

# ESG Assessment Procedures

Oxford Properties Group

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These Environmental-Social-Governance (ESG) Assessment Procedures have been developed and implemented by Oxford Properties Group (Oxford) in support of the OMERS Sustainable Investing Policy and each of the ESG and Climate Change Guidelines (the "Guidelines").

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## 1. Introduction

These procedures describe our approach to ESG across our investment, development and management activities. They have been developed and implemented by Oxford in support of the OMERS Sustainable Investing Policy and the Guidelines.

The President, Oxford and Global Head of Real Estate is accountable to implement these Procedures and has delegated authority to implement the Procedures for investment activities to the Investment Team Leads, and for development and management activities to the Regional Heads.

## 2. Guiding Principles

The following Guiding Principles drive our decisions and actions around ESG<sup>1</sup> at Oxford.

- a) **LEADERSHIP** - We strive to be recognized by our customers, employees, co-investors and the market-at-large as industry leaders in sustainability.
- b) **PERFORMANCE** - We continuously measure and benchmark our sustainability performance and drive improvements consistent with our fiduciary responsibility.
- c) **INNOVATION** - We foster innovation in technology and building management practices aimed at higher levels of sustainability.
- d) **CREDIBILITY** - We follow recognized high standards, work with industry-leading service providers, and engage in credible initiatives in our pursuit of sustainability.

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<sup>1</sup> Sustainability is referenced throughout the principles in place of the term ESG.

- e) **RISKS AND OPPORTUNITIES** - We actively monitor and take action around the market, regulatory and economic issues related to and arising from sustainability.
- f) **TRANSPARENCY AND ENGAGEMENT** - We conduct ourselves in a transparent manner and engage our customers, employees, shareholder, co-owners, service providers and suppliers as active partners in pursuit of higher levels of sustainability.

### 3. Investments

For each new acquisition and development pursuit, Oxford will undertake an ESG Assessment prior to transaction approval. The ESG Assessment process is summarized in the flowchart attached as Appendix A. Further particulars are described below:

- a) **Investment/Development Team Allocation** – Oxford will designate an individual Investment or Development Team member or other Oxford investment or development professional to coordinate the ESG Assessment for each new acquisition and development, each working with legal and risk management;
- b) **Due Diligence Questionnaire** – the Investment Team or Development Team will ask and consider the relevant questions in the ESG Due Diligence Questionnaire as part of its transactional due diligence;
- c) **Level 1 Analysis** – an initial analysis will be undertaken by Oxford to determine whether any ESG Factors may provide meaningful insight into the present or future valuation, risk or prospects of the target investment or development, or may present reputational risk to OMERS;
- d) **Level 1 ESG Assessment Report** – where the Level 1 Analysis indicates that ESG factors are unlikely to have a meaningful impact on the investment or development, a Level 1 ESG Assessment Report will be prepared in the form attached at Appendix C, citing this finding and the reasons therefor, and, where the relevant approval authority rests with the OMERS CIO or above, with the Vice President, Sustainable Investing and OMERS Compliance (along with the Transaction Compliance Checklist), and otherwise filed with the other due diligence reports for the investment or development;
- e) **Level 2 Analysis** – where the Level 1 Analysis indicates that ESG Factors are likely to provide meaningful insight into the present or future valuation, risk or prospects of the target investment or may present reputational risk to OMERS, a Level 2 Analysis will be undertaken;
- f) **Conducting a Level 2 Analysis** – the Investment Team or Development Team will engage the OMERS Vice President, Sustainable Investing and/or an internal Oxford ESG specialist and/or, if deemed appropriate, an external consultant to assist on specific elements of the Level 2 Analysis which are outside the expertise of Oxford Team members;
- g) **Level 2 ESG Report** – a Level 2 ESG Report is prepared by the Investment Team or Development Team in the form attached as Appendix C or equivalent;
- h) **Disclosure in Approval Materials** – Level 2 ESG issues will be disclosed in the investment approval materials and marked for discussion where they rise to the level of key risks to the investment; and
- i) **Distribution of Level 2 ESG Report** – following completion of the investment, the Level 2 ESG Report will be distributed to the Vice President, Sustainable Investing, and filed with the Transaction Compliance Checklist or with the other due diligence reports for the investment or development transaction where no Transaction Compliance Checklist is required.

