

HOOPP Real Estate

2020 Sustainability Report



About HOOPP

Real Estate

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, with over 600 participating employers and more than 400,000 members. As a defined benefit plan, HOOPP provides its members with a secure retirement income for life. HOOPP manages all aspects of the Plan for members – from administering the Plan to investing member and employer contributions into the HOOPP Fund to ensure that pensions can be paid now and into the future.

HOOPP is a global leader in real estate sustainability practices with over 50 million square feet of office, retail, residential and industrial space in over 200 locations across Canada, the United States and Europe. Our real estate portfolio is valued at \$15.5 billion, up from \$14.6 billion in 2019, and represents 15% of the HOOPP Fund's total net assets.

A special thank you to our members

Our members include nurses, medical technicians, administrators, food services staff, housekeeping staff, and many others who help deliver healthcare services in Ontario. These individuals have been on the frontlines of the COVID-19 pandemic. We are incredibly grateful for their heroic efforts in providing compassionate care to all Ontarians. We cannot thank them enough for their courage and sacrifice and remain committed to providing them with the pension they have earned and the peace of mind they deserve.

Sustainability highlights in 2020



HOOPP received the **Real Estate Sustainable Strategy Award** at the **IPE Real Estate Global Awards 2020**. It was the fifth time in the last six years that HOOPP has received this award.



HOOPP received **Special Mention** at the **Reuters Events Responsible Business Awards 2020**. We were recognized for our transformative approach of embedding climate-change risk-exposure assessment into the management of HOOPP's real estate portfolio.



The 9th annual LEAP Awards Ceremony continued our tradition of recognizing outstanding sustainability achievements by property management teams and tenants in HOOPP's real estate portfolio. In 2020, we quickly pivoted to presenting a virtual event. LEAP is HOOPP's own Leadership in Environmental Advancement Program.



A new LEAP award, the **Sustainable Fund Award**, was introduced by HOOPP to recognize and influence sustainability performance in our indirect investments.



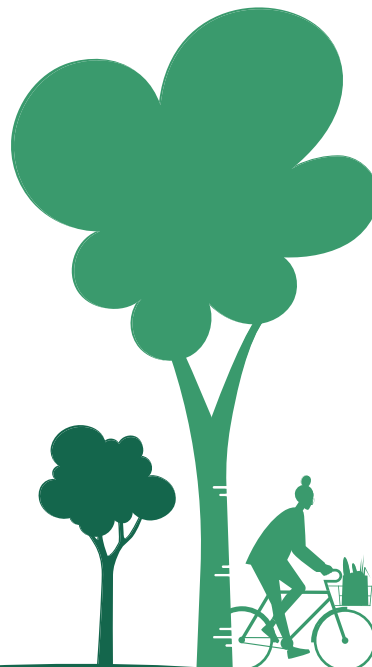
HOOPP made notable progress on flood risk management by issuing follow-ups to evaluate efforts to strengthen flood resilience practices at over 20 high-value properties.

Pillar Scorecard





This year marks the second year of reporting using our updated Pillar Scorecard. The original scorecard was developed to report sustainability performance at the portfolio level. It was based on a market scan of sustainability reporting best practices among real estate investor and management leaders as well as material sustainability factors identified by the HOOPP real estate team.

The data included in the original scorecard was limited to Canadian office, retail and industrial properties. However, since then, HOOPP's portfolio has grown to include more international and residential properties. Sustainability expectations have also evolved, providing an opportunity to adjust select indicators and expand the scope of the scorecard.

As such, the Pillar Scorecard was updated in 2019 with a revised set of indicators and pillars. The result was an expansion of the scorecard to include all direct investments globally, the addition of a pillar to track HOOPP's sustainable investment activities and a focused pillar on climate action.



