



Fiera Real Estate

2020 ESG Report

Letter from the President & Performance Highlights



Richard Dansereau,
President and Head of Global Real Estate

Our message

The events of the past year have led to unprecedented times that continue to change rapidly month to month. While it is unclear how long the COVID-19 pandemic will last, we are committed to delivering healthy working environments for our tenants and employees, supporting a safe return to work and continuing to advance our environmental, social and governance (ESG) efforts whilst always being mindful of our fiduciary responsibilities towards our investors.

Collectively, our ability to address shifting priorities, ESG issues and global challenges is more important than ever before. Climate change and sustainability continue to be at the forefront of countries and governments decision making and in response they are setting ambitious targets. It is therefore important for us to take action to contribute to achieving these global targets, stay ahead of regulations and create long-lasting returns for our investors. It is also critical to embrace our differences and adopt diversity and inclusion across our business. This will foster an environment that supports our people and business to be successful. Fiera Real Estate has changed significantly in 2019, increasing our portfolio and entering into the UK market. In 2020, we focused on maintaining our well-established ESG programs while advancing integration across our new assets and business units.

Looking back, we are excited to share some of our success:

- **Expanded ESG programs globally** across Canadian and UK funds
- Participated in GRESB for seven funds, achieving **4 "Green Star" rankings**
- Increased **green building certification** rate across our Canadian portfolio to 98%
- Developed tools to **inventory and assess property risks** including physical impacts related to climate change
- Piloted and implemented four **ESG technologies** through our Sustainability Technology Working Group

We are extremely proud of our accomplishments and are committed to advancing towards ESG leadership. As we look ahead, ESG is critical to our success and to ensuring that we create a future proof portfolio and contribute to a positive impact on the environment, our people, and communities. We invite you to explore more in our 2020 ESG Report below and look forward to sharing our achievements again in 2021.

2020 ESG highlights: Key metrics and successes



Environment

- Reduced electricity 1%, **saving 726 MWh of energy**, equivalent to the electricity used by approximately 62 Canadian homes¹
- Increased green certified space to 17.0 million square feet, increasing our Canadian portfolio **certification rate to 98% in Canada and 88% globally**
- Diverted 559 metric tonnes of waste from landfill, achieving an average Canadian portfolio **waste diversion rate of 46%**¹
- Installed bird boxes and bug hotels across the Fiera Real Estate Long Income Fund UK portfolio to promote and enhance biodiversity
- Managed Minimum Energy Efficiency Standards (MEES) risks across the Fiera Real Estate Long Income Fund UK portfolio to ensure no low energy efficient ratings (Energy Performance Certificate (EPC) rated F & G)



Social

- Established Fiera Real Estate's **Diversity and Inclusion Committee**
- Trained employees on ESG in our annual **Employee Townhall and UK Training**



Governance

- Participated in GRESB for the **fourth straight year**, increasing scores in all repeat submissions
 - 1 Achieved four "Green Star" ranking submissions
 - 2 The Fiera Real Estate Core Fund earned a "Green Star" ranking for the **third straight year**
 - 3 Fiera Real Estate Long Income Fund UK **increased score by 118%**
- Received **Industrial Development of the Year** at the 2020 NAIOP REX awards
- Achieved **"A" rating** from the United Nations-supported Principles for Responsible Investment (PRI), **outperforming the global average**
- Developed and rolled-out our **Sustainable Development Policy and Checklist**
- Introduced a **Sustainability in Asset Management Policy** in the UK

¹ The data refers to the 2019 reporting year from the Fiera Real Estate Canadian Funds

Our ESG Approach

Our approach

We seek to integrate ESG across the real estate investment lifecycle, which includes investments, developments, asset management and operations.

Our ESG strategy framework includes four focus areas – governance, engagement, asset management and portfolio performance. These are grouped under two pillars: Organization Sustainability and Portfolio Sustainability.

Our Executive Sustainability Committee

Fiera Real Estate's President and Head of Global Real Estate chairs our Executive Sustainability Committee. The Committee includes representatives from across the organization and oversees our ESG program. The Committee meets quarterly and is responsible for setting and monitoring progress towards our sustainability vision and strategy.

