



hazelview

# SUSTAINABILITY AT HAZELVIEW

Summary Report

April 2022



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# LETTER FROM OUR CEO

**I am excited to present this sustainability summary report, outlining our sustainability commitments, select activities and results, and future commitments.**

Sustainability has always been a part of what we do at Hazelview and is part of how we create value for people and places. From day one, we have strived to act responsibly, and we have incorporated material environmental, social and governance (ESG) considerations, such as resource efficiency, health and safety, and community engagement into our business and investment decisions.

We have seen ESG issues become an important part of how successful businesses set and operationalize strategy. We also know our stakeholders expect us to do more to contribute to positive environmental and social outcomes, such as mitigating climate change and supporting healthy living and communities. We continuously see opportunities to improve our processes and outcomes across our business, and this includes continuously challenging our goals and commitments towards ESG.

In our own business, we are taking steps to be a good corporate citizen and member of the communities we operate in through our corporate social responsibility (CSR) initiatives and programs, the results of many you can read about in this report. We are also embedding

diversity, equity and inclusion (DE&I) in what we do, starting with the launch of our DE&I Committee and 3-year strategy which outlines our organizational priorities for continuous progress in the DE&I landscape. ESG issues are important regardless of whether we are investing in real estate privately or publicly.

When investing in real estate privately, we are committed to initiatives such as reducing our environmental footprint, enhancing relationships with our residents and tenants, and establishing formal sustainability oversight and accountability. This is done through our sustainability program.

We are committed to being transparent with our sustainability performance and integrating ESG factors into our investments. In 2021, we became a signatory to the UN-supported Principles for Responsible Investment (PRI). And while in previous years, we have disclosed our environmental performance to our clients, in 2022 we will be participating in the Global Real Estate Sustainability Benchmark (GRESB) for the first time.

The events of the last two years have been challenging for everyone. As we continue to navigate the uncertainties of the future, we are reaffirming our commitment to build a sustainable and resilient real estate business and to support our team members, investors, tenants, residents, and communities.



A stylized, handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke.

**Ugo Bizzarri,**  
Chief Executive Officer

# 2020-2021 SUSTAINABILITY HIGHLIGHTS

## Hazelview Investments



### Published Sustainability Policy



Established the Hazelview Sustainability Steering Committee

Became a signatory to the UN-supported Principles for Responsible Investment

Prepared for participation in the 2022 Global Real Estate Sustainability Benchmark



Launched Diversity, Equity and Inclusion 3-year strategy

## Private Real Estate



### Formalized 3-year sustainability program

- + Committed to conducting energy, water and waste audits at 100% of our multi-residential portfolio by the end of 2024
- + 100% of our multi-residential portfolio will be CRB™ or BOMA BEST® certified by the end of 2022
- + Invested over \$500,000 in support for commercial tenants across the CECRA and CERS programs

- + Contributed over \$1 million to residents and communities through rent relief programs and support for non-profit organizations in communities in which we operate
- + 74% of prospects and new residents who interacted with the Hazelview brand were satisfied or very satisfied with their experiences

## Public Real Estate



### Successfully influenced companies within our investment universe to improve ESG practices

- + Formalized ESG factors within our investment decision making
- + Improved the organization of ESG data that is collected through third party reporting tools as well as our own research

# ABOUT US

Hazelview is an active investor, owner and manager of global real estate and related assets focused on delivering sustainable and growing returns to our investors. We invest both privately and publicly to access the best real estate around the world and actively manage our investments with our fully-integrated investment management platform.

Our vision is to create value for people and places. In this, we are guided by our core values: Trust, Ambition, Collaboration, Ownership Mindset, Having Fun. We are proud of our diverse, and talented workforce: Between our 4 global offices and 13 regional offices in Canada, we have more than 600 employees (80+ Investment Management, 550+ Property Management) representing more than 50 nationalities.

## Hazelview Investments total AUM: \$11.1B

### Private Real Estate

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+ **\$7.6B AUM**

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+ **Multi-Residential Private Real Estate**  
\$6.4B AUM

- Managed by Hazelview Properties
- 

+ **Hazelview Properties**

- 550 property specialists
  - 13 regional offices
  - 23,000+ units
- 

### Public Real Estate

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+ **\$3.4B AUM**

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+ 4 global offices globally strategically located close to our investments

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+ Portfolio Management Team with 20+ average years of experience

## Core Values



Trust



Ambition



Collaboration



Ownership Mindset



Having Fun

## About this Report

In this sustainability summary report, we communicate our sustainability approach and priorities including select suitability-related activities and performance from 2020-2021. While this report covers both our private and public real estate investment programs, our multi-residential private equity portfolio has been the focus of many of our sustainability efforts to date, these are further articulated throughout this report.

The terms ‘sustainability’ and ‘environmental, social and governance (ESG)’ are used interchangeably.