2020 Pillar Scorecard

Pillar	Indicator	2019 value	2020 value
 Sustainable investing	Sustainability in asset management (% of budgets including sustainability)	41%	45%
 Climate action	Climate resilience (% of properties managing risks)	26%	36%
	Greenhouse gas emissions (‘000s tCO ₂ e*)	253	235
	Greenhouse gas emission intensity (kgCO ₂ e/square foot**)	4.7	3.7
	Renewable energy (% of property-controlled electricity)	3%	3%
 Great buildings	Building ratings (% gross floor area)	58%	51%
	Energy performance (% change in like-for-like consumption)	-3.0%	-11.7%
	Sustainable procurement policy (% of properties)	60%	58%
 Stakeholder prosperity	Tenant engagement (% of properties)	80%	82%
	Community engagement (% of properties)	49%	52%

*tCO₂e: Tonnes of carbon dioxide equivalent. The greenhouse gas value includes emissions from operated and tenant spaces in buildings that are at least 25% owned by HOOPP. All buildings owned during 2020 are included. Where data is not available, emissions are estimated based on industry averages.

**Greenhouse gas emission intensity is reported for buildings where HOOPP has whole building data

How real estate supports HOOPP's Sustainable Investing Framework

For HOOPP, sustainable investing helps us deliver on our pension promise in a way that is aligned with our values while also promoting strong relationships with our stakeholders.

To support these two objectives, we updated our approach to sustainable investing in 2020. From a foundation of existing practices, we sought input from our ESG Advisory group. The result is a framework of three overarching principles. These three principles represent the main categories of sustainable investing and are underpinned by a set of sustainable investing beliefs.

Going forward, this framework will inform sustainable investing across all HOOPP's asset classes, including real estate. Our real estate team has been at the forefront of sustainability in our industry for many years and our current program is strongly aligned with these principles.



We integrate ESG factors in our investment strategy and activities.

Why is this principle important to HOOPP Real Estate?

ESG (environmental, social, and governance) factors materially affect the operational costs, leasing potential and long-term value of real estate assets. We review ESG factors throughout the investment process to ensure we are identifying and evaluating ESG risks and value-add opportunities. Information gathered during the pre-investment stage helps inform our investment decisions. We also use it to improve sustainability performance of our properties during the period that we own the investment.

What practices does HOOPP have in place?

- We use investment tools and checklists for acquisitions, new developments and indirect fund investments to incorporate sustainability in the investment and due diligence process.
- Our entire real estate team participates in annual in-depth sustainability training.
- We track sustainable investment practices.

FEATURED ITEM

Annual sustainability training

Each year, we coordinate a dedicated sustainability workshop for our entire real estate team. The objective of the workshop is to educate team members on the latest sustainability trends and to provide a forum to share ideas. The workshop helps improve sustainability competencies across the real estate team and sets the priorities for the sustainability program. This ensures our real estate team is aligned on sustainability goals and objectives for the coming year.

FUTURE FOCUS AREA

Streamline our process

Going forward, we will be integrating our investment tools into our new deal flow system. This will ensure that sustainability is automatically integrated into our investment process and software. It will also simplify and standardize the collection of sustainability information during the pre-investment stage.

We are responsible stewards of our investments.

Why is this principle important to HOOPP Real Estate?

The overarching investment goal of HOOPP Real Estate is to earn stable returns for members. As a long-term investor with a large portfolio of direct investments, we can positively influence the sustainability performance of our properties. We seek to improve sustainability performance across all our assets by communicating sustainability expectations to our external managers, issuing guidance, rewarding strong performance and providing capital.

What practices does HOOPP have in place?

- We issue quarterly sustainability newsletters and hold Sustainability Committee meetings with external managers.
- We track and disclose annual performance through our Pillar Scorecard and annual HOOPP Real Estate Sustainability Report.
- We participate in third-party disclosures, such as PRI (Principles for Responsible Investment) and GRESB (Global Real Estate Sustainability Benchmark), to benchmark our performance.
- The LEAP Awards program recognizes external managers for exceptional sustainability performance.
- The LEAP Forward pitch competition for external managers brings forward novel technologies to pilot in our portfolio.

FEATURED ITEM

LEAP Awards: 10th anniversary

In 2021, we are celebrating a decade of the LEAP Awards. Over the past 10 years, we have handed out over 100 awards to properties across six provinces and to multiple management partners. Performance-based awards recognize tangible, measurable improvements while application-based awards celebrate more qualitative impacts. We continually update the awards roster to keep the LEAP awards relevant and to ensure there are opportunities to honour diverse projects. For example, in 2021 we added a new

Sustainable Fund Award to recognize extraordinary practices among our indirect fund investments.



