2018 Corporate Responsibility Summary

Invest Soundly + Sustainably
Sustainability recognizes the importance of delivering financial value to clients by creating environmentally and socially responsible spaces in which discerning occupants wish to live, work, shop and play.

**BENTALL KENNEDY AT A GLANCE:**

- 550+ CLIENTS
- USD $36B AUM (CAD $47B)
- 60M+ SQ FT AUA

*Above data is as of March 31, 2018*
We live in a time of rapid technological advancement and global volatility where new words are being introduced into the business lexicon to help us make sense of the world. The more I observe the current pace of change, the timelier it is becoming to redefine a familiar word to give it its rightful place in our business vocabulary.

That word is "sustainability", and the renewed business context we give this word provides a clear sense of purpose for all of us at Bentall Kennedy. Allow me to explain.

The tremendous responsibility of managing our clients' funds is never lost on the 1100-plus Bentall Kennedy employees who bring their best thinking to work every day. Much of our clients' investment dollars represent hard-working people's retirement savings and pensions. Quite literally, we have been entrusted with the future livelihood of millions of families across the United States and Canada. For Bentall Kennedy, this is where the notion of sustainability begins: foremost as fiduciaries charged with generating sound, long-term value for our clients and their beneficiaries.

Our experience has revealed a remarkable correlation between achieving sustainability in the fiduciary sense of the word, and achieving sustainability in the more commonly understood social and environmental context.

Simply put, tenants and residents are choosing to live, work and play in built environments that deliver sustainable and socially responsible features. Lower energy and water consumption as well as a focus on waste reduction and management strategies are the outcomes we strive to achieve. These efforts are powered by data analytics that are giving us a clearer view and course of action to achieve better financial returns and enhanced tenant satisfaction.

This philosophy is proudly adopted across all business units at Bentall Kennedy so that our teams are aligned in cause by this dual definition of what it means to be sustainable. Our employees have embraced the challenge of generating greater value for the assets we invest in and manage for our clients by making our buildings exemplars of environmental and operational efficiency in the global real estate industry. The results, as you’ll see within the pages of this report, offer a powerful proof point for how a more climate-prepared and resilient built environment can deliver meaningful advances to a world challenged by the effects of climate change.

Our clients understand that real estate is dependent on social sustainability to foster the right conditions for progress. Our ForeverGreen Tenant Engagement program operates at the forefront of our tenant/resident communities to deliver a cleaner, healthier and more cost-efficient way of life. Our employees have also made this business ethos a personal endeavour. In 2017, employees donated their time and resources to 81 non-profit community service organizations across North America.

This is how sustainability — in a business context — recognizes the importance of delivering financial value to clients through focused execution, while simultaneously enhancing environmental and social performance.

This year’s Corporate Responsibility Summary offers a view to some of our best ideas and efforts from the past year that make our re-defined understanding of sustainability part of our value equation. Understood in this new light, sustainability becomes a durable business driver and self-propelling change agent for the built and natural environments that we all value.

Gary Whitelaw
Chief Executive Officer,
Bentall Kennedy Group

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USD $20.5M

78%
OF OUR PORTFOLIO WAS GREEN BUILDING CERTIFIED IN 2017 (BASED ON ASSET VALUE)

TOP 3 IN THE WORLD: GLOBAL REAL ESTATE SUSTAINABILITY BENCHMARK (GRESB)

70.9M KWH OF ELECTRICITY SAVINGS (2013-2017)

12.8%
NORMALIZED WATER CONSUMPTION (CANADIAN OFFICE PORTFOLIO 2013-2017)

Working thoughtfully in partnership with our stakeholders on this journey, Bentall Kennedy aspires to build economic value and strengthen the sustainability of the communities where we invest.

Sun Life Financial Centre, Ottawa, ON
Owner: Sun Life Assurance Company of Canada
Driving Business Value Through Sustainable Action

A real estate portfolio is comprised of more than just buildings. We see thriving, active structures where an ecosystem of investors, tenants, employees and community citizens place their trust in a more prosperous future. Driven by our credo of investing soundly + sustainably, we strive to create value for each stakeholder in that ecosystem.