Related: Fiera Real Estate Sustainability Policy 

ESG Strategy Framework: Organization and Portfolio Sustainability	
Organization Sustainability	Governance
	Engagement
Portfolio Sustainability	Asset Management
	Performance

Manage sustainability within the organization

- Oversight, objectives and performance evaluation
- Policies and procedures for investment, development and asset management

Interact with key stakeholders

- Investors, employees, partners, tenants and property managers

Embed sustainability in asset management

- Contracts and agreements
- Asset planning, budgeting and reporting
- Asset and property manager performance management

Improve portfolio sustainability performance

- Environmental metrics: energy, water, waste, GHG emissions and certifications
- Social metrics: tenant engagement and satisfaction surveys, health, wellbeing and community programs

Global standards – PRI and GRESB

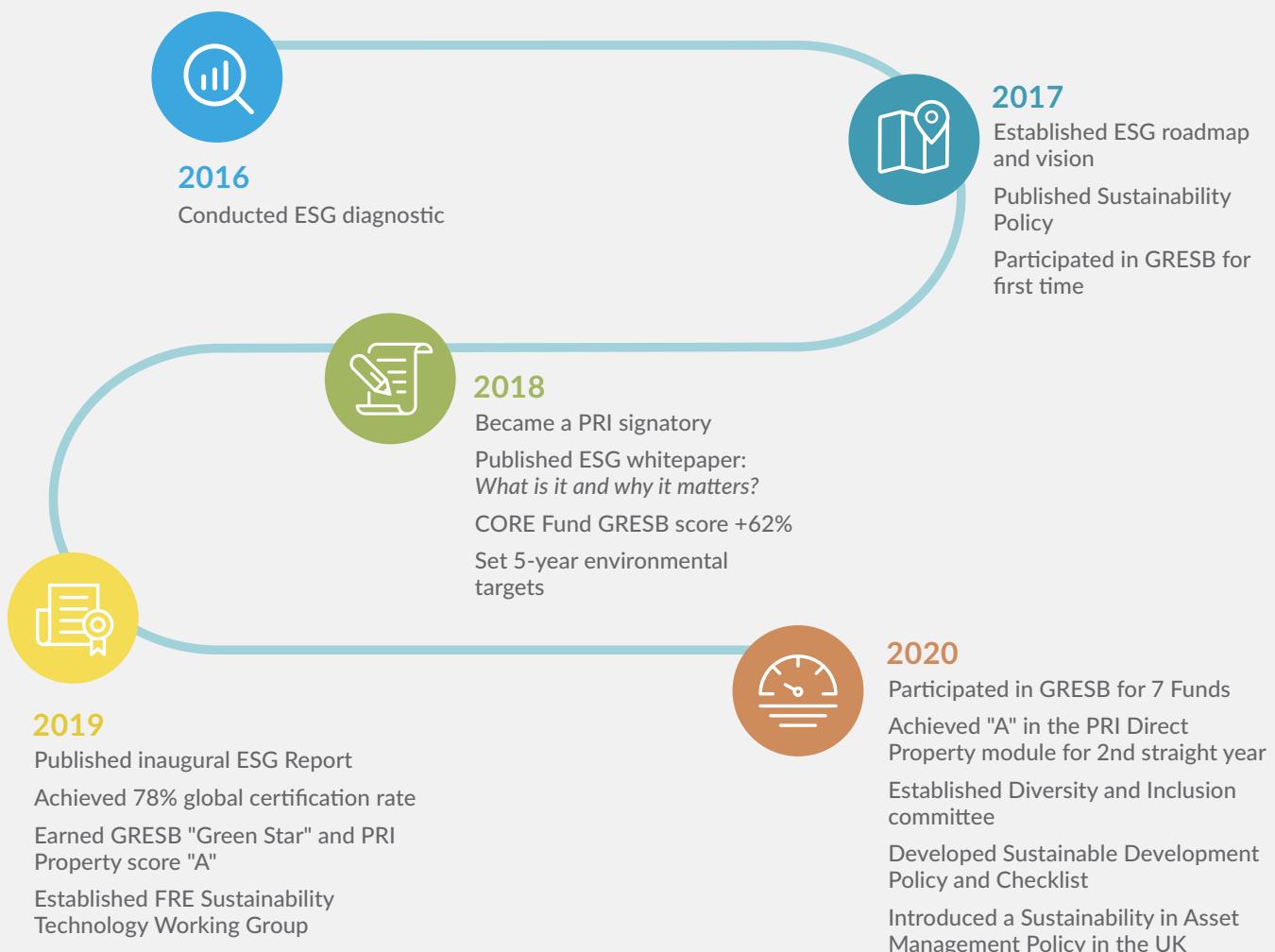
To signal our commitment to ESG integration, we are a signatory to the Principles for Responsible Investment (PRI). We report annually on our ESG integration approach and in 2020, we achieved a PRI Direct Property Investing score of "A," outperforming the global PRI signatory median score.

