



HOOPP Real Estate

2019 Sustainability Report



HOOPP
Healthcare of Ontario
Pension Plan

About HOOPP

The Healthcare of Ontario Pension Plan (HOOPP) has been proudly providing a secure retirement income to Ontario's healthcare workers since 1960. HOOPP is one of Canada's largest defined benefit pension plans, serving more than 380,000 active, retired and deferred members. We put our members at the centre of everything we do, and we are focused on generating long-term stable returns and maintaining a financially strong Plan.

HOOPP's real estate portfolio contributes significantly to the Plan's investment strategy and returns. Representing 15% of HOOPP's net assets and valued at \$14.6 billion, this portfolio represents over 50 million square feet across Canada, the U.S. and Europe and includes multi-residential, industrial, office and retail properties. In 2019, we committed more than \$877 million in new investments and posted an 8.35% return.

Information contained in this report is for the year ending December 31, 2019.





A special ‘thank you’ to our members and partners

The COVID-19 pandemic has caused unexpected and unprecedented challenges for the entire global community. We are incredibly grateful for the heroic efforts of our Plan members: Ontario’s healthcare workers. Their dedication and compassion through the crisis inspires us every day, and we are proud to serve them.

We also want to thank our management partners for continuing to safely operate our buildings and provide information to our tenants. Providing safe and healthy buildings to our tenants is central to our [sustainability policy](#), and we rely on our management partners to deliver on this commitment. We want to thank all our property management teams across Canada and around the world for their efforts during this pandemic.



Sustainability highlights in 2019



HOOPP's building at 4711 Yonge Street in Toronto was presented the National Green Building Excellence Award by the Canada Green Building Council in the Existing Building category.

The IPE (Investment & Pensions Europe) Real Estate Global Awards presented HOOPP with the Real Estate Sustainable Strategy Award; HOOPP has received this award in four of the past five years.



We introduced a new Community Impact Award as part of our annual Leadership in Environmental Advancement Program (LEAP).

We refreshed our Pillar Scorecard to sharpen our sustainability focus.



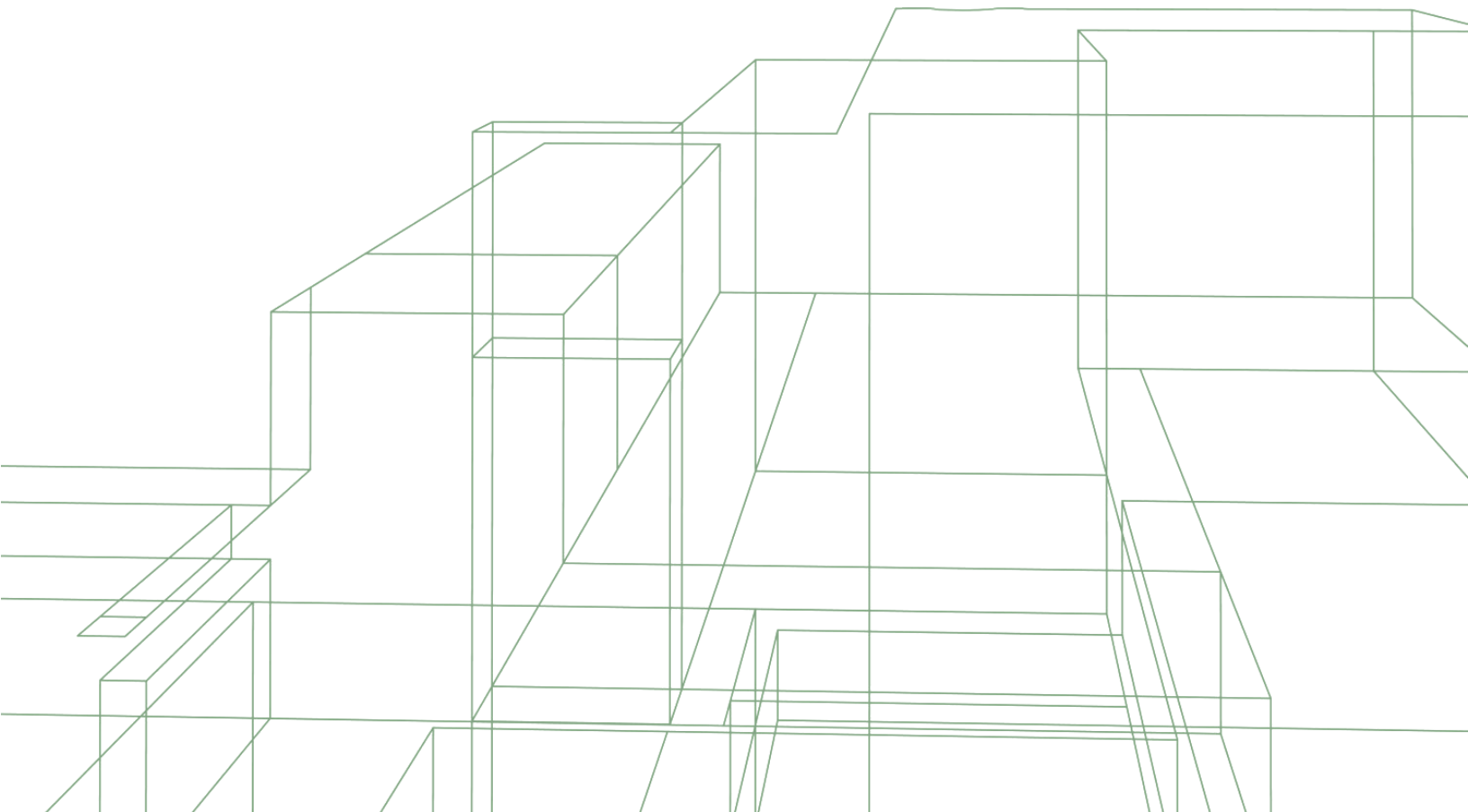
We reduced energy consumption in our real estate portfolio by 3%.

