2023 ESG Industry Report

Commercial Real Estate

MESSAGE FROM THE CEO

Michael Brooks

CEO, REALPAC

REALPAC is in the business of solving the industry's most challenging issues.

Promoting sustainability and corporate social responsibility have been core functions for REALPAC since our inception in 1970, and really came to the forefront of our activities in 2006, the year Al Gore released *An Inconvenient Truth*.

Our members understood early on that proactively managing environment, social and governance (ESG) issues are good for their businesses and the communities in which they operate.

REALPAC is proud to support our members on ESG - from developing the first Office Green Lease in North America, to setting targets for energy consumption in office buildings, to publishing guidance on Greenhouse Gas Accounting and Net Zero Carbon, to offering insights and best practices on diversity, equity and inclusion, and to being a strong voice on affordability and housing solutions.

We always take a leadership position, providing tools and resources that our members and the wider industry need to meet our moral, regulatory, societal and investor commitments.

This industry report reflects our further commitment to help foster greater understanding of the challenges of people and planet. It is relevant to all asset types and all ownership structures in commercial real estate.

We hope you find it insightful and welcome your feedback.

INDUSTRY HIGHLIGHTS

Top 5 Priorities[1]

1. **Net Zero Carbon**
2. **Diversity, Equity & Inclusion (DEI)**
3. **Reporting Disclosures**
4. **Energy Management**
5. **Green Building Certifications**

48% of REALPAC members report on Scope 1 & 2 Greenhouse Gas (GHG) Emissions.[2]

37% of REALPAC members have a Net Zero Carbon target.[3]

83% of REALPAC members have either a formal DEI policy or some DEI initiatives.[4]

The ESG Landscape

Our Goals

The commercial real estate (CRE) industry recognizes the important role it plays in advancing the following United Nations Sustainable Development Goals (SDGs).*

*The UN SDGs are made up of 17 goals and are outlined in the 2030 Agenda for Sustainable Development (released in 2015).

Our Impact

We are committed to working towards these goals to advance social equity and stronger environmental stewardship, for the benefit of our businesses and the communities we serve.

$148B

in GDP contributed to the Canadian economy annually.[5]

21M

tonnes of carbon dioxide equivalent (Mt CO_2e) GHG emissions from commercial buildings in Canada.*

4.3%

reduction in GHG emissions between 2021 to 2022 from commercial buildings in Canada.*

1M

jobs created by the commercial real estate industry in Canada.[6]

18M

mega watt hours (MWh) of energy consumption from commercial buildings in Canada.*

2.7%

of energy consumption comes from on-site or procured renewable energy.*

230K

estimated development capacity of affordable housing units by real estate investment trusts and operating companies.[7]

13.6M

square feet of Zero Carbon Building (ZCB) Design and Performance certified space in Canada.[8]

655M

square feet of LEED® (Leadership in Energy & Environmental Design) certified building space in Canada.[9]

*Data reflective of Canadian GRESB (Global Real Estate Sustainability Benchmark) respondent portfolios only.[10]