FUTURE FOCUS AREA

Expand external manager engagement

Historically, the focus of our sustainability program has been Canadian assets. As we have grown our portfolio, we have increased our share of international investments. In 2021, we will be onboarding several of our new international managers into our sustainability program. This will ensure our international managers understand HOOPP's sustainability expectations and can fully participate in our LEAP Conference, LEAP Awards and LEAP Forward program.

Boost accountability

We see sustainability as a key component of strong asset management, and we rely on our external managers to implement our sustainability program. In addition to providing external managers with tools and support, we also plan to enhance our performance monitoring and to collaborate with our managers to identify improvement opportunities.



We foster the sustainability of our communities, ecosystems and markets.

Why is this principle important to HOOPP Real Estate?

As one of Canada's largest pension plans and a major real estate owner and developer, HOOPP has a responsibility to not only improve sustainability performance in our portfolio but also to drive positive change in the industry. One of the ways HOOPP contributes to industry-wide improvement is by continuing to encourage our external managers and developers to enhance and improve their practices and to apply them not only to HOOPP properties but to other portfolios they manage.

We know that buildings play a major role in the health and vibrancy of communities. For this reason, we see measuring and promoting community engagement within our portfolio as important actions.

What practices does HOOPP have in place?

- We measure and include external managers' community engagement performance on our Pillar Scorecard.
- Our Community Impact Award rewards external managers for exceptional performance.
- We host an annual LEAP Conference that brings together thought leaders and external managers to discuss sustainability in Canadian commercial real estate.

FEATURED ITEM

Fitwel Viral Response score

We are very pleased to share that one of our management partners in the U.S., The Meridian Group, achieved the country's highest score to date on its Fitwel Viral Response module certification. The Fitwel Viral Response module is a building certification specifically designed to help real estate companies effectively address the unique challenges associated with COVID-19 and other infectious respiratory diseases. This achievement includes our Anthem Row investment in Washington, D.C., and represents best-in-class efforts by our partners to promote the health and well-being of building occupants and the surrounding community.



FUTURE FOCUS AREA

Engage our investment partners

We are in the process of setting an ambitious greenhouse gas (GHG) emission reduction target for our direct investment portfolio. As responsible investors, we are engaging our co-investors to explain our GHG target and secure buy-in and support for the initiative. Many of our direct investments are co-owned with other major investors that also have sustainable investment mandates. As owners, we must set the direction for our managers and provide the capital required to achieve significant GHG reductions.



Climate change action

While the Sustainable Investing Framework represents HOOPP's overall approach to embedding sustainability into decision-making, managing the effects of climate change continues to be a focus. As an organization, we must anticipate and prepare for the risks and opportunities that climate change will present. We will continue to deepen our focus on climate change as investors, governments, companies and society work to address the climate crisis.

Why is climate change action important to HOOPP Real Estate?

HOOPP Real Estate's approach is twofold: we are acting to both mitigate climate change risks and adapt to the impacts of climate change. We believe both actions are necessary to protect the value of our assets and to continue to fulfill our fiduciary duty to our members.

What practices does HOOPP have in place?

In our *HOOPP Real Estate 2019 Sustainability Report*, we shared our approach to identifying climate-related risks and opportunities, which includes the following:

- assessing the climate risk and resilience of our properties to determine preparedness for extreme weather risks
- issuing specific flood-resilience guidance to high-risk and high-value properties
- adding climate resilience to our Pillar Scorecard to track the status of our properties' management of climate risks
- including a LEAP Award category that is specific to climate action
- carrying out GHG modelling to determine long-term emission-reduction possibilities

1 Prologis Boulevard
Mississauga, Canada

**2020 WINNER OF HOOPP'S
CLIMATE LEADER AWARD**

What lies ahead?

Confirm the target

Our focus for 2021 is setting an ambitious, long-term GHG reduction target for 2030 that aligns with national and international commitments.

Develop a plan for new investments

Our current target-setting exercise is focused on our direct investments. As our portfolio grows, so too will our absolute GHG emissions. That is why our next steps include establishing a GHG reduction strategy for new developments and acquisitions.

Increase renewable energy generation among our assets

We expect renewable energy to play a significant role in our GHG reduction strategy. As renewable energy costs decrease, we want to take advantage of the financial and environmental benefits of small- and large-scale renewable energy projects.



