiatives.

Application to tenant engagement for net zero

The methodology applied below is based on the six-step process outlined by the Center for the Theory of Change.[40] It is also informed by Taplin and Clark's primer on theory of change.[41] It is important to note that the theory of change should be developed in an interactive way between key stakeholders. Therefore, the model suggested below (Figure 3) is intended to provide a basis for further consultation rather than to be viewed as the final model. The logic used to develop the model is described below.

Figure 3: Overarching Theory of Change model – tenant engagement for net zero buildings

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40 http://www.theoryofchange.org/what-is-theory-of-change/how-does-theory-of-change-work/
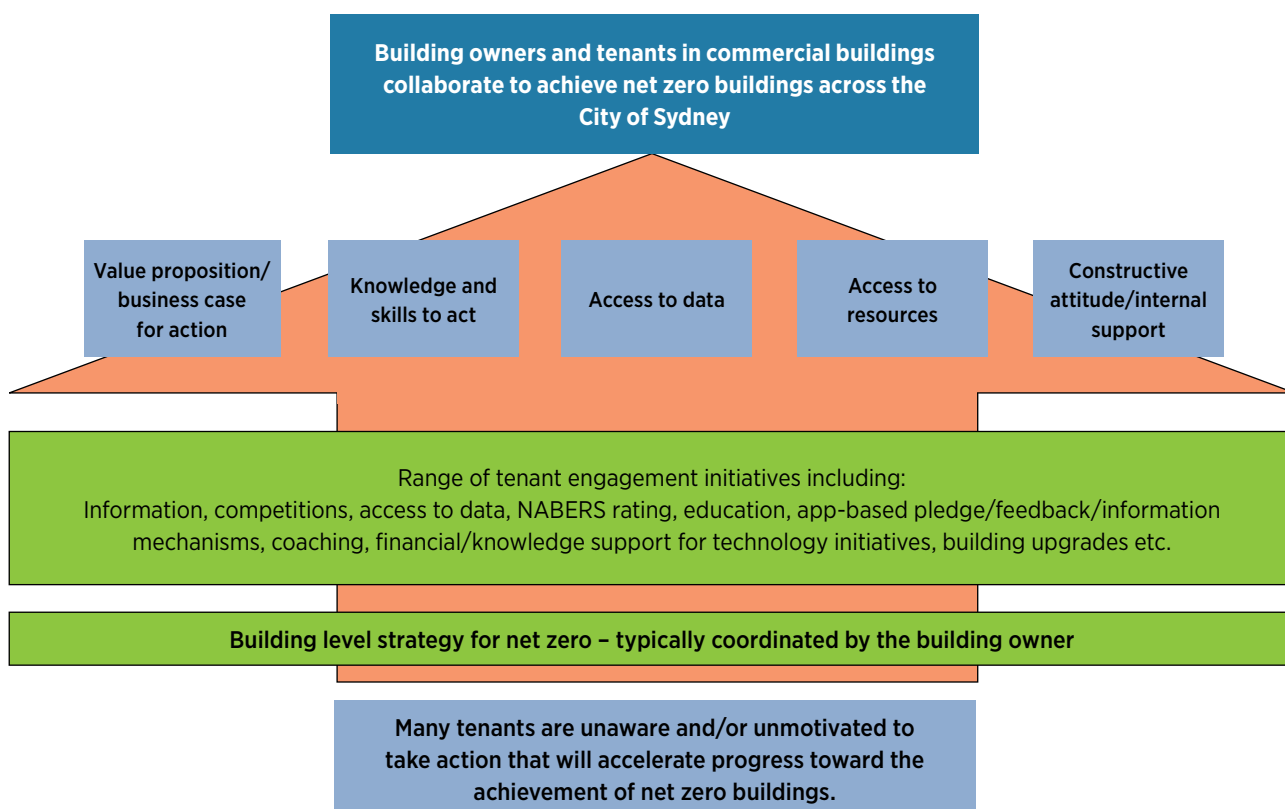
41 http://www.theoryofchange.org/wp-content/uploads/toco_library/pdf/ToCBasics.pdf

Step 1: Develop a long-term goal

The goal is that "building owners and tenants in commercial buildings collaborate to achieve net zero buildings across the City of Sydney."