Climate Risk

RELEVENT SDGs

11 SUSTAINABLE CITIES AND COMMUNITIES

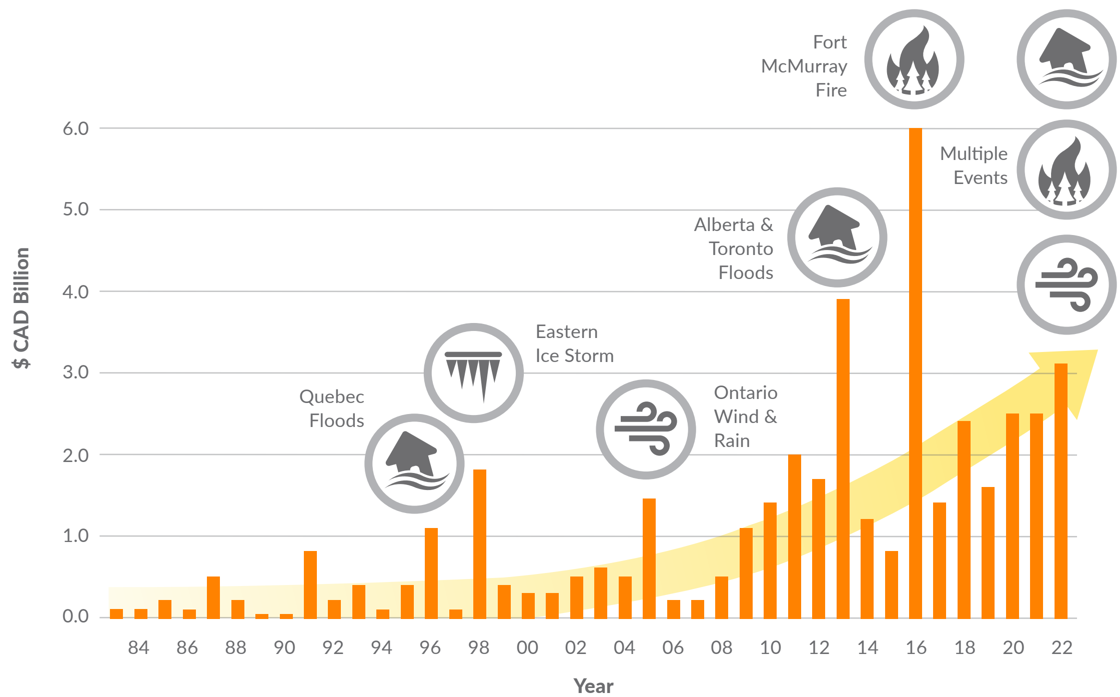
13 CLIMATE ACTION

Physical Risks From Climate Change Are Real & Require Action

At current rates, global warming of 1.5°C will likely be reached between 2030 and 2052, increasing the frequency and intensity of extreme weather events.[11]

The top physical risks from climate change that adversely impact commercial real estate include flooding, wildfires and extreme heat.[12] Operational, financial and social effects are already being felt across all regions and asset classes.

Figure 1 **Insured Catastrophic Losses in Canada 1984-2022** [13]



Physical climate risks can affect the financial position of commercial real estate assets and portfolios in the following ways:[14]

	Direct Effect	Indirect Effect
Revenue	Disruptions to an asset's operations from severe or repeated physical-hazard events (eg., major floods).	Reduced real-estate demand in a local market given disruptions to surrounding transportation or other infrastructure.
Operating Costs	Increased maintenance costs as physical risks increase.	Increased insurance costs as insurer recognize physical risks and adjust underwriting models.
Capital Costs	Investment required to improve the resilience of building to increasing physical risks.	Increase capital investments required to protect broader communities from climate risks.

KEY FACTS

2X

Rate at which Canada is warming, relative to the rest of the world (3X in the Canadian North).[15]

Extreme Heat TOP 10

Canadian cities projected to experience the greatest increase in very hot days (>30 degree):[16]

1. Windsor
2. Hamilton
3. Niagara Falls
   St. Catharines
   Brantford
4. Kelowna
5. London
6. Ottawa
7. Toronto
8. Belleville
9. Lethbridge
   Regina
   Montreal
10. Kitchener-Waterloo

$3-$4

Uninsured losses incurred by government, businesses and individuals for every $1 in insured loss.[17]

RELEVENT SDGs

7 AFFORDABLE AND CLEAN ENERGY

11 SUSTAINABLE CITIES AND COMMUNITIES

13 CLIMATE ACTION

The Industry Is Transitioning to a Low Carbon Future

The top transition risks from climate change include policy and regulatory risks, technology risks, market risks, reputational risks, and legal risks.[18]

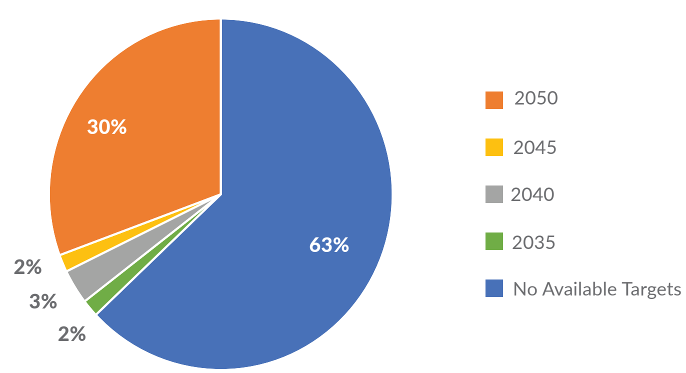
The Government of Canada's net zero carbon target by 2050 and the federal price of carbon are examples of regulatory risks.[19]

Transition climate risks can affect the financial position of commercial real estate assets and portfolios in the following ways:[20]

	Direct Effect	Indirect Effect
Revenue	Unattractiveness of a carbon-intensive asset to an occupier that has made a climate commitment.	Decline in a sector or local economy resulting in lower local real-estate demand/occupancy.
Operating Costs	Increased utility costs given carbon-intensive building systems.	Carbon charges on an asset given local regulations.
Capital Costs	Significant capital investment required to meet local energy efficiency/emissions standards or tenant demands.	Increased financing costs as investors and lenders price in market-level transition risks.

One of the primary strategies organizations use for managing transition climate risks in commercial real estate involves moving portfolios and assets towards net zero carbon.