**For more information on sustainability at Hazelview, please contact us at [sustainability@hazelview.com](mailto:sustainability@hazelview.com)**

# SUSTAINABILITY GOVERNANCE

**Strong sustainability governance will help us achieve our commitments.**

## Sustainability Governance

Our integrated sustainability governance framework ensures the successful launch, monitoring, and execution of our commitments. Two distinct and cross-functional groups have been identified to advance our sustainability progress: the Hazelview Sustainability Steering Committee, and the Diversity, Equity and Inclusion Committee.

## Sustainability Policy

Published in 2021, our Sustainability Policy summarizes and guides our actions on sustainability. The Policy is being implemented across Hazelview business units, stewarded by the Executive Sponsor (Jeff Hutchison, Managing Partner & Co-Head Real Estate). We will review the Policy annually and update it at least every two years.

## Sustainability Steering Committee

The Sustainability Steering Committee is comprised of senior and executive team members that oversee and advise on sustainability implementation across the company. The Committee meets quarterly to discuss sustainability activities, performance and plans and reports key activities and outcomes to the CEO.

Committee members delegate responsibility for implementing sustainability initiatives to

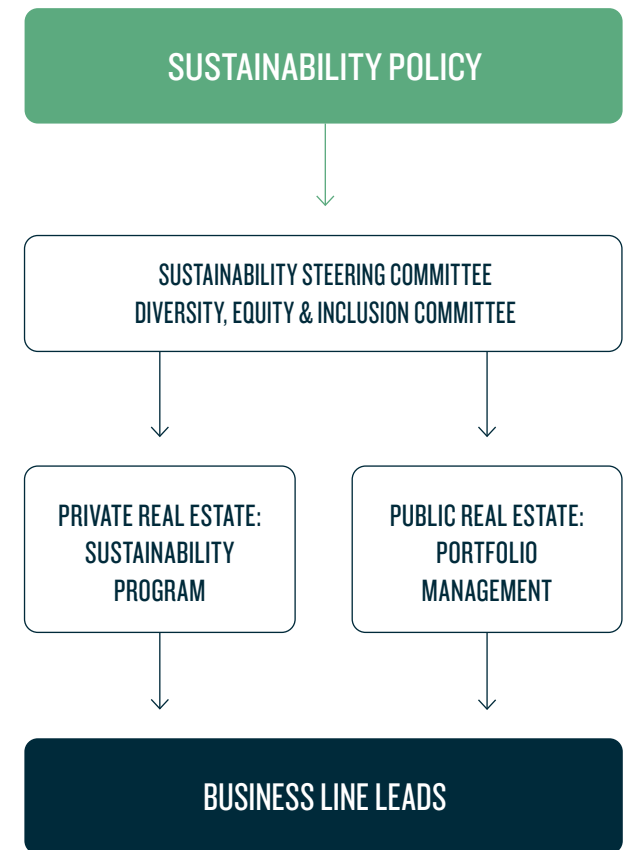
business line leads throughout Hazelview. For our private real estate investments, the Policy is implemented through our sustainability program (see page 11). In public real estate, the Policy is implemented by our portfolio management team (see pages 20-23).

## Diversity, Equity & Inclusion Committee

The Hazelview DE&I committee is a diverse network of team members across Hazelview with the mission to support the development and guide the implementation of the 3-year corporate wide DE&I strategies.

## Implementation in Action

To formalize our commitment to key sustainable business practices, in 2021, we developed several new sustainability policies and procedures. These include commitments and practices for topics such as energy and water management, sustainable procurement, and climate change and resilience. We will finalize these policies in 2022, using them as a reference point to develop more prescriptive, region-specific programs for our private real estate investments.





**Remuneration at Hazelview**

Hazelview's compensation processes and practices have been developed to support clear and consistent remuneration programs, sound and effective risk management, and long-term sustainable value. These processes and standards ensure our remuneration programs are aligned to performance, market conditions, shareholders' long-term interests, and business objectives, including ESG-specific objectives. At the same time, they are designed to support our ability to attract, motivate and retain staff. Variable remuneration programs are linked to company and individual performance, which is assessed through a comprehensive appraisal system. Our practices discourage risk taking that exceeds the level of the Fund's tolerated risk. They also inhibit conflicts of interest among employees. Unethical behaviour or breach of internal and external regulations, policies or practices is taken seriously and can lead to termination.



# COMMITTED TO PEOPLE

## Solidifying our position as a valued employer, investor, partner, and community citizen.

We are continuously striving to enhance our relationships with our team members, investors, supplier partners and community members. Helping our stakeholders thrive supports our business—it helps strengthen our supplier and community partnerships and it enables us to attract and retain the best people.

### **Diversity, Equity, and Inclusion Vision**

We go all out to build and nurture a diverse, equitable and inclusive culture where individual experiences and collective layers of difference are brought together to achieve greatness. We invest where we see potential, building for now and generations to come. Our DE&I approach will align and integrate with our ongoing sustainability efforts.

Starting in 2020, we took key steps to elevate DE&I within our workforce. In 2021 we launched our DE&I Committee, held leadership training, and measured team member demographics. We also finalized our 3-year DE&I strategy which outlines our organizational priorities for continuous progress. We look forward to sharing more on this important issue in the future.