To benchmark our ESG integration and management practices and to report transparently to investors, we participate in the annual Global Real Estate Sustainability Benchmark (GRESB) Real Estate Assessment. We use GRESB

to address investor demands, ensure we are following best practices, and promote responsible practices throughout our industry. In 2020, we participated in GRESB for seven funds including three Canadian and four UK funds. We achieved four GRESB "Green Star" rankings, the Fiera Real Estate Core Fund increased score for the fourth straight year and the Long Income Fund increased its score by 118% compared to 2019. The Fiera Industrial Fund, Fiera Real Estate Investment Fund II and Fiera Real Estate Opportunity Fund V UK submitted to GRESB for the first time in 2020.

Our ESG journey

ESG integration is a journey and involves participation from all our team and stakeholders. We have made great progress over the last 5 years and look to continue improvements into the future.



Environmental Performance

Managing our environmental footprint

Globally, buildings account for 36% of final energy use and emit 29% of energy-related carbon dioxide (CO₂) emissions². By managing ESG, we minimize the impact of our assets and maximize their benefits through operational efficiency and resource management.

Our management approach starts with understanding impact. We work closely with our third-party property managers and tenants to collect building data and monitor performance annually for the Fiera Real Estate Core Fund, Fiera Real Estate Industrial Fund and Fiera Real Estate Long Income Fund UK. Performance data supports our team to identify efficiency and cost savings opportunities and informs budget decisions. For our Fiera Real Estate Core Fund, we set five-year targets for energy, water, and waste to encourage our asset management team and property managers to track and be accountable for performance. In 2021, we will assess our target performance and continue to measure progress annually.

“ We have introduced our tenants to the concept of automatic data harvesting to improve our collection of tenant utility data. This will allow us to better understand the sustainability performance of our assets under management, and set meaningful performance targets for the buildings we manage. ”

Rupert Sheldon, Head of Core REIM,
Fiera Real Estate UK

² UN Environment and International Energy Agency, 2017



FIERA REAL ESTATE LONG INCOME FUND UK: AUTOMATIC DATA HARVESTING INITIATIVE

Collecting sustainability data from tenants, particularly on assets where the landlord has limited to no control, remains a challenge for landlords. In an effort to close this data gap and to support our tenants' sustainability agendas, our UK team introduced a tenant engagement initiative across the Fiera Real Estate Long Income Fund UK portfolio.

The team established a tenant focus group, with tenant representatives across the portfolio to discuss ESG collaboration and how data can support them to identify efficiency and cost-saving opportunities. The focus group was a success, with many tenants signing up to participate in a smart technology pilot project. This pilot project involves using automatic data harvesting to gather energy and water data directly from tenant's utility suppliers, thereby improving accuracy and consistency. This will allow us to build a baseline, from which we can set meaningful targets and measure improvement.

We plan to share data and key takeaways with our tenants to support their ESG objectives and performance improvement. We intend to expand the project to additional properties following the success of the UK pilot.

Understanding our climate risk and resilience

Climate change is impacting us now, so it is important to better understand how physical risks resulting from a changing climate may impact our portfolio and identify opportunities to improve our portfolio's resilience. Doing so will allow us to continue delivering long-term value for our clients and investors.

To this end, in 2020, we collaborated with property risk specialists to develop a tool and process to measure and evaluate the physical risks facing our properties, including but not limited to climate change. Our objective is to establish a process that evaluates both the intrinsic risks facing our properties, such as flooding, and the practices and features in place to mitigate these risks. This will allow us to identify opportunities to strengthen the resilience of our portfolio.

In 2021, we will look to deploy the process across our portfolio and create an action plan to address opportunities. Additionally, we will explore opportunities to align our climate risk management and reporting with best practices.