Figure 2 **Net Zero Carbon Targets – Canadian CRE Industry** [21]



Another key strategy for managing transition climate risks is to set an internal price of carbon. Doing so creates a dollar cost per ton of carbon emissions and can help organizations understand the impact of external carbon pricing on the profitability of their projects and investments. Currently, 25% of the industry has already implemented – or has plans to implement – an internal price on carbon by the end of 2023.[22]

BENCHMARKS

37%

of REALPAC members have set a Net Zero Carbon target.[23]

75%

of REALPAC members have integrated climate risks into the investment decision making process (for some or select assets).[24]

Federal Price of Carbon[25]

($/$tCO_2e$)

2019 – $19

2023 – $65

2025 – $95

2030 – $170

2050* – $300

*Projected

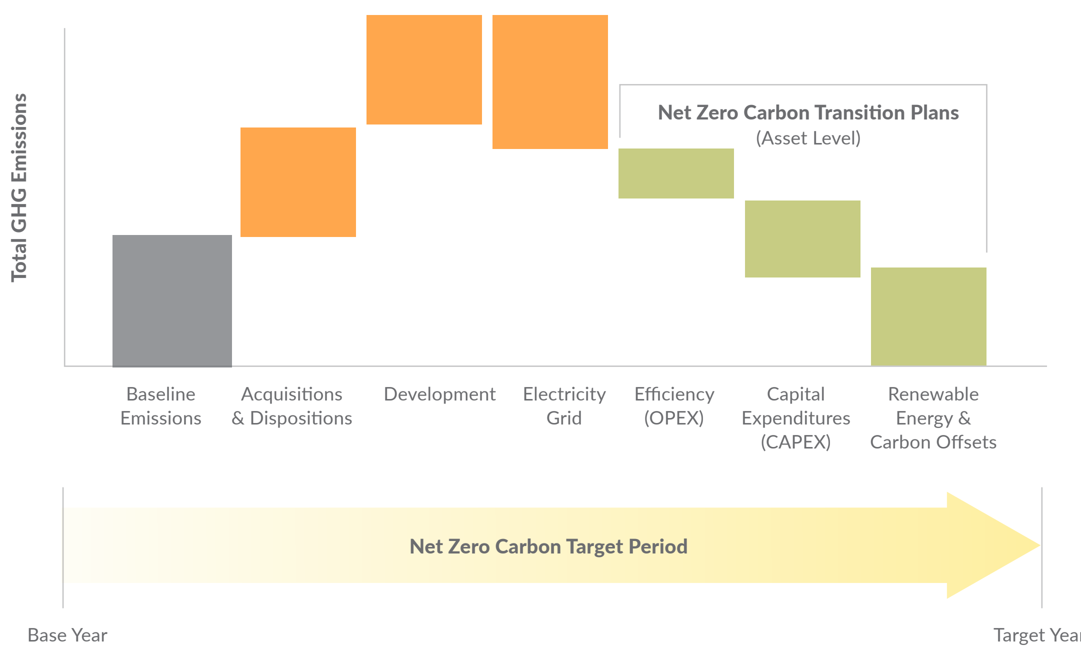
$390 tCO_2e

2030 carbon price identified by the Intergovernmental Panel on Climate Change to achieve a 1.5°C future.[26]

The Pathway to Net Zero Carbon Is Emerging, but Stronger Support Is Required to Address Barriers

Real estate owners, managers and investors can chart their portfolio's path to net zero by considering the scope of their activities and GHG emissions over a specified time period.

Figure 3 **Commercial Real Estate Portfolio Pathway to Net Zero** [27]



There is a strong, emerging business case for pursuing net zero carbon buildings – from improving net operating income (NOI), to increasing energy security, to reducing regulatory risk to protecting asset value.[28]

There are also barriers that may emerge when screening buildings across a portfolio to achieve net zero carbon. For example, the business case for accelerating deep carbon retrofits before building equipment/envelopes reach the end of their useful life is challenging. Electrifying heat sources can also be challenging where electricity prices are high and building infrastructure upgrades are required to support electrification.

INDUSTRY OPPORTUNITY

The industry could benefit from further guidance and support on net zero carbon transition planning, technologies and financial analysis.

The industry also needs stronger policy support and incentives from governments to address the barriers above and to accelerate the shift towards cleaner electricity grids.

SPOTLIGHT

CAGBC Canada Green Building Council

The Canada Green Building Council (CAGBC) has developed the leading ZCB standards for the industry.

ZCB – Design Standard for new buildings and major renovations (one time certification).

ZCB – Performance Standard for existing buildings (annual certification).