### **Pandemic National Communication & Response Plan**

To support and protect our team members during the COVID-19 pandemic, we developed a National Communication & Response Plan. This included:

- an Employee Resource Handbook
- a Return to Office Handbook
- a COVID-19 Scenario Planning and Protocol Summary

In 2021, we made improvements to our offering of employee health benefits that now provide more extended coverage due to the COVID-19 pandemic. We also offered financial assistance to team members facing hardship due to a layoff in their household or other negative financial impacts brought





on by the pandemic. Additionally, we made a conscious decision not to downsize our workforce in the face of pandemic related business challenges. To support our essential front-line team members, we increased their regular salaries and topped up their quarterly bonuses and commissions. Finally, recognizing the importance of mental health in our workforce, we launched a virtual counselling platform and held virtual engagement activities for team members working from home.

### COMMITMENTS IN 2022

- + Providing mandatory training around workplace best practices and conduct, health and safety, & onboarding for all team members
- + Evaluating hiring practices & looking for ways to increase diversity in talent pools
- + Developing and implementing a DE&I policy

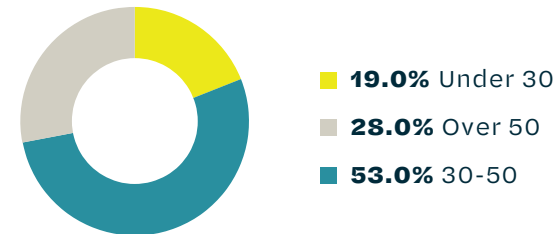
## COMMUNITY CITIZEN: SUITES FOR SICKKIDS FAMILIES

Community partnerships are an important pillar of our commitment to the communities we operate in. Starting in 2021, we donated three furnished suites at our 392 Sherbourne Ave. property in Toronto to SickKids Hospital in order to accommodate families with children who were being treated at the hospital. We have had 29 families (and counting) stay in the suites and we look forward to welcoming more.

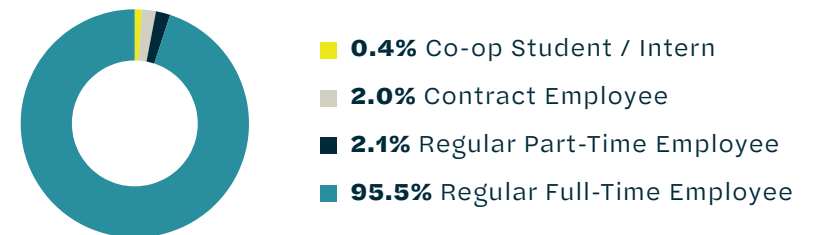


## OUR TEAM

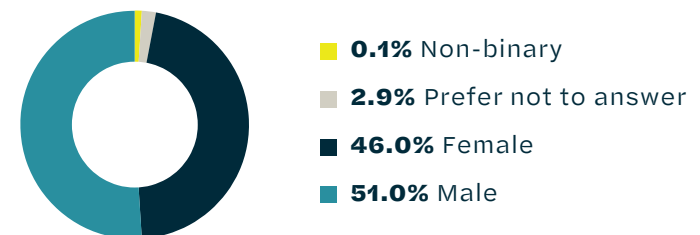
### Age



### Employment Type

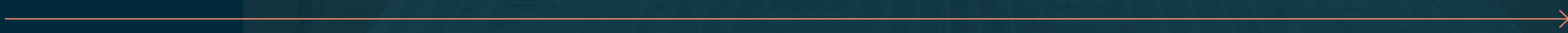


### Gender



Note: Data provided voluntarily by team members as of December 31, 2021

# PRIVATE REAL ESTATE



# SUSTAINABILITY PROGRAM

## Our private real estate program protects value and strengthens relationships.

The four themed pillars of our private real estate sustainability program capture the key sustainability practices and initiatives that support our vision and commitments and align with our business strategy and values. The pillars are supported by performance indicators, targets, progress tracking, and reporting internally and externally to our stakeholders.

Much of our efforts so far have been focused on building a strong foundation from which we can deliver on our sustainability commitments and effect change. In the following pages, we introduce our sustainability program and provide an update on our key activities and future commitments under each program pillar.

### 4 Key Benefits of our Sustainability Program:

- + Increased portfolio resilience by improving resource efficiency
- + Elevated risk management
- + Increased culture of innovation
- + Enhanced ability to attract and retain residents, tenants and team members and maintain their trust

SUSTAINABILITY PROGRAM PILLARS

## SUSTAINABILITY GOVERNANCE & POLICY



### RESOURCE EFFICIENCY

Improve operational efficiency of buildings and operations.



### RESILIENCE

Protect portfolio value through environmental and social risk identification and management.



### RESIDENT AND TENANT EXPERIENCE

Strengthen relationships with residents, prospects and tenants.



### RELATIONSHIPS

Enhance relationships with employees, suppliers and communities.