Managing a sustainable portfolio is a symbiotic process that combines a focus on sustainable investment returns with the well-being of our planet. Working thoughtfully in partnership with our stakeholders on this journey, Bentall Kennedy aspires to build economic value and strengthen the sustainability of the communities where we invest. Through sustained effort and commitment, we are delivering enhanced environmental, social and governance results that encourage a sustainable way of doing business – and of living.

Our approach to managing Environmental, Social and Governance (ESG) risk generates long-term value for our clients.

**INVESTOR**

Reduce risk, increase net operating income

We incorporate sustainability factors into our investment strategy to maximize value, manage risk and support stable, long-term returns.

**TENANT**

Enhance tenant loyalty, health and satisfaction

We create stronger tenant-landlord relationships by working with tenants to achieve their sustainability objectives and operate within superior environments.

**EMPLOYEE**

Align with business priorities

We integrate sustainability and business objectives into annual incentive plans for our employees while providing sustainable workplace environments that align with our values.

**COMMUNITY**

Create positive impact

We focus on health and well-being and the creation of sustainable communities, both inside and outside our buildings.

**INDUSTRY**

Advance thought leadership

We coordinate with the industry to share information, adopt best practices and advance thought leadership.
Cultivating Sustainable Value at Every Stage of the Asset Lifecycle

A sustainable portfolio touches every phase of a real estate asset’s lifecycle. Our deep experience has led us to firmly believe that when we incorporate a sustainability mindset into our investment decisions, we are able to manage risk more effectively, and deliver higher income and value over the long term to our clients. For these reasons, we prioritize ESG principles at every stage of a building’s lifecycle: development, acquisition and operations.

A Long-Term, Sustainable View from Day One

Our real estate development projects are designed to create thriving destinations that respond to present and future demands of tenants and residents. Our efforts involve third-party certifications that validate the environmental performance of our assets, enhance transparency and establish a clear market differentiator that our investors and tenants value. As the findings from our green office building certification study revealed, it is not only the certification that generates stronger results — it is also the connections we create within the built environment that enhance them (Institutional Investor’s Journal of Portfolio Management, 2015).

Sound Investments Today Creating Value for Tomorrow

Investing with an eye to the social and environmental well-being of communities is always sound investment practice. When we evaluate properties for investment, we incorporate ESG variables alongside other fundamentals, including risk, return and diversification. As the war for talent continues, we see long-term value in high-growth, urban lifestyle communities that attract a young, educated workforce. Overall, we focus on properties with higher Walk Scores, proximity to transit hubs, sophisticated building management systems and amenity-rich spaces that can enhance long-term tenant loyalty while also supporting environmental goals.

Continuous Improvements to Drive Performance

We drive operational excellence through energy, water and waste management, advanced technologies, and tenant engagement strategies. We validate building performance through green building certifications to prove to our stakeholders that our practices are achieving results and exceeding benchmarks. In turn, we are lowering operating costs to deliver greater value for our clients and tenants.
THE LIVERMORE OAKS LOGISTICS CENTER

Centrally located near several major transportation corridors in San Francisco’s Bay Area, this state of the art logistics center held the promise of generating jobs and significant economic activity. The development is living up to its potential. The site achieved LEED C&S Silver certification in 2017 and Tesla along with one of its major suppliers snapped up 1.3 million square feet, proving demand is there for modern, sustainable industrial space.

L’AVENUE

This building in Montreal is positioned to sustain long-term interest from technology and creative industries that continue to move into the neighborhood. With street-level retail, an upscale supermarket, and 84,000 square feet of office and co-working space, this mixed-use property is set to be an attractive destination for businesses in the heart of the city’s innovation hub.