CAGBC's *Making the Case for Building to Zero Carbon* (2019) report concluded that zero carbon buildings are technically feasible and financially viable.

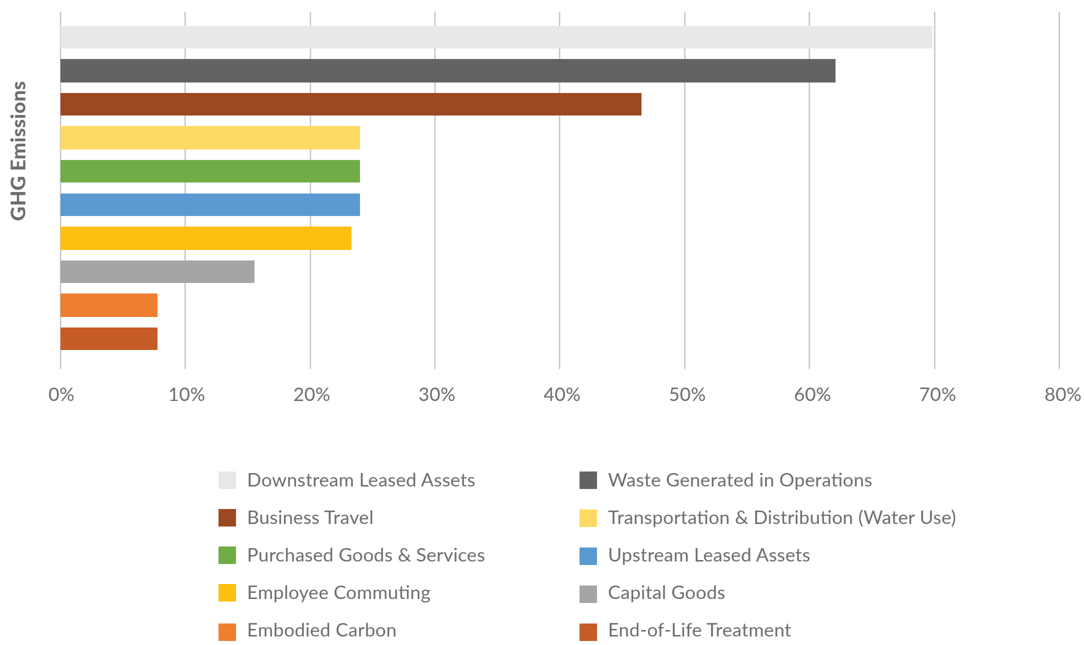
CAGBC's Decarbonizing Canada's Large Buildings (2022) study concluded most office buildings across Canada can reach net zero carbon operations, achieving a positive NPV. Multi-residential buildings were generally found to achieve positive IRRs (i.e., between 0% and 5%) but less favourable NPV metrics.

RELEVENT SDGs

GHG Accounting Practices Continue to Evolve, but Scope 3 Emissions Are a Key Challenge for the Industry

Leading Canadian commercial real estate organizations started quantifying and managing their GHG emissions around 2008. Broader momentum around GHG Accounting & Sustainability Reporting started to take hold in recent years. Although trailblazers in the industry have been practicing GHG accounting for 15 years, it is still new.

Figure 4 **REALPAC Members - Scope 3 Emissions Reporting** [29]



Commercial real estate organizations typically have a higher degree of control and greater access to higher quality data for Scope 1 and 2 emissions. There is greater uncertainty around the quality and availability of Scope 3 emissions data.

At the same time, many investors are demanding Scope 3 data and the US Securities & Exchange Commission (SEC) and Canadian Securities Administrators (CSA) appear set to include Scope 3 emissions as part of new mandatory emissions reporting requirements for publicly traded companies.[30]

INDUSTRY OPPORTUNITY

The industry needs to balance the needs of stakeholder demands around Scope 3 emissions with the challenges of producing reliable and timely information.

The industry should also consider developing additional guidance on Scope 3 emissions, building on existing best practices and standards.

BENCHMARKS

48%

of REALPAC members report on Scope 1 & 2 emissions.[31]

33%

of REALPAC members report on Scope 3 emissions.[32]