MEASUREMENT & TARGETS

COMMUNICATIONS & REPORTING





# RESOURCE EFFICIENCY

## Increasing efficiency in multi-residential properties and operations.

Using fewer resources improves the efficiency of buildings and operations where Hazelview operates. In addition to improving cash flow and preserving value, increasing efficiency enables us to anticipate and prepare for regulation and reduce the environmental impacts of our portfolio.

In 2021, we invested in best-in-class systems to drive sustainability performance management in our multi-residential portfolio that will enable us to set and deliver on our environmental commitments. For example, we enhanced our ability to access and analyze timely, reliable data. This will enable us to understand our environmental footprint, strategically direct capital to improve efficiency, set realistic and ambitious performance targets and monitor our progress towards achieving these commitments.

### Building Certifications

Building certifications provide residents, tenants and prospects with an assurance of quality and performance. Two certification programs are being implemented and explored respectively for our multi-residential portfolio, the Certified Rental Building (CRB™) Program and BOMA BEST®. The CRB™ certification includes the Living GREEN Together™ environmental certification as well as 52 best practice property management standards. BOMA BEST® includes 16 BEST Practices for energy, water, waste,

emissions and effluents, indoor environmental quality and environmental management systems.

At the end of 2021, 43% of buildings in our Ontario portfolio were CRB™-certified. Our target for 2022 is to ensure that 100% of buildings\* hold at least one of the CRB™ or BOMA BEST® certifications. To help us meet this target, we conducted a gap analysis and created an action plan to achieve the BOMA BEST® Certified level using the Portfolio Program.

### Energy, Water, and Waste Audits

We conduct audits to determine whether our buildings are performing optimally and identify additional opportunities to conserve energy and water. In 2021, we performed energy and water audits at 22% of our multi-residential buildings. We also completed 6 waste audits. In 2022, we are planning to conduct energy and water audits for an additional 34% of our portfolio and waste audits for 53% of our portfolio. With the results of these audits, we will be able to identify additional efficiency measures, achieve cost savings, and make strategic capital decisions with the goal of auditing 100% of our multi-residential buildings by the end of 2024.

We are currently in the process of calculating the energy consumption and GHG emissions footprint of our portfolio.\*

### DATA COVERAGE 2021

Electricity	80%
Natural Gas	96%
Water	84%
Waste	40%

Our electricity and natural gas data coverage, while high, is limited in cases where utilities bill residents directly. We are aiming to have 100% coverage for water and waste by the end of 2022.

### 2022 COMMITMENTS\*

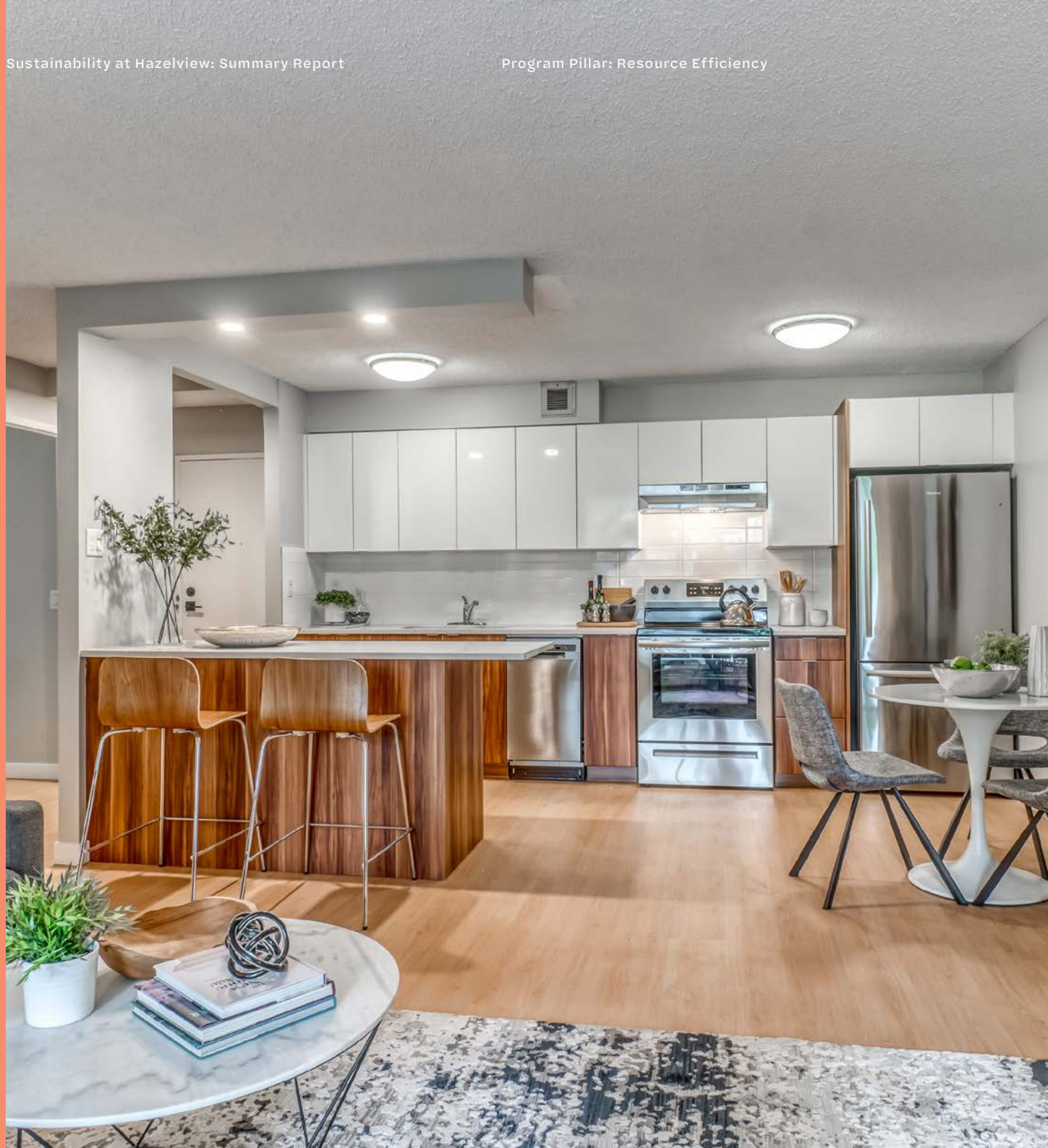
- + Certify 100% of our portfolio with either CRB or BOMA BEST
- + Set performance targets for energy, water, waste, and greenhouse gas emissions
- + Continue to perform energy, water and waste audits across our portfolio