Steps 2 and 3: Develop an outcomes framework

The outcomes framework explores the question "what would tenants require in order to collaborate with building owners to achieve net zero buildings?"

In response to this question it is reasonable to expect that tenants would need:

- A clear value proposition to justify action
- Access to data to establish a baseline, identify improvement opportunities and track progress
- Access to sufficient resources to implement initiatives that contribute to net zero buildings
- The opportunity to develop a constructive relationship with the building owner to support collaboration.

Step 4: Articulate assumptions

For the long-term outcome of 'collaboration between building owners and tenants to deliver net zero buildings', the following assumptions should be met for the outcome to be achievable:

- There is a value proposition for tenants to collaborate for the achievement of net zero emissions
- Tenants are motivated to achieve net zero buildings
- Tenants have sufficient resources to contribute to net zero buildings
- There is collaboration between building owners and tenants to achieve the shared goal of net zero buildings.

Step 5: Develop indicators

Key indicators are proposed below.

Long term indicator:

Number of net zero buildings

Short and medium-term indicators:

- Number of owners that develop initiatives
- Number of overall tenant engagement initiatives delivered
- Number of tenants involved in a tenant engagement initiative
- Floor space covered by # of tenants involved in a tenant engagement initiative
- Number of tenants that improve awareness
- Number of tenants that establish a value proposition or business case for net zero
- Number of tenants that set an objective or target for net zero
- Number of tenants that take action that contributes to net zero
- Energy cost savings and other direct benefits to tenants and owners that are achieved
- Greenhouse gas emissions reduced.

Step 6: Identify interventions

- Owners meet with tenants to identify key stakeholders
- Owners improve their understanding of the tenant context and needs
- Owners develop whole building net zero strategies
- A whole building NABERS rating is completed to establish a baseline
- Energy and greenhouse performance is measured, tracked and communicated to all tenants on an ongoing basis
- Owners and tenants work together to establish specific initiatives that will assist in progressing towards achievement of a net zero building.

Of note is that the sustainability team at the City of Sydney has developed a refined theory of change that is highly relevant to tenant engagement (Figure 4). This model is based on a categorisation of tenants into four segments and proposes influencing mechanisms that are most likely to improve the performance of each tenant 'archetype'. The categories are consistent with the proposed tenant segments described in Box 2 within this paper (Leaders, Opportunists, Compliers and Enthusiasts). This theory of change provides an actionable model that can both inform and be tested through subsequent pilot initiatives.