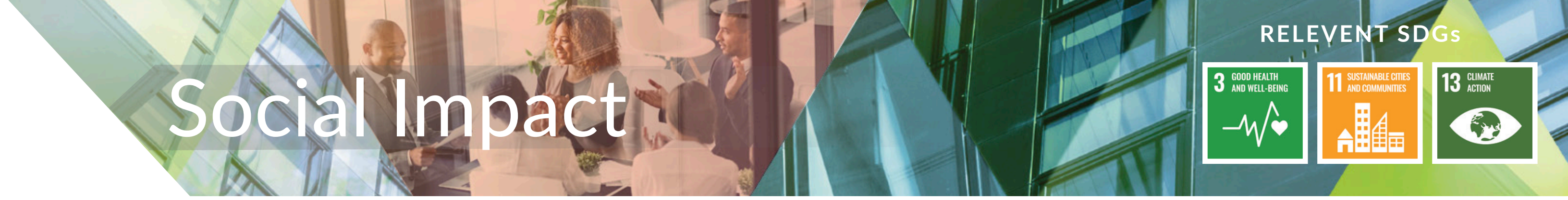
SCOPE 3

Top Emissions Categories

Most frequent Scope 3 emissions reported on by REALPAC members include: [33]

1. Downstream leased assets (70%)
2. Waste generated in operations (62%)
3. Business travel (46%)

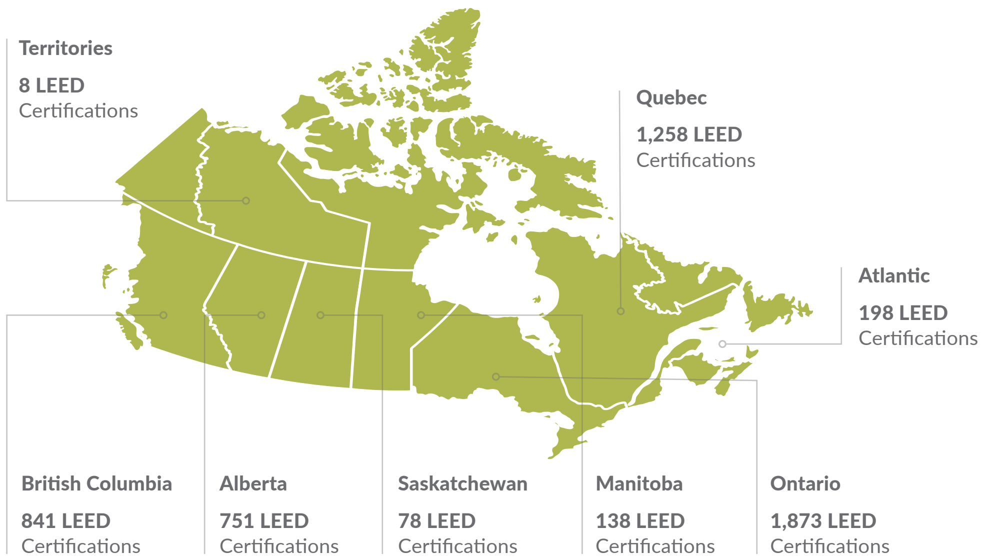
Social Impact



The Industry Is Providing Sustainable, Healthy Places to Live, Work & Play

Over the past 15+ years, the industry has embraced the development and operation of greener buildings. LEED acted as a key catalyst with its focus on energy and emissions, water efficiency, materials & resources, indoor environment quality and sustainable site conditions.

Figure 5 **LEED Certifications in Canada** [34]



Building on their experience with LEED, tenants, owners, managers and investors recognized the need to consider additional health opportunities in buildings (e.g., physical activity, healthy food, mental health).[35]

The industry's elevated practices around greener, healthier buildings have started to unlock attractive sustainable financing options for investors and commercial real estate organizations alike.

Green bonds are the most prevalent sustainable finance mechanism used by REALPAC members to date.[36]

Top 5 Green Bond Financed Projects [37]

1. Green Buildings
2. Energy Efficiency
3. Renewable Energy
4. Climate Change Adaption
5. Clean Transportation

KEY FACTS

5,100+
LEED certified projects in Canada [38]

3,800+
BOMA BEST certified buildings in Canada [39]

120+
Buildings achieved the WELL Health-Safety Rating [40]

100+
Buildings certified to Fitwel [41]

