

ESG AT QUADREAL

July 2020

Our Approach to ESG

QuadReal has a teamwide dedication to integrating environmental, social and governance (ESG) into our planning, decision making and performance evaluations. This dedication is vested in corporate, global real estate, and mortgage management due diligence, and investing activities. Overall, we take a systematic approach to understanding our ESG responsibilities—identifying and prioritizing our biggest levers for positive change. We do this in support of commitment to stronger communities and because this aligns us fully with all our stakeholders including BCI, RBC GAM, their clients and those who work for QuadReal.

What is GRESB?

The Global Real Estate Sustainability Benchmark (GRESB) was established in 2009 by pension funds who wanted to see comparable ESG performance of their real estate portfolios. We value GRESB because it is a research-based framework, it is comprehensive and because it has earned the respect of pension funds internationally for its rigour. GRESB counts within those who contribute to it more than 100 institutional investors, with over USD 4.5 trillion AUM.

GRESB is our Benchmark

GRESB assesses and benchmarks the ESG performance of managers of real assets, providing standardized and validated data to the capital and institutional markets. Participants receive comparative business intelligence on where they stand against their peers, a roadmap with the actions they can take to improve their ESG performance and a communication platform to engage with investors. QuadReal submitted to GRESB for the first time in 2019, as early as possible in our corporate development.

This process of annual ESG benchmarking on such a large scale has built a powerful global ecosystem of investors, lenders, managers, service providers and industry bodies working towards a shared vision of sustainable real assets. It demonstrates how a top-down demand for ESG transparency and benchmarking encourages a bottom-up response that drives the spread of sustainability best practices around the world, raising the standard of an entire industry.

Even as a new organization, QuadReal is able to report comparative results in detail using GRESB criteria. Our commitment to participate in GRESB drives constant organizational improvement and initiatives. Other partnerships that we have developed include those with several not-for-profits like the Centre of Active Design which operates the Fitwel health and wellbeing certification. We also work with several industry organizations to advance ESG issues of common interest.

“In addition to our efforts to advance the operations of our international partners and industry peers, we hope that our commitment to reducing the carbon footprint of our Canadian operations by 80% by 2050 will unlock new thinking, new synergies and new partnerships. We strive to earn trust and to help our tenants and residents flourish, and our neighbours thrive. We want to do our part.”

Jamie Gray-Donald

Senior Vice President, Sustainability & Environment, Health and Safety

QUADREAL'S 2019 GRESB RESULTS

- 1st in the diversified real estate category in Canada (out of 12)
- 2nd in the diversified real estate category in North America (out of 60)
- 4th in the diversified real estate category globally (out of 230)
- QuadReal also ranked in the top 5% of all submissions to GRESB globally in a field of 1,000 reporting organizations across all real estate categories

We are proud of the results we achieved in our inaugural year of participating.

WHAT DOES GRESB MEASURE?

The GRESB scoring model is an automated system which uses a third-party technology platform. In order to ensure integrity of submissions there is a three-layer validation process, including automated outlier checks, randomized audits of supporting documentation and in-depth audits. Not only does GRESB quantify results, they also benchmark organizational commitments to ESG. To score well on the benchmark, organizations must have a depth of policies, procedures and management practices, as well as continuous improvement in a range of performance indicators and operational programs.

Applicants must submit to GRESB based on all of the following categories:



Performance Indicators

Operational performance examines the extent of participants' data collection, total resource consumption and overall building performance. Measures to improve energy and water efficiency of real estate portfolios and reduce greenhouse gas emissions are the focus of this section.



Building Certifications

What types and how much of the portfolio holds certifications? Asset-level building certifications and ratings provide third-party verified recognition of sustainability performance in operations and new construction, informing investors and occupiers. These include certifications like Energy Star, LEED and many others.



Stakeholder Engagement

Improving the sustainability performance of a real estate portfolio requires dedicated resources, a commitment from senior management and tools for measurement/management of resource consumption. It also requires the cooperation of other stakeholders, including tenants, suppliers, employees and the local community.



Policy & Disclosure

What kinds of policies are in place and how are ESG initiatives disclosed? Institutional investors and other shareholders are primary drivers for greater sustainability reporting and disclosure among real estate companies and funds. Disclosure shows how ESG policies and management practices are being implemented by the entity, and what impact these practices have on the business.



Risks & Opportunities

This category investigates the steps undertaken by organizations to manage material risks related to climate change, environmental legislation, market risks and governance practices. It also addresses opportunities for improvement throughout existing sustainability practices.



Monitoring & Environmental Management System

Have any tools been implemented to monitor energy, water, waste & GHG emissions? Operating buildings consume significant amounts of energy and water, produce waste streams, and generate GHG emissions.



Management

Who has responsibility for sustainability initiatives within the organization? This category focuses on how the organization addresses sustainability implementation in the context of its overall business strategy.

"Being a real estate leader requires foresight and courage to make decisions that will make a sustainable future more likely for the stakeholders we represent as well as for the communities and environment where we build and manage buildings."

Remco Daal

President, Canadian Real Estate, Chair of Sustainability Committee