\*Refers to multi-family buildings under management as of December 31, 2021.

## CASE STUDY: ACHIEVING REDUCTIONS WITH RETROFITS

We run a standard capital retrofit program for all new multi-residential acquisitions. When we take ownership of a building, we budget for and execute the following upgrades to ensure we minimize its environmental footprint:

- Install flow management devices, low-flow toilets, showerheads and aerators
- Conduct LED lighting retrofits
- Upgrade building automation systems and boilers where warranted
- Conduct energy, water and waste audits





# RESILIENCE

## Protecting value through risk management.

A resilient portfolio is a future-ready portfolio. It is one that is well positioned to withstand the effects of climate change and help address social issues. The aim of our resilience pillar is to protect our multi-residential portfolio value by identifying and managing environmental and social risks. In doing this, we help ensure business continuity, safeguard our assets, and support our stakeholders. Enhancing the resilience of our portfolio also supports growth and profitability and makes us a better overall partner.

### Physical climate risk assessment

In 2021, we focused on assessing the resilience of our portfolio to withstand the physical impacts of climate change. Building resilience can be done by instituting operational processes, making physical changes to properties, and adding features that allow the property to resume operations after a major event.

In 2020 and 2021, we conducted a portfolio-wide survey with the goal of understanding our properties' resilience in the face of changing climate and extreme weather. The survey assessed properties for a variety of risks: floods, rising sea levels, heat stress, severe windstorms, water stress, and wildfires. The results are helping us identify opportunities to improve climate resilience practices across our portfolio and better protect our properties from the impact of climate change.