Figure 4: Theory of Change model – Tenant segmentations model in accordance to their level of engagement and capacity to act
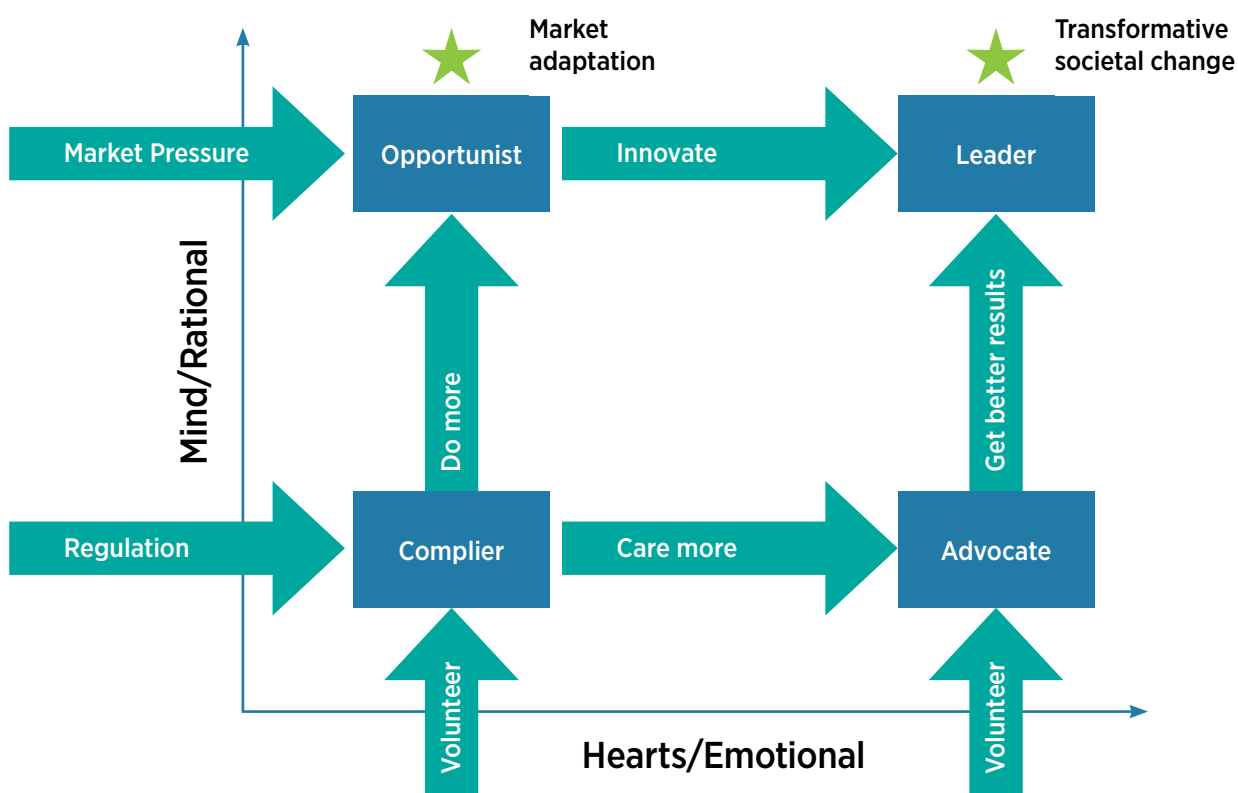
Source: City of Sydney Sustainability Programs Unit
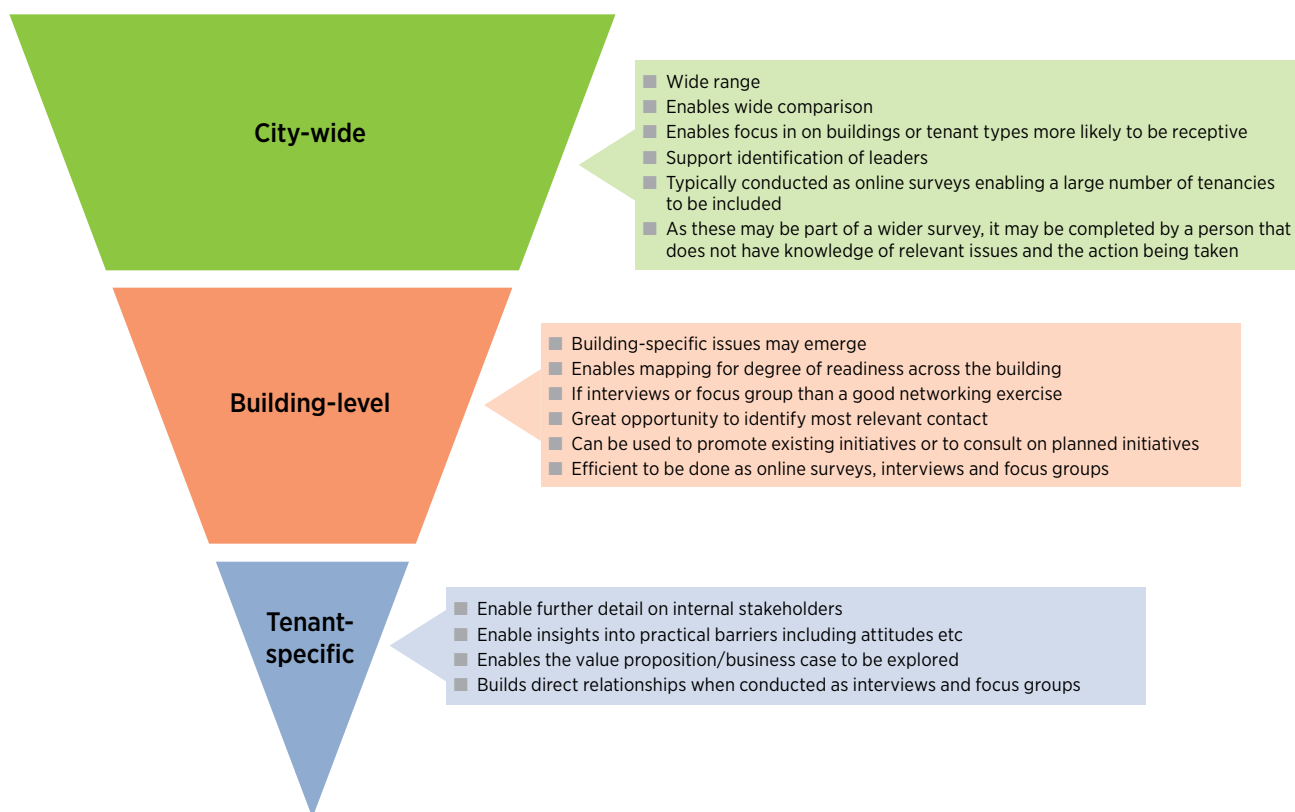
5.2 Survey and segment the market