Follow-on investments are not required to follow this process; however, any material issues relating to ESG Factors that have arisen since the date of the last investment should be disclosed to the approving body. Dispositions are not required to follow this process.

## 4. Asset Management

### Governance

The Global Sustainability Steering Committee is responsible for overseeing ESG strategy and performance, and providing input, as required, to the Global Operations Committee, Development Committee and Investment Committee.

The Global Sustainability Steering Committee consists of senior executives from across all regions and key business units, and is led by the Director, Sustainability.

### Priorities

ESG priorities are established by evaluating the risks and opportunities for different ESG issues present to our business.

### Benchmarking & Targets

ESG standards, technologies, management practices and performance metrics are benchmarked regularly against the market and our internal targets.

Short, medium and long-term ESG targets are established, consistent with Oxford's ESG priorities. Targets focus on driving desired performance, management practices, or innovative pilot projects.

### Implementation

Attracting and retaining the best people is fundamental to achieving a leadership approach to ESG.

Developing and maintaining strong relationships with leading ESG professionals is also fundamental to our approach.

Development and Management teams execute on Oxford's ESG priorities in accordance with the below.

Action	Development	Management
Applying leading ESG design standards	X	
Applying leading operations standards		X
Setting and executing against Oxford ESG targets	X	X
Incorporating leading sustainable technologies and management practices	X	X
Investing in ESG training and development	X	X

### Performance Monitoring

Performance against standards and asset level targets is regularly reviewed by Management teams and Oxford's Corporate Risk and Sustainability team for existing assets.

Projected performance against standards and asset level targets is regularly reviewed by Oxford throughout the design and construction process for new developments.

Performance against Oxford's full list of ESG targets and its global sustainability scorecard is periodically reviewed by the Global Sustainability Steering Committee.

## 5. Reporting

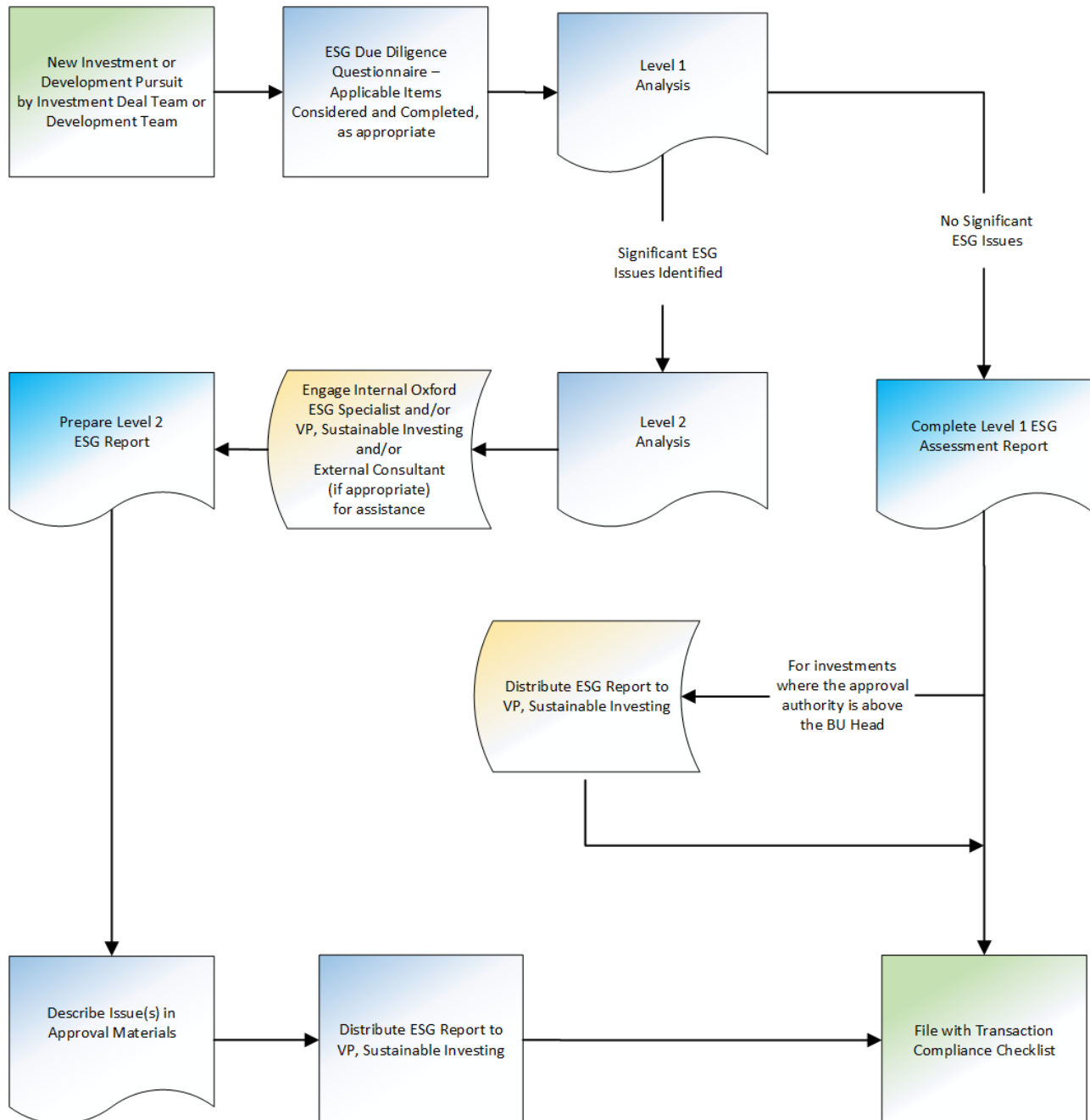
Oxford will support and collaborate with OMERS in its reporting on sustainable investing and ESG practices by providing materials for annual or other reporting processes, including highlighting leadership ESG initiatives, as appropriate.

