

We manage environmental, social and governance (ESG) risk to generate long term value for our clients.

There are many environmental, social and governance (ESG) issues we consider in our approach to managing our business in a responsible fashion. We consider which issues we can have a significant impact on, and therefore have a greater ability to influence. In 2016, Bentall Kennedy conducted a materiality assessment to understand and validate these ESG issues which are important to our stakeholders. Bentall Kennedy takes a forward-looking approach towards addressing these topics as these are aligned with our business objectives. Bentall Kennedy assessed its material issues by looking at the Global Real Estate Sustainability Benchmark’s and UN PRI’s scoring matrices, obtaining feedback from sustainability thought leaders, then obtaining feedback from a representative sample of tenants. We also consulted our employees to better understand to what extent sustainability is embedded within the organization.



INVESTOR



TENANT



EMPLOYEE



COMMUNITY



INDUSTRY

Reduce risk, increase net operating income	Enhance tenant loyalty, health and satisfaction	Align with business priorities	Create positive impact	Advance thought leadership
We incorporate sustainability factors into our investment strategy to maximize value, manage risk and support stable, long term returns.	We create stronger tenant-landlord relationships by working with tenants to achieve their sustainability objectives and operate within superior environments	We attract, engage and retain top talent. We integrate sustainability objectives into annual incentive plans to ensure alignment with business priorities.	We focus on health and well-being and creation of sustainable communities, both inside and outside our buildings.	We coordinate with the industry to share information, adopt best practices, and action thought leadership.
How we engage				
<p>Regular & formal client reporting, meetings and presentations inform and update clients about portfolio performance, including ESG updates.</p> <p>Complete asset and portfolio performance benchmarking is against relevant peer, market and industry standards.</p> <p>Include sustainability initiatives in annual business plans for properties.</p> <p>Employ a dedicated secure website for clients who include access to secure data storage, sharing and report tracking systems.</p> <p>Provide client representation when needed for sustainable and responsible investing organizations such as the UNEP FI and UN PRI.</p> <p>Disclose sustainability performance and practices to GRI, Global Real Estate Sustainability Benchmark (GRESB), and UN PRI to demonstrate our commitment to transparency.</p> <p>Share GRESB and UN PRI results with clients and inform priority sustainability issues. These results are evaluated yearly and benchmarked against those of other thought leaders. These results are valued by institutional investors.</p>	<p>Conduct tenant surveys periodically.</p> <p>Dedicated property management teams are always available to respond to tenant concerns and listen to ideas.</p> <p>Ongoing communications such as regular tenant bulletins, newsletters, topical fairs and events, appreciation gatherings and other tools help us communicate about sustainability, property events.</p> <p>Manage and respond to tenant concerns and maintenance issues in our Canadian property management business using ClixFIX, an in-house contact centre. In our third-party managed properties, our partners provide this type of service through various means and tools.</p> <p>Develop and use customized and proprietary tools such as green lease language and Tenant Green Design Guide. These tools are used to engage tenants directly in an effort to promote sustainable occupancy and build-out, thus enhancing overall asset operating performance and tenant well-being.</p> <p>Establish joint tenant-management sustainability committees to pursue opportunities to reduce a building’s environmental footprint at many of our buildings.</p> <p>Interviewed and surveyed office, retail, industrial and multi-residential tenants to understand their sustainability priorities.</p>	<p>We solicit employee feedback on various topics related to professional development through surveys, committees, task forces and targeted meetings.</p> <p>As a member of the Embedding Project, a public-benefit research project, we assessed the extent to which sustainability is currently embedded in our organization, and identified areas of improvement. An initial assessment was carried out in 2012, and in 2016, we undertook another inventory of our efforts to embed sustainability within our company. Interviews were carried out with 12 employees at Bentall Kennedy in various roles from sustainability, to IT and Human Resources.</p> <p>In order to understand the health and wellness priorities of our employees and how we can support them on their wellness journey going forward, we carried out an all-employee health & wellness survey, the results of which informed our approach moving into 2019 and beyond.</p>	<p>Develop and deepen partnerships with community members and groups by holding outreach events, fundraising for local community organizations and by providing space for community events. We develop relationships at the organizational level and the asset level.</p> <p>We work hand-in-hand with local municipalities during a new development or major redevelopment. During the development site plan approval process, we work together to address sustainability initiatives raised by both business and residents.</p> <p>Address development issues with local governments have included LEED certification, watershed protection, storm water management, permeable paving, transportation planning, and other elements that are captured in an area master plan.</p> <p>Engage through industry associations to support municipalities in achieving the intent of their objectives, as they develop long-term plans and policies to direct growth.</p>	<p>Interviewed 14 global thought leaders in a range of sectors to identify key sustainability issues and the appropriate actions to take over the next 10 years to understand:</p> <ul style="list-style-type: none">Trends and opportunities for commercial real estate investment and management.Outlook on sustainability leadership. Interviewees were selected for their expertise related to key topics. We aimed for fulsome representation of stakeholders. <p>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 the survey. See full report here.</p>