RELEVENT SDGs

5 GENDER EQUALITY

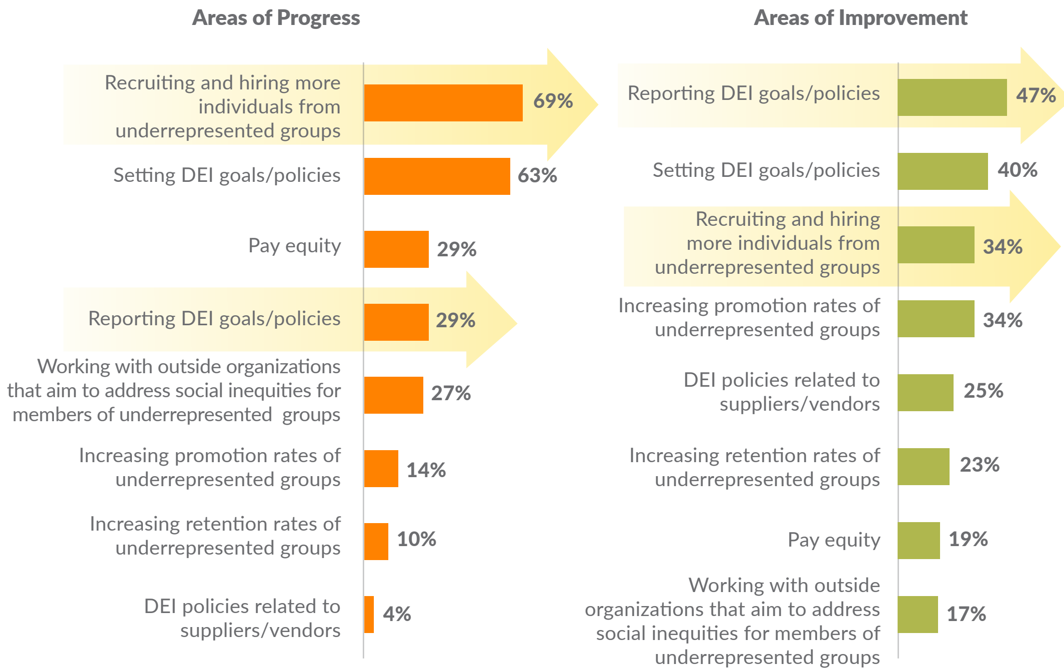
10 REDUCED INEQUALITIES

Organizations Are Building a Strong Foundation to Address Diversity, Equity & Inclusion

The importance of DEI continues to grow across the industry.

Organizations are building a foundation for DEI based on goals, policies, and reporting – and making progress in a number of areas.[42] At the same time, significant opportunities for improvement remain.

Figure 6 **DEI Areas of Progress & Improvement – Canadian CRE Industry**[43]



Setting DEI goals, policies and reporting are identified as both a top area of progress, and an area in need of improvement, suggesting this is a key area of focus for organizations as they work towards improving DEI related outcomes.[44]

Members of executive management who are most often responsible for DEI decision making include the Chief Human Resources Officer (41%), Chief Executive Officer (20%) and Chief Operating Officer (15%).[45]

INDUSTRY OPPORTUNITY

Organizations should benchmark their DEI practices against the industry and set a clear vision for where they want to go.

Making meaningful progress on DEI requires strong connections between measures, business goals, and strategy tied to employee performance and compensation.

BENCHMARKS

83%

of organizations have either a formal DEI policy or some DEI initiatives.[46]

Top Diversity Dimensions Intentionally Addressed by an Organization's DEI Initiatives[47]

1. Gender/Gender identity
2. Race/ethnicity
3. Sexual Orientation
4. Age
5. Physical disabilities (visible/non visible)

40%

of promotions at or to the executive management level were awarded to women in 2021 (compared to 25% in 2020).[48]

35%

of organizations report there are no barriers to making progress on DEI.[49]

