

Capital investment policy and targets

Global ESG policy supplement



Avison Young Investment Management

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Capital investments in real property

Avison Young believes that properties which effectively manage Environmental, Social and Governance (ESG) factors are more likely to create financial value over the long term and will result in improved investment performance for our clients.

As we work to fulfill our mandate as a real estate investment manager, we consider relevant ESG matters when evaluating opportunities, make investment decisions, manage our investments and when engaging with building managers to seek improvements in operational practices.

At every opportunity we will prioritize property investments that help address ESG matters while also balancing profitability and investment performance for our clients. Since capital investment can be the most impactful in the reducing environmental damage and ensuring the long-term viability of the ecosystem's we rely on, it is a major focus in our capital planning process.

Projects that seek to reduce carbon inputs, energy use, water or waste production are prioritized when economical to do so. Since consumption comes at a cost, capital investments designed to reduce the energy and water consumption of major systems are always considered in the planning process and compared to payback periods for traditional options.

From a practical perspective this requires that every capital project must begin by identifying several alternatives before a go / no go decision can be issued or recommended to a client:

- | | |
|--------------------------|---|
| 1. Replacement Spec. | Replace system with what is currently in-place at the property. |
| 2. High Efficiency Spec. | Replace system or feature with modern high efficiency option. |
| 3. Net Zero Spec. | Replace system or feature with carbon neutral option. |

Depending on the cost, energy/water/waste diversion potential, and the direction of the client we will always seek to prioritize greenhouse gas (GHG) emissions reduction and moving toward our longer-term goal of net zero by 2040.

For example, this could involve moving off natural gas for heating and using electricity as a replacement energy source so that property can reduce carbon and GHG emissions as renewables are integrated into the local grid or on-site. Another example would be increasing the level of insulation in a roof or exterior wall to reduce heating and cooling losses thereby lowering energy consumption.

To monitor the success of our efforts on the capital investment front we must ensure we are properly tracking our progress over time with specific targets in mind.

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Energy benchmarking

Energy benchmarking is the process through which a building's energy performance is tracked in order to gauge changes in performance over time. The need for energy benchmarking rests on the fundamental principle that in order for owners, managers, or regulators to manage or reduce building energy use, they must first be able to measure it.

The development of a standardized approach to energy benchmarking initiatives has simplified the process of policy development and implementation through a streamlined approach, and provides reliable data that will support the pursuit of strategic investments in achieving building improvements and energy and greenhouse gas (GHG) emissions reduction targets. Moreover, a common approach to energy benchmarking on a global scale will provide consistency for building owners to participate in benchmarking programs across global portfolio's managed by Avison Young.

Given the need for accurate, high quality building energy data, Avison Young requires the use of ENERGY STAR® Portfolio Manager as the key tool for reporting buildings across our portfolio's globally.

Performance targets

Avison Young Global Investment Managements long term goal is to achieve net zero and divert 100% of waste from landfill by 2040 (in alignment with the EU Climate Action Plan). This target directly relates to the guiding principal of Energy Efficiency & Reduction within the Investment Management group ESG policy.

In order to do this, we have established the following targets for our managed real estate investment portfolios:

Consumption and waste

- Continuous reduction in energy & water consumption of 3-5% per year.
- Implement minimum water efficiency standards for all fixtures by 2025.
- Continuous reduction in waste generation and improvement in recycling rates, aiming for 3-5% yearly improvement in diversion from landfill rates.
- All assets to achieve 30-50% diversion from landfill by 2030.
- Regular e-waste collections at every asset by 2025.
- Grey water recycling program for 100% of assets by 2035.

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Renewables

- Achieve net zero carbon (scopes 1-3) by 2050.
- 25% of energy consumption across the portfolio must come from renewable sources by 2030; 50% by 2040; 100% renewable energy consumption by 2050.
- Complete solar PV and wind turbine rollout on all viable rooftops or other useable site areas by 2030.
- Full electrification of facilities by 2040 through the elimination of all carbon-based fuel consumption on-site (renewable ready).
- Transition to climate friendly refrigerants by phasing out HFC refrigerants by 2040.

Measurement

- Obtain or estimate tenant energy consumption for 100% of portfolio tenancies by 2025.
- Install smart metering across the portfolio by 2025.
- Improve tracking and data consistency by standardizing GHG emission calculations by 2025.

Biodiversity and habitat

- Survey of all assets by 2025 to identify opportunities to create habitats that promote biodiversity along with drought and heat tolerance.
- Implement drought tolerate landscaping plan for all assets by 2027.

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The policy commitments contained herein are additive to the policies of Avison Young Global. For more information about Avison Young Global, our ESG Policy, or its implementation across our portfolios, please contact:

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