Key findings				
<p>Focus areas: ESG governance, strategy and transparency ESG policies EMS & data monitoring Energy, water, waste reduction Green building certifications Stakeholder engagement</p> <p>Sustainable investing is foundational within our client strategies and designed to generate stable, long term performance within customized client needs</p> <p>UN PRI: Bentall Kennedy has been reporting annually since 2008 and we scored an A in 2015 and A+/A in 2018. This score is frequently asked for many US and international investors</p> <p>GRESB: Bentall Kennedy ranked 1st overall in Canada and 2nd among its peer group globally in the 2018 GRESB assessment</p>	<p>Focus areas : Energy cost reduction GHG emissions Green building certifications Tenant engagement Health & well-being</p> <p>The 2016 survey of Canadian tenants revealed that: 60% of Canadian tenants are implementing environmental practices and programs in their workspace</p> <p>The 2018 survey of U.S. tenants revealed that 93% of office tenants rated Bentall Kennedy’s sustainable building commitment as good or excellent</p>	<p>The Embedding Project assessment revealed that the following areas are well-embedded within Bentall Kennedy:</p> <p>Focus Areas: Employee Feedback Mechanisms & Leadership Involvement Connecting sustainability Employee well-being</p> <p>Employee Feedback Mechanisms & Leadership Involvement: We proactively seek employees’ opinions and ideas about how to approach and solve sustainability issues, as well as senior and mid-level management’s opinions about how to improve sustainability performance</p> <p>Connecting sustainability: We have made investments into customizing sustainability-related training to fit individual roles</p> <p>Employee well-being: We provide programs or initiatives to support the employee well-being.</p>	<p>Formalized, metric-focused approach to social impact, which enables us to deliver measurable change for the cities and neighborhoods where we invest</p> <p>Focus areas: Active Neighborhoods Health & Well-Being Giving Back (Corporate Caring)</p>	<p>Focus areas: Investor expectations of ESG are holding strong</p> <p>Climate Change is a major risk: The Financial Community wants to invest in proactive climate mitigation</p> <p>City Leadership is strong and currently more effective than national/ international policies</p> <p>Employee and tenant health & wellness is the next frontier</p> <p>Social and governance Issues are rising.</p>

Key Issues

We prioritize our sustainability efforts and report on issues where we have the greatest impact – these are the material topics where we have an increased ability to influence, and are most relevant for our stakeholders.



ENVIRONMENTAL

Climate Change Mitigation

We track and analyze energy data to identify conservation opportunities, strategically focus on capital improvements and innovation, and drive performance. Buildings consume 40% of global energy, making greenhouse gas (GHG) emissions the most material environmental impact of a real estate company.

Disclosures:
[+ Energy](#)
[+ GHG Emissions](#)
[+ Management Approach](#)

Climate Resilience

Climate change can affect building costs and performance in a variety of ways, from extreme weather to sea level rise. Our approach to climate change resiliency goes beyond emergency preparedness to assess climate risk and resiliency analysis. Bentall Kennedy’s Climate Change Resilience project is intended to evaluate climate risk through portfolio-specific climate change impact data. This project seeks to inform both adaptation and risk mitigation strategies.

Disclosures:
[+ Management Approach](#) (See Pg. 7)

Environmental Health & Safety

We take responsibility for our actions, which is the foundation of our approach to health & safety.

Disclosures:
[+ Health, Safety & Wellness](#)

Environmental Resource Management

We recognize that water consumption is a relevant issue, with regards to both cost and availability in some regions. We engage with our tenants on waste management and recycling. Selection of materials can influence indoor air quality and building occupants; our purchasing power presents opportunities to influence our value chain.

Disclosures:
[+ Water](#)
[+ Waste](#)
[+ Management Approach](#)

Green Building Certifications

We strive to be leaders in green building certification. This encompasses many of the above topics and is an area that is of growing importance to tenants in many asset classes. Certification programs provide framework for making significant operational & environmental improvements to buildings.

Disclosures:
[+ Green building certifications](#)
[+ Management Approach](#)

SOCIAL

Positive Impact in the Company – Corporate Caring

We attract, engage and retain top talent by investing in our people. We focus on the well-being of our employees, and are working on measuring progress, being conscious of changing demographics, and working toward better measurement of diversity as a first step to improving diversity.

Disclosures:
[+ Employment](#)
[+ Training and Education](#)
[+ Diversity and Equal Opportunity](#)
[+ Management Approach](#)

Positive Impact in the Portfolio – Enhanced Tenant Experience

At every step of our sustainability journey, we endeavour to positively contribute to the social well-being of the communities where we invest. In our buildings, we focus on health & well-being and tenant engagement. We aim for long-term tenant appeal by delivering access to healthy, attractive and productive spaces in communities that provide social amenities. This approach to active community citizenship nurtures the vitality of the neighborhoods where our assets are positioned and allow us to build meaningful relationships with local stakeholders.

Disclosures:
[+ Management Approach](#)

GOVERNANCE

Governance

We regularly consult with our stakeholders, including both sharing information and listening to their input to ensure a common understanding so we can continue to meet their requirements. Corporate governance and client transparency encompasses sustainability training and reporting.

Disclosures:
[+ Governance Structure](#)