Our Pillar Scorecard



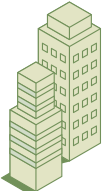

The Pillar Scorecard, which is a balanced scorecard to transparently report on sustainability integration, was first introduced in 2013. Since then it has been HOOPP's primary management tool to monitor and report on the sustainability performance of our properties. In 2019, we updated the scorecard to include the most material indicators and reflect our entire global portfolio of direct investments.

We have also added a new Responsible Investing pillar to remain accountable for embedding environmental, social and governance considerations into our investment management process. For example, it includes an indicator to demonstrate that we consistently review sustainability-related risks and opportunities during the annual capital planning and budgeting process.

We are proud to share our new Pillar Scorecard as it represents the evolution of sustainability integration for HOOPP Real Estate. This shows that we are making progress in energy and building certifications and that we need to strengthen our work with suppliers and tenants.



2019 Pillar Scorecard

Pillar	Indicator	2018 value	2019 value
 Responsible investing	Sustainability in investments (% of investments screened)	To be reported in 2020 scorecard	To be reported in 2020 scorecard
	Sustainability in asset management (% of budgets including sustainability)	New in 2019 scorecard	41%
 Climate action	Climate resilience (% of properties managing risks)	New in 2019 scorecard	26%
	Greenhouse gas emissions ('000 tCO ₂ e*)	New methodology in 2019 scorecard	251
	Renewable energy (% of property-controlled electricity)	3%	3%
 Great buildings	Building ratings (% gross floor area)	59%	60%
	Energy performance (% change in like-for-like consumption)	0.8%	-3.0%
	Sustainable procurement policy (% of properties)	62%	60%
 Stakeholder prosperity	Tenant engagement (% of properties)	89%	80%
	Community engagement (% of properties)	47%	49%

* tCO₂e: Tonnes of carbon dioxide equivalent (expressed in thousands). The greenhouse gas value includes emissions from operated and tenant spaces in buildings that are at least 25% owned by HOOPP. All buildings owned for the entirety of 2018 and 2019 are included. Where data is not available, emissions are estimated based on industry averages for electricity and natural gas consumption.

Our approach to climate change

HOOPP recognizes that climate change can create significant impacts to businesses and communities around the world. We have begun to experience these impacts in our own real estate portfolio through extreme weather events leading to property damage and business interruption.

We are starting to apply the recommendations from the Financial Stability Board's Task Force on Climate-related Financial Disclosures. To date, we have focused on the risks and opportunities that climate change poses to our real estate portfolio and how our properties can become more resilient.