Oxford will also report on its ESG priorities, targets and performance through its annual, public sustainability report.

## 6. Approval and Amendments

These ESG Assessment Procedures must be approved by the Sustainable Investing Committee (SIC). Non-substantive amendments may be made by the President, Oxford and Global Head of Real Estate. Otherwise, any amendments must be made by the SIC.

## Appendix A ESG Assessment Process Flowchart Investments



## Appendix B

### ESG Due Diligence Questionnaire

#### Investments

**INSTRUCTION** - Investment team and development team to consider and complete applicable sections, as appropriate having regard to the nature of the investment (e.g. asset vs operating business).

#### General ESG Considerations – Investments

- 1.1  **External Reports/Sources Considered:** MSCI ESG Report  ISS  Glass Lewis  Hermes  CDP  Bloomberg  SASB  IFC  Consulting or Advisor Report (s/a ERM)  EBSCOHost  RepRisk  Other(s):
- 1.2  **Company Sources:** DDQ  Management Presentation  Company Website  Annual Report  Proxy Materials  Company ESG Report  Discussion with Company  Company Policies and Procedures  Other(s)
- 1.3 **ESG Concerns:** Are there ESG matters that affect the Target's own operations or its value chain in a material way? How are such material issues being managed?  
Impact on: Returns  Reputational  Other Risk  \_\_\_\_\_
- 1.4 **Policies and Controls:** Does the Target have effective policies and controls in place to manage ESG issues? Does the Target incorporate ESG factors into making business decisions? Have there been any material ESG issues in the last five (5) years?
- 1.5 **Reporting:** Does the Target (and its portfolio companies, as applicable) report on ESG issues?
- 1.6 **Industry Practice:** Are there any material gaps between the Target's practices/performance and good industry practice? If so, what is management's plan for addressing them post-closing? What is management's commitment, capacity and strategy for ESG moving forward?
- 1.7 **Recognized Standards:** Does the Target adhere to, or is it a party to, any internationally recognized ESG standards, industry guidelines, reporting frameworks or initiatives that promote responsible investment practices?
- 1.8 **Investment Decisions:** Are ESG factors designated as compulsory items to be discussed in internal investment proposals and how are they reported, considered and documented?