“ Our Sustainability Technology Working Group evaluates and triages appropriate innovative ESG solutions and technology. The team reviews potential projects and identify opportunities across our portfolio where we can scale appropriate ESG technology and best practices. The outcomes drive further sustainability, betterment of communities and performance on behalf of our investors. **”**

Peter McFarlane, Senior Vice President,
Investment Management Operations,
Fiera Real Estate



SUSTAINABILITY TECHNOLOGY WORKING GROUP

Fiera Real Estate continues to look for ways to integrate ESG across our organization, including in new portfolio additions and developments. Established in 2019, Fiera Real Estate's Sustainability Technology Working Group works to evaluate and implement sustainability technologies and services that deliver concrete sustainability results. This cross-functional group includes employees from across the company and meets bi-monthly to discuss potential technology candidates and share results and learnings from pilot projects.

Technologies evaluated range from property-level projects to portfolio-wide initiatives. In 2020, the Working Group evaluated 14 technologies, surpassing its annual goal of 8. Additionally, it successfully piloted four technologies and are exploring opportunities to scale these across our portfolio.

One pilot project rolled-out to our Fiera Real Estate Core Fund example is a smart recycling and waste management system at the Airport Executive Park in British Columbia and our Ontario retail properties. Sensors installed in waste receptacles provide real-time data on the amount and type of waste and signal for a hauler pickup when at a certain capacity. This limits waste hauling to only occur when the receptacles are full, reducing the number of pick-ups, carbon emissions and waste hauling fees. Our Airport Executive Park reduced its 2019 waste bill by 20% with this technology.

CASE STUDY



FIERA REAL ESTATE OPPORTUNITY FUND IV UK: BUILDING RESEARCH ESTABLISHMENT ENVIRONMENTAL ASSESSMENT METHOD (BREEAM) OUTSTANDING OFFICE DEVELOPMENT

Halo is set to be one of the greenest office buildings in the UK, targeting a BREEAM Outstanding accreditation to meet the toughest new 2018 sustainability assessment criteria. The 116,000 sq ft office building, which is part of the award-winning Finzels Reach mixed-use development in Bristol, has been designed from the ground up to offer outstanding sustainability credentials and resilience against our changing climate. This low impact, energy efficient building is also highly cost-effective to operate and maintain. The building is set to achieve 35% better energy consumption³, 47% less carbon emissions⁴ and 69% less water consumption than benchmarks. Other innovative aspects include connecting with Bristol's district heating network for low carbon heating and the regeneration of energy from descending lifts.

In addition to its stand-out environmental credentials, the future-focused building will also feature leading edge

ESG in developments

We systematically consider ESG across our development investment process from acquisition, design, construction, operations to stakeholder engagement. Throughout 2019 and 2020, we developed a Sustainable Development Policy and Checklist to outline ESG considerations in the design and construction process to support our development team and partners create healthy, high-performing and low emitting buildings.

Like our standing portfolio, ESG data collection and tracking is a priority. Looking forward, we plan to work with our development partners to identify sustainable development key performance metrics, set targets and build a comprehensive ESG database to support our teams to measure and track our development's environmental footprint and support the transition to a low-carbon economy.

digital connectivity and it set to achieve the highest 'Wired' score of Platinum. It is also being designed to prioritise occupant wellbeing and aims to achieve one of the first WELL Building certifications in the UK.

Coupled with BREEAM Health and Wellbeing requirements around lighting, cooling and people's day-to-day engagement with the building, Halo will stand out as a leading example of how to design a positive working environment where operational efficiency and occupier wellbeing are paramount. Key features will include a ventilation system supplying 20% more fresh air to occupants than required by building regulations, outdoor space on the rooftop, high-quality public amenity areas, a vibrant mix of food, drink, retail, and leisure offers and is set to achieve a best-in-class Platinum Cycling Score rating.

³ Compared to notional figure calculated from the methodology followed in; HM government (2013). Approved Document L2A, Conservation of fuel and power in new buildings other than dwellings

⁴ Improvement over figures stated in; BSRIA (2011). Rules of Thumb, Guideline to Building Services. 5th ed. 54% improvement over calculated baseline in BREEAM (2018).

People and Communities

Our people

Our people are our greatest asset and essential to our success. We are committed to supporting our employees to learn and grow with us. To support our employees, we focus on performance management, professional development, wellness, diversity, equality and inclusion. Since 2017, we have held an annual ESG townhall to provide employees an overview of real estate ESG trends, our ESG program and initiatives and how it is part of everyone's role. We encourage all employees to embed ESG into their annual objectives, to support portfolio and company ESG advancement and initiatives in our local community. In 2020, we held UK team-specific training to detail Fiera's global ESG approach and outline UK-specific trends and program priorities.