Identifying and mitigating risks related to climate change

In 2018, the HOOPP Real Estate team evaluated climate change risk and resilience for our global portfolio. This enabled us to identify the most significant climate change risks affecting our portfolio and the areas that are most at risk. The project findings were incorporated into [best practice guidelines](#) on flood resilience for Canada's commercial real estate industry issued by the University of Waterloo's Intact Centre on Climate Adaptation.



Following up on this work, we instituted flood resilience guidelines to all high-flood-risk and high-value properties in 2019. We now have the capacity to understand how properties are improving their climate change resilience and which investments paid off.

Identifying opportunities related to climate change

HOOPP has measured the greenhouse gas (GHG) emissions of its properties since 2008, and was the first pension plan in Canada to enact a GHG policy. We are now beginning to investigate a long-term GHG emission reduction target. To support this effort, we partnered with our sustainability advisors to develop a forecasting model. We will use the model to set a long-term reduction target and identify GHG reduction measures that represent the greatest opportunities to achieve both financial returns and emissions reduction.

We also continue to invest in new technologies at our properties through our LEAP Forward program, which has been in place since 2016 as part of our annual Leadership in Environmental Advancement Program (LEAP) conference and awards. It gives property management partners the opportunity to pitch innovative ideas that improve sustainability performance, including reducing emissions. Winners are provided with funding to pilot the technology and share results to see if the technology can be deployed across other properties.

2019 LEAP Forward program



Embedding responsible investing practices in our processes

As a signatory to the Principles for Responsible Investment (PRI) and an investor member of Global Real Estate Sustainability Benchmark (GRESB), the HOOPP Real Estate team is committed to implementing responsible investment best practices. This includes assessing sustainability factors in our pre- and post-investment processes. As such, HOOPP has launched tools to help our real estate team incorporate sustainability considerations into our acquisition and asset management processes.

To keep pace with rapidly changing environmental and societal trends, HOOPP runs an annual sustainability update and goal-setting workshop with the real estate team. We review our sustainability strategy and leadership initiatives, giving all team members an opportunity to provide feedback and ensuring they understand how they can contribute to the success of the strategy.



Contributing to our communities

At HOOPP, we are committed to supporting the development of prosperous, inclusive, connected and resilient communities. In 2019 we unveiled a beautiful new community art project at our Delta iPort development on Tsawwassen First Nation Land in British Columbia. Created by Tsawwassen First Nation artist Karl Morgan, the installation is engraved on twin house posts and shows the birds and sea creatures that are important to the Tsawwassen people.

This effort is similar to work we proudly featured in the [*HOOPP 2018 Real Estate Sustainability Report*](#), where an incredible 23-storey mural was created for our Parkside Student Residence in Toronto. The mural was completed by world-renowned Spanish street artist Okuda San Miguel in collaboration with local artists.

Unveiling of art project at Delta iPort on Tsawwassen First Nation Land in BC



We know buildings play a key role in our communities, and we appreciate that many of our management partners work with local organizations and charities to create mutually beneficial partnerships. That's why we introduced a new Community Impact Award as part of our LEAP Awards program. The award recognizes positive impacts on the local community through fundraisers, partnerships and other programs.



LEAP Awards

Promoting respect, inclusion and diversity in the industry

At our 2018 LEAP conference, we hosted a panel to discuss respect, inclusion and diversity (RI&D) in the workplace with a focus on the real estate industry. Since then, HOOPP has launched multiple initiatives to improve RI&D in our own organization. This includes updating our Respect in the Workplace Policy, hosting Respect in the Workplace and Unconscious Bias workshops for all employees, forming an Employee Culture Champions Committee to steer our RI&D efforts, and becoming a signatory of the 30% Club – an initiative focused on increasing gender diversity at board and senior management levels.

HOOPP's Real Estate team also wants to reinforce a culture of respect and inclusion among our asset and property management partners. This started with our panel at the LEAP conference, and since then we have surveyed our partners to get a better understanding of their approaches. Our goal is to gather information, promote discussion, share best practices and brainstorm ways we can work together to strengthen RI&D policies and processes. We plan to share the results with our management partners and further explore ways to improve RI&D across the real estate industry.



Respect, inclusion and diversity panel at the 2018 LEAP conference