#### Environmental Considerations

- 2.1 **Climate Change:**
- a. Is the Target's business subject to increased risks as a result of climate change?
  - b. Does the Target have an effective climate strategy? Has clear responsibility for implementing and monitoring the Target's climate strategy been established?
  - c. Does the Target board have effective oversight of the climate strategy? Are there clear processes by which the board is informed on a timely basis about climate change-related issues?
  - d. Does the Target have a climate business plan to sustain itself in a 1.5°C or 2°C world, in line with the Paris Agreement? Does the company perform scenario analyses as recommended by the TCFD?
  - e. Is the company obliged (legally or voluntarily) to participate in any emission trading, GHG or energy reduction schemes and what are the future compliance costs (e.g. allowance purchase)?
  - f. Has the Target identified strategic climate opportunities for the business?
  - g. Is the Target effectively reporting its efforts to manage climate change to investors? Is this reporting in line with the TCFD framework? Does the company disclose Scope 1 and Scope 2 carbon emissions?
- 2.2 **Pollution:** Do any of the Target's sites undertake activities that are potentially contaminating or have they in the past? Are there any known or contingent liabilities, potential allegations or violations in respect of pollution or contamination of water, air, land, or other pollution (including noise, odor or other nuisance), for

current and/or former sites? (Physical Condition and Environmental Consultant Reports.) Are there ongoing environmental investigations or any environmental fines levied?

- 2.3 Natural Resources Impact:** Is there any significant impact from Target's operations to natural resources (e.g. land, water, ecosystem services) and/or significant dependencies on such sources? Are there concerns with respect to sustainable supply of such natural materials/services or measures required to reduce impact to ecosystems from Target operations?
- 2.4 Waste and Hazardous Materials:** Are there any potential allegations or violations in respect of waste management or any potential risk of significant cost increases or liabilities from waste management, requirement to reduce waste generated or constraints to disposal of waste? Are there any opportunities to improve waste management and reduce associated costs? Do operations involve the handling or storage of hazardous materials and if yes, does the Target comply with regulatory requirements for management, storage and transportation of such hazardous materials?
- 2.5 Resource Efficiency:** Is there a process in place to identify opportunities for resource efficiency (e.g. energy and raw materials) in the process (and associated cost savings)? How has the Target complied with customer requirements (if any) with respect to Resource Efficiency in its operations?
- 2.6 Extreme Weather Events:** Is the Target or its supply chain prone to severe weather events? What are the historical and likely future impacts from extreme weather events (e.g. flooding, drought/water scarcity) on operations or key elements of the company's supply chain? Does it have extreme weather or disaster management strategies and policies in place?
- 2.7 Positive Considerations:** Describe any positive environmental considerations relating to the investment, taking into account relevant factors including those described above and in the OMERS Sustainable Investing Policy and the Guidelines.

## Social Considerations

- 3.1 Human Rights:** Have there been any allegations or incidents relating to human rights abuses in the Target's operations?
- 3.2 Labour Practices:** Do all sites comply with labor laws and provide adequate working conditions (for employees and contract/seasonal workers)? Does the Target have a history of labour rights issues?
- 3.3 Government and Community Relations:** Are there issues or potential issues with government stability in jurisdictions relevant to the Target's operations? Is there community acceptance of operations or known potential for community opposition? Is there social license to operate?
- 3.4 Inclusion & Diversity:** Does the Target monitor inclusion and diversity during hiring and employment? Are there any allegations or violations in respect of inclusion or diversity? Does the Target report on its inclusion and diversity and does it have an inclusion and diversity policy?
- 3.5 Health and Safety (H&S):** What is the Target's performance on H&S issues (e.g. number of accidents, incidents and occupational illness, including on customer sites and contractors) and how does this compare with sector good practice? What are the cost implications of maintaining necessary H&S compliance and reducing risks to good industry practice levels? Has the Target been subject to H&S claims, enforcement actions, and/or litigation?
- 3.6 Indigenous Rights:** Are there any Indigenous Rights claims, issues or considerations? Is there indigenous community acceptance of operations or known potential for indigenous community opposition?
- 3.7 Human Capital Management:** What are the Target's policies and processes for talent management and retention, diversity, local employment and managing community dependency? What are the employment statistics you track and monitor, and could you make those available (e.g. full-time equivalents (FTE), turnover, diversity, engagement scores)?
- 3.8 Positive Considerations:** Describe any positive social considerations relating to the investment, taking into account relevant factors including those described above and in the OMERS Sustainable Investing Policy and the Guidelines.