Tenant engagement and COVID-19 management

Our tenants want healthy and efficient buildings more than ever and we make it a priority to incorporate healthy building design into our assets. We want to provide space and programs that encourage tenants to reduce their environmental impact, support health and wellness and improve the performance of our buildings. Together with our property managers, we educate tenants and provide tools to help them make sustainable choices.

Our buildings, and the people that occupy them were significantly impacted by the COVID-19 pandemic. Our property teams took swift action to incorporate measures to protect tenants and prepare our space for safe re-entry. For example, the property team at Aerocentre, a 6 building Fitwel certified office complex in Mississauga, Ontario Canada held virtual information-sharing sessions with our tenants to educate them on our progress to address COVID-19 and implemented practices to increase indoor air quality, social distancing and personal protective equipment.



DIVERSITY AND INCLUSION

We strive to create an environment where our employees can be their very best and authentically true to themselves, and where they are respected and honoured for their skill and contributions and free to express their opinions. We commit to taking tangible action to make an inclusive environment and ensure opportunities are available to all, regardless of skin colour, race, ethnic origin, age, gender, religion, beliefs or sexual orientation. We commit to demand more of ourselves in supporting progressive change. We commit to listen, learn, and embody the change that we want to see in the world.

To this end, our Diversity & Inclusion Committee was formed to ensure we remain accountable to our commitments. Our goal is to take direct action to further our evolution to a just, socially unbiased and equitable workplace. To learn more, please refer to our *Diversity Inclusion Statement*.

Related: Diversity Inclusion Statement 



Community engagement

We are members of the communities where we operate and recognize our potential to create value for local organizations and groups. We contribute through charitable organizations, fundraising campaigns, direct donations, volunteerism and employee donation matching. We encourage our employees to do the same. Each employee can take up to a full paid day to volunteer at a local organization or event that inspires them. In 2019 and 2020, our employees participated in charitable events, such as the Movember and LandAid's London SleepOut.

Across our portfolio, we collaborate with our property managers to be active community members. Our buildings hold events that connect our property teams and tenants including supporting biodiversity. In 2020, we installed urban beehives on the rooftops of three Ottawa properties, Westboro Connection, 1960 Scott Street and Hintonburg Connection. We held free workshops to educate and raise awareness about the crucial role bees play in our world.





FIERA REAL ESTATE OPPORTUNITY FUND IV UK AND RESIDENTIAL LAND PARTNERSHIP (RLP)

In May 2020, Fiera Real Estate UK, alongside its development partner Angle Property, made its Headley Court property available to the National Health Service (NHS) during the COVID-19 pandemic. The property, located in Surrey, England, was recommissioned by the NHS as a fully equipped temporary hospital for up to 300 beds.

The Headley Court medical facility was made available to the NHS on a no-cost, rent-free basis, to help meet the local needs for health care facilities. The creation of the temporary hospital highlights Fiera Real Estate's desire to support local communities across the UK, and its core principle of delivering back to society by positively impacting the community and being part of something bigger than itself.

The property, which was a former military rehabilitation centre, was acquired in May 2019 after the Ministry of Defence relocated, and is currently being redeveloped for a mixture of housing and care facilities to create both new jobs and to meet the residential needs of the local community.

SUPPORTING LANDAID

LandAid is a UK charity fighting against youth homelessness. Each year, LandAid works to give around £2m in grants to charities across the country which help to renovate or create safe, secure and affordable housing for young homeless people. Fiera Real Estate has been a proud supporter since 2006 and became a foundation partner in 2014.

Across our UK division, employees are highly involved with the charity from fundraising committees, lead ambassadors, running campaigns and regional chairs helping to run and think of new money-making and life changing initiatives.

Over the past three years alone, our UK team has donated over £70,000 to LandAid through the various events that it has run and hosted. Despite the COVID-19 pandemic, the UK team's charity initiatives continued and raised over £40,000 through virtual fundraisers and sponsorship of the LandAid Sleepout where over 300 property professionals slept outside to raise money for the charity.

LandAid
THE PROPERTY INDUSTRY CHARITY



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