The next phase in the BBP tenant engagement project is to survey and segment the market.

The goals of this activity should include:

■ Establish a baseline of current activity

■ Identify good practice/champions

■ Identify existing programs/practice

■ Identify potential participants in future pilots at both the whole building and individual tenancy level.

The methodology should use mixed methods applied at multiple levels. A mixed method approach would combine quantitative and qualitative research methods and include a range of survey techniques including online surveys, face-to-face and telephone interviews and focus groups. The multi-level approach is summarised in Figure 5.

Figure 5: Considerations for a multi-level approach to market research and tenant segmentation

City-wide
- ■ Wide range
- ■ Enables wide comparison
- ■ Enables focus in on buildings or tenant types more likely to be receptive
- ■ Support identification of leaders
- ■ Typically conducted as online surveys enabling a large number of tenancies to be included
- ■ As these may be part of a wider survey, it may be completed by a person that does not have knowledge of relevant issues and the action being taken

Building-level
- ■ Building-specific issues may emerge
- ■ Enables mapping for degree of readiness across the building
- ■ If interviews or focus group than a good networking exercise
- ■ Great opportunity to identify most relevant contact
- ■ Can be used to promote existing initiatives or to consult on planned initiatives
- ■ Efficient to be done as online surveys, interviews and focus groups

Tenant-specific
- ■ Enable further detail on internal stakeholders
- ■ Enable insights into practical barriers including attitudes etc
- ■ Enables the value proposition/business case to be explored
- ■ Builds direct relationships when conducted as interviews and focus groups

For example, the Sydney Floor Space and Employment Survey (http://www.cityofsydney.nsw.gov.au/learn/research-and-statistics/surveying-our-community/floor-space-and-employment-survey)

Some questions that could be incorporated include:

- Do you have a public commitment or internal policy towards achieving net zero in your corporation overall or your tenancy specifically? If so, what is this commitment and where is it communicated?

- Are you currently undertaking any activities that contribute to reduced greenhouse gas emissions?
  For example:
  – Corporate sustainability report
  – Corporate policy
  – Internal targets
  – Involvement in a voluntary program such as CitySwitch.
  – Etc.

- What challenges do you currently face in reducing greenhouse gas emissions in your tenancy? For example:
  – Lack of information
  – Lack of understanding of the benefits
  – Limited access to resources
  – General lack of interest on the part of management and staff
  – Etc.

Analysis of the survey would enable tenants to be categorised according to the proposed tenant segments described in Box 2 within this paper (Leaders, Opportunists, Compliers and Enthusiasts).

More specific research with particular tenancies could then provide further detailed insights into tenant motivations, interests, needs and the types of initiatives that might be included in the pilot program.

5.3 Conduct pilot initiatives

The pilot programs themselves should be based on an adaptive methodology that enables the initiatives to be developed on the basis of the particular needs of each tenant. The process proposed in this report is summarised in Figure 2.

Of particular note is the importance of establishing tenant motivation and capability early in the process in order to co-design appropriate initiatives. In particular it is important to establish the most relevant communication channels. The experience of CitySwitch participants is that this can vary from one tenancy to another and may include a sustainability manager, tenancy services personnel or staff members with a particular interest in staff-led initiatives to reduce greenhouse gas emissions.

The proposed steps outlined above also highlight the importance of tracking and evaluating initiatives. Robust evaluation will ensure that BBP initiatives around tenant engagement for net zero will help to build industry-wide understanding of best practice tenant engagement and improve the quantification of the benefits of net zero buildings to both tenants and building owners.

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