**Governance Considerations**

- 4.1 **Shareholder Rights:** Do shareholders have appropriate governance rights?
- 4.2 **Board Structure:** Does the board of directors of the Target have independence and relevant skills?
- 4.3 **Executive Compensation:** Is the Target's compensation plan aligned to the interest of its shareholders?
- 4.4 **Anti-Corruption and Anti-Money Laundering:** Does the Target have an anti-corruption policy dealing with anti-bribery, insider trading and anti-money laundering and how has the policy been implemented? Have there been any violations or incidents and impacts of these policies?
- 4.5 **Business Conduct:** Does the Target have policies in place to deal with business conduct and have there been any material issues with breach of business ethics, anti-competitive behaviour, insider trading and other unethical behaviour?
- 4.6 **Risk Management:** What are the Target's policies to manage risk? Are there operational, regulatory, reputational or litigation risks? Who is accountable for risk management in your company and how does (s)he delegate that authority? Does the Target have a Business Continuity Program?
- 4.7 **Cybersecurity – Operational Technology:** What are Target's processes and policies to manage cybersecurity and undertake appropriate testing of such policies and systems?
- 4.8 **Data Protection and Privacy:** Have there been any issues with breaches of data protection or privacy?
- 4.9 **Positive Considerations:** Describe any positive governance considerations relating to the investment in addition to those listed above.



## Appendix C ESG Report Template Investments

ASSET/TARGET NAME:

QUALITY OF INFORMATION: HIGH / MEDIUM / SIGNIFICANT DATA GAPS  
LEVEL 1 OR LEVEL 2 ASSESSMENT:

ESG Factors <sup>1</sup>	Material Issues and Mitigants	Key Positive Factors
<b>Environmental</b> <ul style="list-style-type: none"> <li>• Climate Change</li> <li>• Pollution</li> <li>• Natural Resources Impact</li> <li>• Waste and Hazardous Materials</li> <li>• Resource Efficiency</li> <li>• Extreme Weather Events</li> </ul>		
<b>Social</b> <ul style="list-style-type: none"> <li>• Human Rights</li> <li>• Labour Practices</li> <li>• Government and Community Relations</li> <li>• Inclusion &amp; Diversity</li> <li>• Health and Safety</li> <li>• Indigenous Rights</li> <li>• Human Capital Management</li> </ul>		
<b>Governance</b> <ul style="list-style-type: none"> <li>• Shareholder Rights</li> <li>• Board Structure</li> <li>• Executive Compensation</li> <li>• Anti-Corruption and AML</li> <li>• Business Conduct</li> <li>• Risk Management</li> <li>• Cybersecurity</li> <li>• Data protection and Privacy</li> </ul>		
<b>Overall Assessment<sup>2</sup></b>		
<b>Post-Closing Priority Actions<sup>3</sup></b>	Actions: Responsible: Timeframe:	

COMPLETED BY: \_\_\_\_\_ DATE: \_\_\_\_\_

<sup>1</sup> The ESG Factors described above are examples of potential relevant factors under each of the Environmental, Social and Governance areas. They are not exhaustive. Note the issues which are material to the investment opportunity and describe associated risks and mitigants (if applicable) and also note the key positive factors and describe associated benefits.

<sup>2</sup> Provide an overall assessment of ESG Factors as they relate to the financial opportunities and risks of the investment, including sufficiency of information. ESG matters that rise to the level of top risks to the investment should be separately noted in the investment approval materials prepared for the approving body/individual.

<sup>3</sup> Include for Level 2 Reports only.