RELEVENT SDGs

5 GENDER EQUALITY

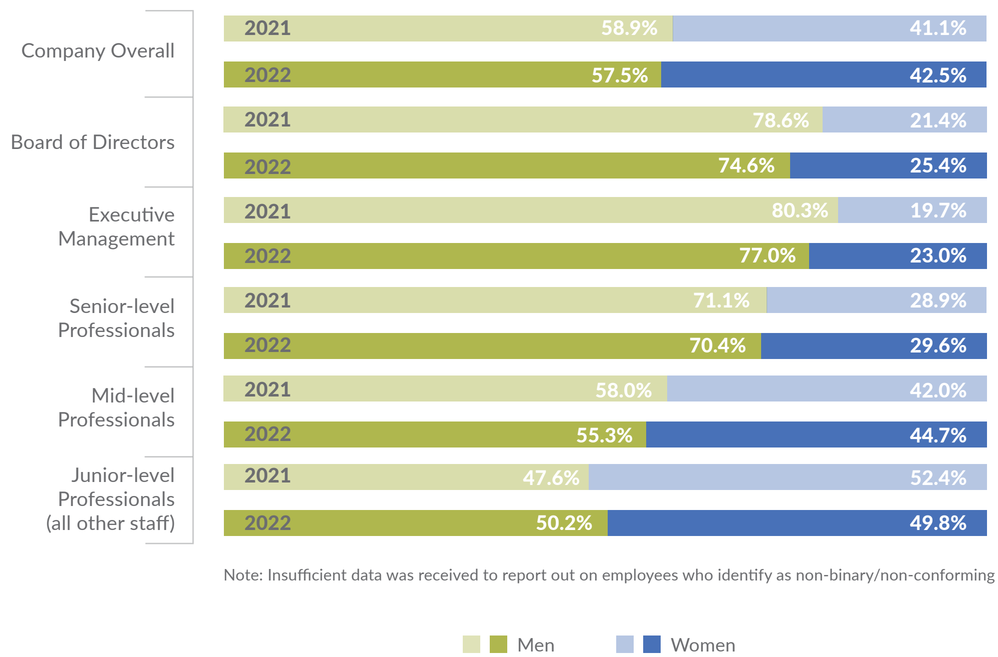
10 REDUCED INEQUALITIES

Progress on Gender, Racial Diversity & Equity Needs to Accelerate

DEI commitments and policies need to be backed up by action and borne out in the data.

The Global Real Estate DEI Survey profiles DEI practices and performance among commercial real estate firms globally. The survey results tell a story - particularly around the percentage of men vs. women and percentage of white people vs. people of colour across organizations.

Figure 7 **Gender Diversity & Equity – North American CRE Industry** [50]



Note: Insufficient data was received to report out on employees who identify as non-binary/non-conforming

It is clear there are inequalities of men vs. women across most professional levels across organizations. At the same time, there is some progress being made.

The percentage of women at the Board level increased from 21-25% between 2021-2022, and from 20-23 % at the Executive Management level.[51]

There are similar inequalities around people of colour, but again, some modest progress is being made. The percentage of people of colour at the Executive Management level increased from 14-16% between 2021-22, and from 16-19% at the Senior professional level.[52]

INDUSTRY OPPORTUNITY

The industry needs to accelerate efforts to eliminate barriers in recruitment, career advancement, mentorship and sponsorship opportunities for underrepresented groups.

BENCHMARKS*

23%

of Executive Management professionals are women.[53]

30%

of Senior-level professionals are women.[54]

16%

of Executive Management professionals are people of colour.[55]

19%

of Senior-level professionals are people of colour.[56]

54%

of organizations say greater diversity at the senior leadership level would be one of the most important outcomes of a successful DEI program.[57]

*Benchmarks refers to the North America demographic data from the 2022 Global Real Estate DEI Survey.

RELEVENT SDGs

Affordability Is a Key Issue – Everyone in Canada Deserves a Safe, Dignified & Secure Place to Live

The foundation of a healthy Canadian real estate environment is the ability to attract investment to maintain and update existing buildings, and to build new rental stock.

We can regenerate market housing in the rental apartment sector in a way that protects those who need it most, while allowing the growth needed to build-up Canada for generations to come.

Figure 8 **The Housing Continuum in Canada** [58]

Homelessness | Emergency Shelter | Transitional Housing | Supportive Housing | Community Housing | Affordable Housing | Market Housing

Actions by a wide range of stakeholders are required to address affordability issues across the country.

01 **Increase rental supports for Canadian residents who need it the most**. Encourage governments to increase rent supplement and rent support programs, particularly for those without the financial means to keep up with necessary rent increases.

02 **Re-invest in Canadian rental housing.** Attract investment to the rental housing market through tax credits or incentives, which can be used for acquisition, development, or retrofit activities to support lower-income households or for building decarbonization.[59]

03 **Accelerate housing supply.** Canada's leading economists agree: Canada has simply not been building enough housing to keep it attainable and affordable. Zoning and land use rules, development charges and upfront fees, property taxes, and development approvals, need to enable investment in Canada's rental housing market.

04 **Improve security of tenure for residents.** Where possible and financially feasible, minimize the impacts of renovations and new development on existing residents' tenures. Building new communities, or revitalizing established ones, requires a professional approach that adheres to the law while being sensitive to the needs of residents.

KEY FACTS

60%

The percentage of average household income needed for housing in 2021.[60]

3.5M

The estimated amount of additional affordable housing units needed by 2030 to restore affordability.[61]

2/3

of the 3.5M housing supply gap is located where housing markets are least affordable – the Greater Toronto & Vancouver areas.[62]

ESG Reporting

RELEVENT SDGs

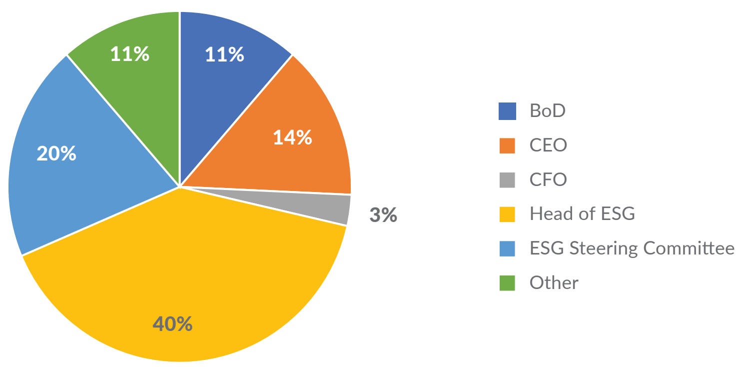
The Stakes Are Rapidly Rising on ESG Reporting

Investor demand. Corporate Net Zero Carbon commitments. Regulatory pressure. Tenant requests. Auditor scrutiny.