COMMERCE SOUTH OFFICE PARK BUILDING B

This office property in Edmonton, Alberta was recently recognized as one of the greenest buildings in Canada by Corporate Knights. It is a testimony to the power of sustainable operations, with an ENERGY STAR score of 99 and an annual normalized energy use intensity reduction of 2.3% since 2016.
The Portfolio of the Future is Multifaceted

Our vision for the portfolio of the future draws on a framework for improving the tenant and resident environment and the communities where they reside by considering the following strategies:

**Green**
Green strategies that create value by reducing the risk of building obsolescence, saving energy, decreasing costs and driving revenue by satisfying tenant and resident demand.

**CERTIFY**
We evaluate and certify to accredited third-party green and healthy building certification programs like LEED, BOMA BEST, ENERGY STAR®, WELL and Fitwel.

**ASSESS RISK**
We assess sustainability risk and opportunity through extensive risk management systems.

**SET TARGETS**
We measure energy use, water consumption and greenhouse gas emissions to identify cost savings and contribute to a cleaner environment.

**Smart**
Smart strategies designed to keep buildings at the forefront of technology through our culture of continuous innovation and entrepreneurship.

**INNOVATE**
We continuously innovate and execute on initiatives to generate value, manage risk and strengthen our position as an industry leader.

**MONITOR DATA**
Our sustainability data management system, Eco Tracker, provides the energy, water and waste analytics necessary to identify savings opportunities.

**BENCHMARK PERFORMANCE**
We benchmark property-level sustainability data against best practices to drive business decisions and enhance reporting.

**Thriving**
Wellness-focused strategies that contribute to the retention of tenants and residents, and sustained investor returns over time.

**ENGAGE TENANTS**
Our ForeverGreen Tenant Engagement Program connects tenants, residents and property managers with actionable sustainability and wellness resources.

**FOSTER HEALTH & WELL-BEING**
We look to provide healthier, brighter and cleaner spaces to promote tenant productivity, satisfaction and ultimately retention.

**IDENTIFY ACTIVE NEIGHBORHOODS**
We consider Walk Scores and Transit Scores across the properties in our portfolio to reduce risk of locational obsolescence and to meet growing tenant and resident demand.
Bentall Kennedy became an official Fitwel Champion in 2017, demonstrating our commitment to helping our tenants and residents advance their health and well-being goals. The Fitwel certification system provides a framework for improving building design and operations to support individual and community health.

Climate Change Resilience Project
Climate change can affect building costs and performance in a variety of ways, from extreme weather to sea level rise. Our approach to climate change resiliency goes beyond emergency preparedness to assess climate risk and resiliency analysis. Bentall Kennedy’s Climate Change Resilience Project is intended to evaluate risk through portfolio-specific climate change impact data. This project seeks to inform both adaptation and risk mitigation strategies.

Waste Reduction
In 2017, our retail and commercial property management teams in Ontario identified an opportunity to divert one million pounds of food waste from landfills by 2020. Through a partnership with Waste Solutions Canada and Hop Compost, they will convert that waste to nutrient-rich landscaping soil. This initiative will be rolled out at 14 of our properties in the Greater Toronto Area, and informs the next step in our national strategic approach to waste management.

Sustainability Innovation Lab
Together with Sun Life Financial, Bentall Kennedy launched the Sustainability Innovation Lab to generate ideas and execute initiatives that encourage innovation and value creation. The Lab draws on employees’ ideas to enhance the performance of our buildings, reduce risk of obsolescence, strengthen tenant loyalty and reduce emissions to protect the environment.

Award-Winning Program
The Bentall 5 property management team in Vancouver won the 2017 Building Owners and Managers Association (BOMA) Outstanding Building of the Year Award for successfully implementing the ForeverGreen Tenant Engagement Program.

Active Lifestyle
In 2017, the average commute scores of our North American multi-family portfolio were:

- Walk Score: 84
- Bike Score: 81
- Transit Score: 71
Through participation in our energy management initiatives, this best-in-class property in Denver, Colorado, has saved more than USD $357,000/CAD $410,000 in utility costs since 2010.

1900 16th Street, Denver, CO
Owner: Bentall Kennedy’s U.S. Core Fund
Buildings account for roughly one-third of the world’s greenhouse gas emissions and consume 40% of global energy, according to the United Nations. This means every time we improve building performance, we have the opportunity to reduce its environmental impact as well. The key to seizing that monumental opportunity? Data.