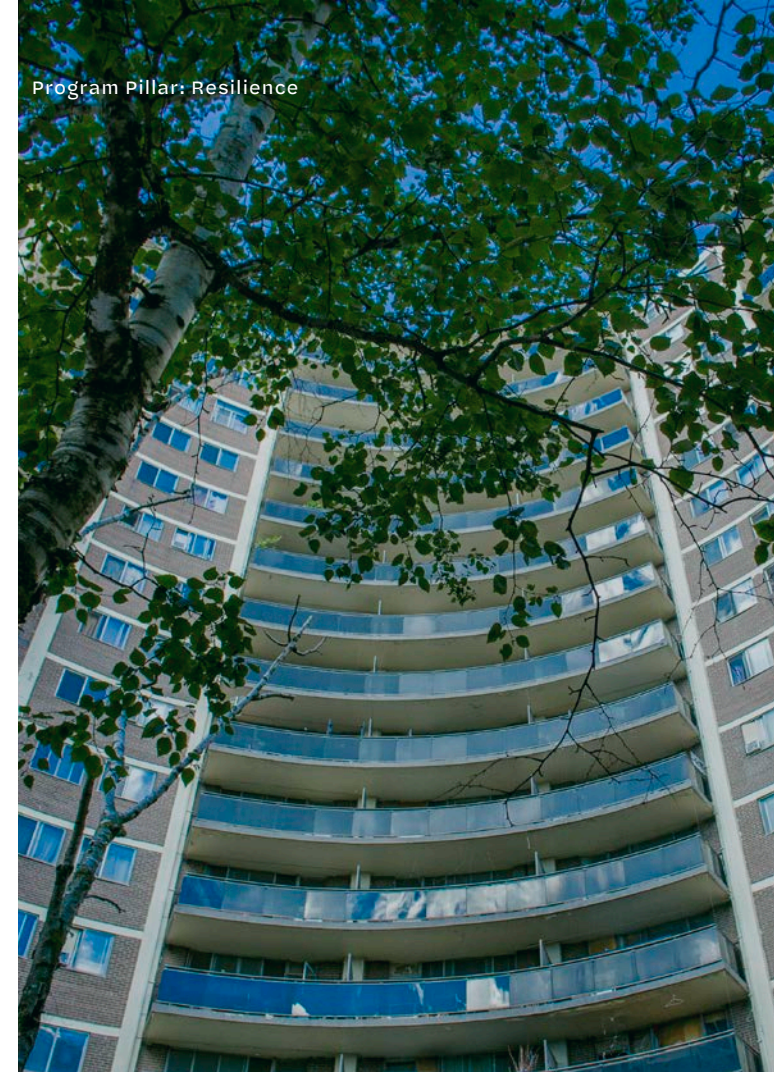
### Diverse housing options

We recognize that there is a lack of housing across Canada. At the same time, we know that housing diversity is important and helps support strong communities. We are committed to providing best-in-class property management at our multi-residential properties to help maintain high quality rental housing options and working on a project by project basis to integrate attainable and/or affordable housing in existing and new developments.

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## COMMITMENTS IN 2022

- + Formally embedding sustainability and climate-related factors in our due diligence and asset management procedures
  - + Establishing a regular schedule to assess the resilience of our portfolio
  - + Embedding resiliency into our development processes
- 





# RESIDENT AND TENANT EXPERIENCE

**Fostering happy, healthy, thriving communities where we operate.**

Through this pillar, we focus on helping residents, tenants and prospects thrive, both at home and in their businesses. We seek to achieve the best possible social outcomes as both a provider of housing and a landlord for commercial businesses. We continuously strive for high satisfaction ratings.

## **Resident Rent Support and Relief Programs**

The COVID-19 pandemic has posed challenges for vast numbers of people and businesses. It has also highlighted the inequities and inequalities that already existed in our society. Recognizing this, at the end of 2020, we launched the Hazelview Cares Rent Relief Program. This initiative followed on the heels of our Rent Support Program, a program we put into place at the start of the pandemic to provide immediate assistance to residents in our multi-residential properties struggling to make their monthly rental obligations. In all, we contributed close to \$1 million to the Hazelview community, helping more than 800 residents.

## **Engaging Hazelview residents and team members**

2021 was Hazelview Properties' benchmark year for engaging residents through the Voice of the Resident program. Key moments in prospects' and residents' journey were surveyed to garner insights on our performance on sustainability, overall brand satisfaction, and day-to-day living experiences, amongst others. Close to 25,000 surveys were submitted and key highlights include:

- 74% of prospects and residents who interacted with the Hazelview brand were satisfied or very satisfied with their experiences.
- 77% of prospects indicated that sustainability is a very important or fairly important factor in their rental decision-making process.
- 69% of residents indicate that sustainability is very important or fairly important factor to them when going about their daily tasks.

The Hazelview Cares Resident Education Program aims to enhance the sustainability performance of the buildings we operate in and build resilience among residents and throughout the community. We do this by offering a variety of events, experiences and resources focused on sustainable living, health, and wellness.

For example, in December 2021, we offered our residents and team members an opportunity to take part in a virtual session about sustainable solutions for the holiday season. Hosted by environmental journalist and Eco Hub Founder Candice Batista, the session shared practical tips and ideas on how to shop sustainably and reduce waste during the holidays. Turnout was great—over 300 people attended. More importantly, in our post-session survey, 87% of respondents said they were “likely” or “very likely” to change their habits after attending the event!



“The beginning of this year has been financially difficult...This was the best news I could've gotten. I was going to email and ask for an extension to pay my rent a little later. I would not have had my rent on time (waiting on my next CRB). So, this could not have come at a better time.”

—HAZELVIEW RESIDENT

### Supporting Hazelview Commercial Tenants

Over the course of 2020 & 2021, Hazelview Properties found innovative ways to support commercial tenants throughout the pandemic. Initiatives included:

- Launching the Hazelview Tenant Toolkit – a resource platform that was specifically designed to support commercial tenants by providing practical, useful, and accessible tools, resources, and information to directly impact tenants' businesses during the COVID-19 pandemic
- Conducting a live, interactive webinar on Accessing Financial Relief for your Business, which provided valuable tips on navigating National Government Financial Relief Programs
- Investing over \$500,000 in support for commercial tenants across the CECRA and CERS programs



### COMMITMENTS IN 2022

- + Engaging with residents and tenants on sustainability topics by providing educational resources, communicating our goals and targets, and incorporating sustainability topics into resident surveys
- + Piloting the Fitwel certification at 1-2 properties in our portfolio
- + Continuing to create innovative partnerships with local organizations to support and execute services and programs for the betterment of the communities we operate in

**FACING FINANCIAL  
HARDSHIP AS A  
RESULT OF COVID-19?**

**The Hazelview Cares  
Rent Relief Program  
can help!**

You may be eligible to receive a credit.

