



GENERAL

ESG Objectives and Progress

PAGE 1: Reporting on corporate responsibility

PAGE 2: Environmental objectives & progress

PAGE 3: Social objectives & progress

PAGE 4: Governance objectives & progress

We aspire to be one of the global sustainability leaders in the real estate industry. Striving for leadership means striving to increase our knowledge base to better serve our clients and tenants.

Through sustained effort and commitment, we are delivering enhanced environmental, social and governance results that encourage a sustainable way of living and doing business. We prioritize our efforts on those issues where we have the greatest impact, an increased ability to influence, and that are most relevant for our stakeholders. Outlined below are some examples of how we enhanced operational excellence across our portfolio in 2018, and how we plan to continue those efforts in 2019.



Environmental

We are expanding our measurable targets and objectives for key performance data. Environmental performance targets are set internally being mindful that client performance is theirs to disclose.* Objectives include reducing resource use and costs, reducing waste and increasing the number of certified buildings in the portfolio we manage on behalf of our clients.

**Please note there are constraints on our ability to disclose environmental performance targets as a third-party manager of assets, and as a private subsidiary of a public company.*

Better Data and Reporting

We recognize that to manage performance effectively, we need robust and reliable data to enable reporting. The quality of data is critical to providing our stakeholders with useful and reliable reports. Good data also empowers our managers to drive better performance. We track environmental performance data, human resources information, and are continuing to develop ways to measure the social attributes of our assets.

We have confidence in the data that we publish and in 2018 (as in prior years) we engaged KPMG LLP (KPMG) to provide limited assurance over selected performance indicators. We look to continually improve as we discover new opportunities requiring different pieces of data, and we find ways to enhance our data collection and analysis capabilities. To that end, we implemented a number of initiatives in 2018 to enhance our data collection, analysis, and ultimately our reporting to stakeholders.

Completed

- Following Natural Resources Canada announcement that the ENERGY STAR certification program is expanding to Canada in 2018, Bentall Kennedy evaluated its portfolio for eligible assets (i.e., properties with a score of 75 and higher). 12 Bentall Kennedy properties were among the first in Canada to achieve ENERGY STAR certification
- Properties in our portfolio completed the annual Benchmarking Survey which is used to track and benchmark property-level sustainability performance and inform budget decisions, drive business performance and improve reporting for clients. The Diagnostic informs the sustainability strategy for each property, and indicates where the property sits within Bentall Kennedy's portfolio. The Diagnostic also recommends next steps to take action to improve a property's sustainability performance.
- Developed more specific guidance for each asset type on the data which should be tracked.
- Improved the sustainability data management system within Eco Tracker to enhance the cross-functionality between various initiatives, including the annual Benchmarking Survey, BOMA BEST, IREM and LEED EB:O&M certification modules.
- In 2018-2019, Bentall Kennedy, United Nations Environment Programme Finance Initiative (UNEP FI) and the Real Property Association of Canada (REALPAC) conducted an ESG survey of global real estate investors and fund/asset managers representing over \$1 trillion USD of assets under management. This survey was one of the largest ever conducted of its kind, and it revealed a near consensus view on the importance of weighing ESG criteria in real estate investment decision-making. Bentall Kennedy and REALPAC, in their capacity as PWG Co-Chair and Advisor, respectively, conducted this study. See full report of the survey results [here](#).

Planned

- In 2019, we will focus on increasing effective participation in Eco Tracker, our proprietary sustainability data management system, as is appropriate for specific groups and expand data coverage across portfolios.
- Bentall Kennedy has quantified the exposure of our total managed portfolio to climate risk, determining the total dollar value-at-risk (VaR) at the client portfolio level and the individual asset level. The outcomes from this project are intended to inform climate risk mitigation strategies that influence future transactions, asset management and operational activities.

Social

Engagement with our key stakeholders can take many forms. By planning and enabling engagement, dialogue, and sharing ideas, we create conditions to foster innovation. We are also working on investing in employees in particular through leadership, training and development programs. Learn more about our stakeholder engagement process [here](#).

Completed

- Together with Sun Life Financial, Bentall Kennedy launched the Sustainability Innovation Lab to enable ideation and execute initiatives that encourage innovation and value creation. The Lab draws on employees' ideas designed to enhance the performance of our buildings, reduce risk of obsolescence, strengthen tenant loyalty and reduce emissions to protect the environment.
- Bentall Kennedy is a Fitwel Champion, and continuing to demonstrate our commitment to effective property certification and helping our tenants advance their health and well-being goals.
- In 2018, we continued our Energy Efficiency Certificate Program, which is a multi-course training that empowers property management teams with the right tools and analytics to deliver continuous improvements in energy efficiency.
- Our Tenant Engagement Program, ForeverGreen, continues to be implemented in all asset types across North America, including a variation for multi-family properties, called ForeverGreen@Home. Resources such as posters and newsletters are created to equip both property managers and tenants with actionable content around monthly sustainability and health and wellness themes.

Planned

- Improve our orientation process for property managers to be more engaged across North America and allow new staff to quickly familiarize themselves with the ESG objectives of Bentall Kennedy and the tools that are available to them to help meet those objectives.
- We understand that tenants gravitate toward buildings with green credentials and amenities. We engage tenants as part of our community within the building and help them meet their sustainability goals, attract talent, and engage employees. We will continue to improve our resource offering through the ForeverGreen Tenant Engagement Program to include customized resources, integrating health & wellness themes, and equip property managers with the tools and knowledge to effectively engage tenants on these topics. In 2019, we are developing brief videos to engage our tenants on monthly sustainability and wellness topics.

Governance

We forge strong relationships with our clients through good governance practices, accountability and transparency - all of which are central to our fiduciary role and core responsibilities.

Completed

- We rolled out the Bentall Kennedy's Sustainability Governance Framework. In this detailed framework, Sustainability Governance Committees specifically encourage information sharing, awareness and engagement; assess sustainability risk and opportunity; provide strategic guidance and oversight of sustainability decisions and actions; and track progress as it aligns with investment strategy.
- We have an ISO 14001 certified Environmental Management System (EMS) to ensure successful implementation of programs and continual improvement.
- We disclosed sustainability performance and practices to GRI, GRESB, and UN PRI.
- As co-chair of the UNEP FI Property Working Group and a member of the Investment Committee, we advance a global mandate to drive adoption of sustainability in real estate investment and property management.

Planned

- Continue to maintain ISO 14001 Environmental Management System certification.
- Continue implementation of the Sustainability Governance Framework.
- Continue to demonstrate our commitment to transparency by disclosing sustainability performance and practices to rigorous global reporting standards such as the GRI, GRESB, and UN PRI.
- Continue our industry leadership as a co-chair of the UNEP FI Property Working Group and a member of the Investment Committee.