We believe that data and analytics are key to lowering operating costs and positioning our buildings competitively in the marketplace. We continuously measure, improve and innovate to position our properties for success. Armed with insights from our sustainability data management system, Eco Tracker, we track meaningful analytics on energy, water, waste and greenhouse gas emissions data that help us improve both asset and portfolio-level systems, providing full transparency for investors.

That data feeds into our Target Setting Program across our office, retail and residential portfolios. Our property management teams systematically identify opportunities for energy and cost savings, develop detailed implementation plans, then execute and monitor progress. The result: enhanced asset performance.

Sustainable real estate investing in the information age calls for innovative advances in the built environment that reduce consumption and enhance profitability.

The property’s ENERGY STAR® score jumped from 87 in 2014 to 93 in 2017

99% OCCUPIED
Our goals are lofty — and our track record for achieving results has made us a global leader in the commercial real estate industry. Here are some specific ways we have made progress and taken action:

**Environmental Leadership by the Numbers**

We launched an annual Benchmarking Survey to track property-level sustainability data, measure performance against global best practices, find opportunities for improvement and enhance client reporting. Each of our properties complete this survey annually and pinpoint next steps that inform budget decisions and improve sustainability outcomes in the following areas:

- Energy
- Water
- Waste
- Innovation
- Tenant Engagement
- Certification
- Health and Well-Being

100% of properties in the Bentall Kennedy portfolio that are enrolled in our sustainability data management system completed the Benchmarking Survey in 2017.
70.9M kWh cumulative savings across North America (2013-2017), is equivalent to taking 11,294 passenger vehicles off the road.

8.3% reduction in normalized energy intensity across our Canadian industrial portfolio since 2016.

12.1% decrease in normalized water consumption across our U.S. retail portfolio (2013-2017) is equivalent to the volume of 55 Olympic swimming pools.

53% waste diversion rate across our North American enclosed retail portfolio.


USD $9.2B / CAD $11.6B in LEED certified assets across 291 million square feet.
Our Positive Impact Approach

Positive Impact within the Portfolio

At every step of our sustainability journey, we endeavor to positively contribute to the social well-being of the communities where we invest. This approach to community citizenship nurtures the vitality of the neighborhoods where our assets are positioned and allows us to build meaningful relationships with local stakeholders. We strive to create positive impact through social initiatives that benefit investor, tenant, resident and community interests. This approach aligns with established international frameworks such as the United Nations’ Sustainable Development Goals.

We take pride in our formalized, metric-focused approach to social impact that enables us to deliver measurable change for the cities and neighborhoods where we invest.

### Pedestrian-Friendly Neighborhoods

Within sustainable communities, higher Walk Scores and proximity to transit hubs can enhance long-term relevancy of building locations.

- **71** average Walk Score of our North American retail portfolio
- **68** average Walk Score of our North American office portfolio

### Health & Well-Being Programs

In our buildings, we aim for long-term tenant appeal by delivering access to healthy, attractive and productive spaces in communities that provide social amenities. Through our ForeverGreen Tenant Engagement Program, we equip property managers, tenants and residents with actionable information on health and wellness topics like healthy eating, walking, biking and biophilia.

- **Over 80%** of our U.S. portfolio participates in sustainability tenant engagement programs (based on floor area)
- **406** tenant health and well-being events were held at our properties, attracting more than 9,000 participants

### Giving Back

To position our buildings to add value for investors by enriching the world outside their front doors, we develop and deepen partnerships with community groups by fundraising and volunteering for local organizations, and providing space for community events.

- **15,666** hours of rent-free space provided to local non-profit organizations
- **USD $381,457** (CAD $479,758) total corporate donations
Company-wide
We support organizations that align with the causes we care about, such as United Way, World Wildlife Fund, San Francisco’s Marin Food Bank, Seattle’s Queen Anne Food Bank and The Daily Bread Food Bank in Toronto. Last year, we collaborated with Habitat for Humanity Greater Vancouver for the construction of the first sustainable homes in the organization’s history.