Accepting applications from  
November 27 to December 11, 2020

**THE HAZELVIEW  
CARES RENT  
RELIEF PROGRAM**

To learn more or to apply:  
Please visit  
[hazelviewproperties.com/  
rentreliefprogram](https://hazelviewproperties.com/rentreliefprogram)

SCAN ME



## CASE STUDY: FRESH FOOD DELIVERS FOR RESIDENTS IN NEED

At the beginning of the pandemic, we learned, through our weekly phone check-ins, that some residents at one of the multi-residential properties we manage in Toronto needed support in accessing fresh, high-quality food. In response, we launched an initiative to deliver boxes of fresh produce to residents doors. Over the course of the program, we provided 680 fresh food boxes to residents in need.





# RELATIONSHIPS

**We are continuing to learn, shape, and evaluate our sustainability practices.**

In addition to the commitments outlined on page 8, evolving our relationships with team members, suppliers, partners, and communities allows us to effect positive environmental and social change where we operate.

## COMMITMENTS IN 2022

- + Tracking and reporting on participation in and associated impacts of our team member and community programs
- + Re-evaluating and expanding on existing sustainable procurement practices and policies and integrating sustainability factors into our Contractor Code of Conduct
- + Engaging with our partners to better understand their ESG practices

# CASE STUDY: HAZELVIEW SUSTAINABLE CITIES PROJECT ACCELERATOR

In 2021, the Hazelview Sustainable Cities Project Accelerator was established, in partnership with Enactus Canada, to empower student teams with the resources needed to identify, create, and deliver projects that make urban residential buildings more sustainable, energy-efficient, and future proof.



# PUBLIC REAL ESTATE



# RESPONSIBLE INVESTMENT

**Responsible investing is an integral part of our decision-making process.**

We deliver superior risk-adjusted returns for our clients over the long-term by investing in public real estate companies that generate positive cash flow and appreciate over time. We integrate ESG considerations into our investment process because we believe companies that proactively manage ESG factors sustain value and will be well positioned for success over the long-term.

**Further, as a capital allocator, we believe we can influence the companies we invest in, ultimately attempting to effect change in the capital markets where we operate.**

Our responsible investment approach involves integrating ESG factors into our investment process, adopting good stewardship practices and reporting on progress and performance to our investors. We believe that understanding the various risk drivers, including ESG risk, is crucial to making an important part of the investment decision.

### Key 2021 Accomplishments

- Formalized our weighting towards ESG factors within our investment decision making
- Improved the organization of ESG data across our universe that is collected through third party reporting tools as well as our own research
- Successfully influenced companies within our investment universe to improve ESG practices

### Sustainable Investing

Of the 17 United Nations Sustainable Development Goals (UN SDG), we have determined that we can be most effective contributing to the following three:

- + **UN SDG 11:** Sustainable cities and communities – Make cities and human settlements inclusive, safe, resilient and sustainable

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- + **UN SDG 13:** Climate action – Take urgent action to combat climate change and its impacts

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- + **UN SDG 17:** Partnerships for the goals – Strengthen the means of implementation and revitalize the global partnership for sustainable development

### Our Process Involves:

- Incorporating ESG considerations as part of our research and analysis to inform the selection of investments or construction of a portfolio
- Reviewing the nature of the business, its ESG impacts and its managerial approach to dealing with ESG issues
- Integrating material ESG considerations into investment decisions and over the entire hold period of the security
- Engaging with issuers and external managers with the objective of improving ESG performance and disclosures
- Making reporting available to investors on our ESG approach



### Remuneration

Please see page 7 of this report for information on our remuneration policies and processes.



**ESG Integration**

When we invest in companies with strong ESG practices, we are more likely to reduce risk and potentially enhance returns. This is why our proprietary risk analysis places a material weighting on ESG factors.

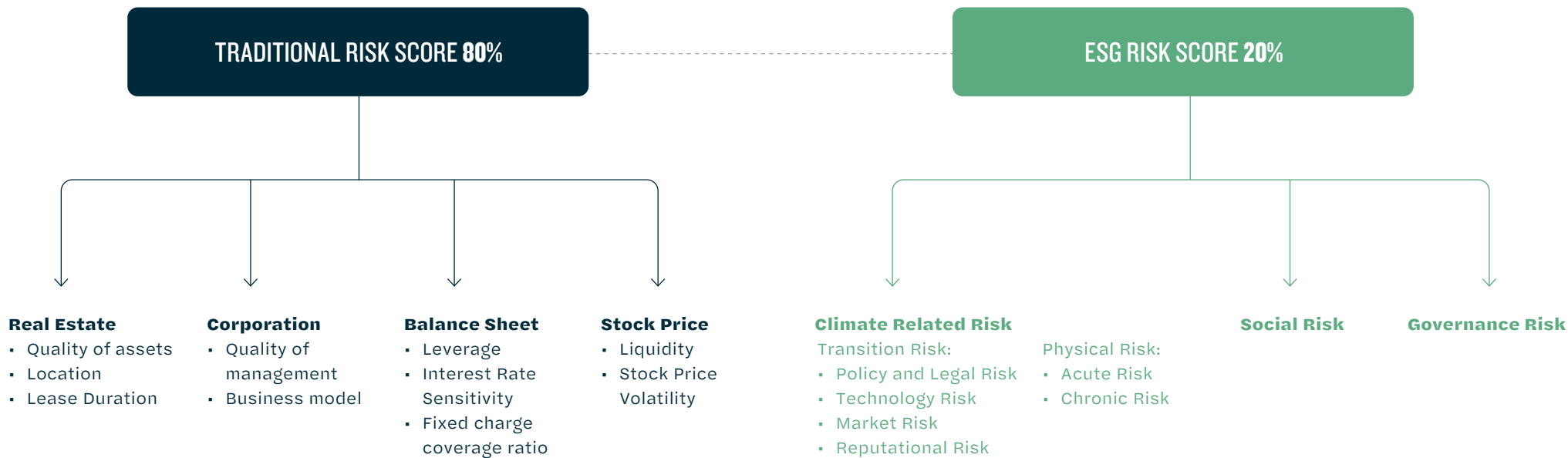
In deriving a cashflow valuation for a particular investment, climate, social and governance risks make up 20% of our applied cost of equity. The results from this analysis produces a risk rating that is applied to our internal valuations for each investment in order to determine an expected risk-adjusted return that is used to inform our investment decisions.

To determine our ESG risk scores, we start with collecting ESG data provided

by Bloomberg or SNL (including MCSI ratings, S&P Global ESG Rank, Sustainalytics Rank, ISS governance, and GRESB – the Global Real Estate Sustainability Benchmark).

Understanding that third-party scoring can be both infrequent and imperfect, we believe it is also important to look behind the numbers and dig deeper by performing our own research and directly engaging with companies.

This approach has helped us identify opportunities to invest in progressive companies, especially where their ESG efforts have not yet been reflected in public scores.



## Developing our ESG Risk Score

Our ESG Risk Analysis looks at risk through a number of potential lenses:

### Climate Related Risks:

- + Policy and Legal Risks – How is a company managing green house gas emissions and what are the current/potential regulatory costs?

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- + Technology Risks – What capital may be required for a company to improve energy efficiency across their portfolio?

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- + Market Risk – Are tenant preferences shifting towards energy efficient buildings?

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- + Reputation Risk – How does the market view a company's approach to sustainability?

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- + Acute Risk – Does climate change in the region present higher risk of flood, fire, storm damage or higher insurance costs?

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- + Chronic Risk – Could heating / cooling costs rise due to climate change in the region?

### Social Related Risks:

- + Regulations – Is the company compliant with local labour laws?

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- + Diversity & Inclusion – Does the company offer equal opportunity, adequate pay and opportunities for education and training for employees?

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- + Code of Conduct – Does the company enforce sustainable standards with suppliers?

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- + Property Management – Does the company deal fairly with tenants and support/ encourage sustainable practices?

### Governance Related Risks:

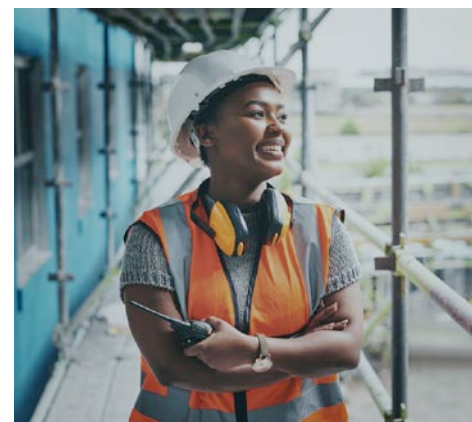
- + Ethical Operations – Are there appropriate measures in place to prevent corruptions and bribery?

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- + Supervision – What oversight has been instituted at the executive level and within the board to implement and monitor sustainability programs?

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- + Remuneration – How is management compensation aligned with sustainability programs?



**Active stewardship**

As a responsible allocator of capital, we are committed to improving transparency on ESG issues and ensuring long-term value creation in the real estate sector. Once we make a decision to invest, we use our influence and position to monitor company ESG practices and, aim to improve ESG performance and disclosures. Our portfolio managers lead this process, engaging with management on ESG issues and voting by proxy.

**ESG reporting**

We are committed to being transparent with our investors on our ESG approach and performance. While our ESG reporting to date has been done on an ad hoc basis, we are working to formalize client focused ESG reporting in 2022.

## CASE STUDY: GOING BEYOND THIRD-PARTY RATINGS

In 2020, during our ESG risk analysis and evaluation of an Irish real estate company, we engaged with the company's management to understand why there was misalignment between their third-party ESG ratings, which were low, and our assessment of their ESG practices, which was more positive.

Our discussions with management revealed that the company manages an energy efficient portfolio, uses 100% renewable energy for the common areas in their buildings and is an active member of the Irish Green Building Council. As a result, we concluded that the company would be a good investment and that our capital would support improved ESG performance not only in the company but also, potentially, in the market. Our engagement with the company ultimately helped to improve their ESG rating.







# LOOKING AHEAD

**In 2022, we will continue to implement our sustainability commitments across our investment program, strategies, and work to deliver on our future plans.**

We look forward to sharing progress and performance with you in future reports.