Office-wide
As active members of the communities where we operate and work, our commitment to sustainability also incorporates the wellness of our employees. Our Blue Teams are engaged groups of employees in 12 cities across North America. Team members set and monitor sustainability goals, and work with fellow employees to meet or exceed those goals.

Employee-wide
Our employees are our proud connection to our communities and every year they improve neighborhoods across Canada and the United States through their volunteerism and charitable donations. We proudly support their engagement by matching employee donations to registered charitable organizations up to $500 per year, and offering up to two paid days per year to volunteer for a charitable cause.

Positive Impact within the Company
Our employees reflect our belief in the power of social impact, and their actions help to inspire a strong culture of volunteerism.

A Welcoming Employee Community
At Bentall Kennedy, we foster an inclusive environment with a focus on developing and encouraging leadership at all levels of the organization. We have a growing roster of influential female leaders who are making their mark in real estate and are being recognized by their peers in the industry.

Leading by example
Our President and Chief Investment Officer of our U.S. Operations, Amy Price, was chosen as one of Connect Media’s 2017 Women in Real Estate Awards honorees, in the National Category, and also recognized as one of the Bay Area’s Most Influential Women in Commercial Real Estate by Bisnow. Bentall Kennedy is also a proud Silver Sponsor of the Commercial Real Estate Women (CREW) Network and encourages participation in local chapters and other similar organizations.

As we continue to establish our place as an employer of choice for the best minds in the real estate industry, we are equally committed to the health and wellness of all our employees.

Caring for our employees
In order to understand the health and wellness priorities of our employees and how we can support them on their wellness journey going forward, we carried out an all-employee health and wellness survey, the results of which informed our approach moving into 2018 and beyond.

In June 2017, Bentall Kennedy employees took part in Sun Life’s global Wellness Challenge. The “healthy competition” encouraged employees to set goals and make small but significant changes to their financial, physical and mental well-being.
We strive to be an industry leader in corporate governance and transparency.

False Creek Residences, Vancouver, B.C.
Owner: Bentall Kennedy Prime Canadian Property Fund
A sustainable portfolio is a well-governed portfolio with oversight and guidance from ethical leaders who act as essential guides for our business. We strive to be an industry leader in corporate governance and transparency. We are steadfast in our commitment to adhering to strong organizational governance policies and management practices, from training and investment due diligence to stakeholder engagement.

Corporate governance at Bentall Kennedy is overseen by a Canadian Board of Directors and a U.S. Board of Managers. We have established business practices to provide appropriate checks and balances throughout our operations and investment decision-making to comply with our policies. Maintaining the confidence of our clients, tenants, business partners, suppliers and the general public is critical to the ongoing success of Bentall Kennedy.

Our Code of Business Conduct outlines the ethical standards to which we adhere to earn this confidence. Each year, all employees are asked to complete training and reaffirm their commitment to the Code of Business Conduct.

Data drives many facets of our business and requires an equally robust data governance program that secures our privileged information. This includes a data governance council to provide oversight of enterprise data initiatives. Additionally, we are embarking on security awareness campaigns to keep employees more informed of security issues and ways to stay safe—in both the physical and digital worlds.

**Fiduciaries with a Commitment to Strong Governance**

**Ranked among the top firms globally for our commitment to sustainable investing for seven consecutive years, including a 97% score in Governance.**

**Received an “A+” for Strategy and Governance and an “A” for Property Investing on our PRI Signatory report.**

**Our Vice President of Sustainability is the Co-Chair of the United Nations Environment Programme Finance Initiative (UNEP Fi) Property Working Group and a member of the Investment Committee, with a global mandate to drive adoption of sustainability in real estate investment and property management.**

**Maintaining the Integrity of our Sustainability Programs**

**ISO 14001 Certified Environmental Management System**

We have an ISO 14001 certified Environmental Management System (EMS) that focuses on successful implementation of programs and continual improvement.

**Bentall Kennedy’s Sustainability Governance Framework**

In this detailed framework enacted in 2017, Sustainability Governance Committees encourage information sharing, awareness and engagement, assess sustainability risks and opportunities, provide strategic guidance and oversight of sustainability decisions and actions, and track progress as it aligns with our investment strategy.
Our Approach to Building Value

Through sustained effort and commitment, we are delivering enhanced environmental, social and governance results that encourage a sustainable way of doing business – and of living.

CLIENT FOCUS
A relentless commitment to making clients our priority

ENGAGED TENANT
Attracting and developing the best minds in the business

REAL ESTATE DNA
Real estate is our singular focus

LEADERSHIP IN SUSTAINABILITY
Making sustainability part of the value equation

PROPRIETARY RESEARCH
Expertise informed by proprietary research

TENANT ENGAGEMENT
Reflecting the values and aspirations of our tenants

CO-INVESTMENT & GLOBAL REACH
Sun Life Financial’s real estate investment and services platform

200 W. Madison, Chicago, IL
Owner: Bentall Kennedy’s U.S. Core Fund
ABOUT BENTALL KENNEDY

Bentall Kennedy, a Sun Life Investment Management company, is one of the largest global real estate investment advisors and one of North America’s foremost providers of real estate services. Bentall Kennedy serves the interests of more than 550 institutional clients with expertise in office, retail, industrial and multi-residential assets throughout Canada and the U.S. Bentall Kennedy is comprised of Bentall Kennedy (Canada) Limited Partnership, Bentall Kennedy (U.S.) Limited Partnership and the real estate and mortgage operations of their affiliates. Bentall Kennedy is a member of UN PRI and a recognized Responsible Property Investing leader ranked among the top firms around the globe in the Global Real Estate Sustainability Benchmark (GRESB) for the seventh consecutive year since GRESB was launched.

For more information, visit bentallkennedy.com/cr

ABOUT THE REPORT

View the full report at bentallkennedy.com/cr

All data contained in this report is presented as of December 31, 2017. Published May 2018. Unless otherwise noted, all references to dollars are in Canadian dollars. Bentall Kennedy includes Bentall Kennedy (Canada) Limited Partnership and Bentall Kennedy (U.S.) Limited Partnership. Nothing in these materials is (or should be considered to be) financial, investment or other advice on which reliance should be placed.

These materials are not intended to, and do not, constitute an offer to buy or sell any securities noted or referenced herein, as any such securities will only be offered and sold in compliance with applicable securities laws. Non-ESG questions relating to MEPT/MEPT Edgemoor LP should be directed to Sun Life Institutional Distributors (U.S.) LLC., a registered broker-dealer in the U.S. with the Securities and Exchange Commission (SEC) and a member of the Financial Industry Regulatory Authority (FINRA). Sun Life Institutional Distributors (U.S.) LLC. relies on an exception from registration in Canada. Bentall Kennedy reports on both actual and normalized environmental data.

The 2018 Corporate Responsibility Summary includes normalized data only for energy, greenhouse gases and water which has been adjusted for weather, occupancy and exceptional tenant loads and only includes properties managed for the duration of the period. Please refer to our full report, located online at bentallkennedy.com/cr for actual environmental data. Bentall Kennedy has engaged KPMG LLP (KPMG) to provide limited assurance over selected performance indicators in our Report, including actual environmental data, for the year ended December 31, 2017.

Normalized environmental data, as presented in the 2018 Corporate Responsibility Summary, has been excluded from KPMG’s assurance scope.

The full scope of KPMG’s engagement and their assurance report can be found at bentallkennedy.com/cr-reporting.php. The complete Corporate Responsibility (CR) report consists of this Corporate Responsibility Summary and the disclosures on the website. For a full list of GRI referenced standards and CRESS guidelines used in developing the report please see: bentallkennedy.com/cr-reporting.php.
150 King Street West, Toronto, ON
Owner: Sun Life Assurance Company of Canada

Printed on Rolland Enviro100 Print, which contains 100% post-consumer fiber, is EcoLogo, Processed Chlorine Free and FSC® certified and is manufactured using renewable biogas energy.