There is more at stake with ESG data, benchmarking and disclosure now than ever before.

Accurate and relevant ESG reporting requires information on building characteristics and systems, and specialized knowledge on a range of issues and frameworks (e.g., GHG Protocol, GRESB, Global Reporting Initiative (GRI)).

Figure 9 **ESG Reporting Accountability – Canadian CRE Industry** [63]



Regulators and investors are moving to expect the same level of rigor and adherence to standards in the reporting of ESG data and metrics as reported financial information.

This is reinforced in the trend towards integrated financial/ESG reporting.

INDUSTRY OPPORTUNITY

Organizations need to ensure appropriate accountability for ESG reporting, and executives need to provide sufficient resources, as resources are often greater than initially expected due to the new and constantly evolving nature of ESG reporting.

Organizations also need to integrate ESG reporting into business processes and financial reporting, and include well defined roles, responsibilities, systems and oversight.

KEY FACTS

$59T

Assets under management associated with 301 institutional investors signed on to the Net Zero Asset Owners Alliance.[64]

900+

Number of large organizations across the globe committed to net zero carbon targets (includes many major CRE tenants across all asset classes).[65]

390

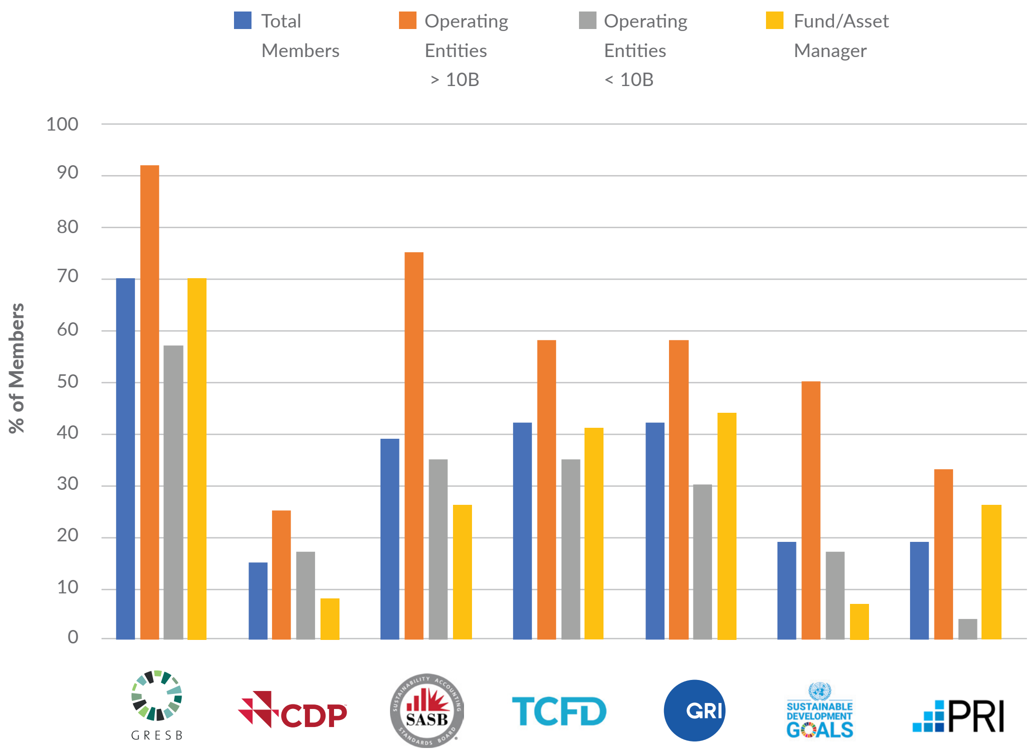
Number of large organizations across the globe committed to 100% renewable electricity under the Renewable Energy 100 (RE100) initiative (includes many major CRE tenants across all asset classes).[66]

The ESG Reporting Landscape Is Complicated

Commercial real estate owners and managers use a range of ESG voluntary guidance frameworks and assessments/surveys.

The drivers behind, and value proposition of the different tools vary – from benchmarking to reporting on progress to fulfilling stakeholder requirements.

Figure 10 **ESG Reporting by Framework – Canadian CRE Industry** [67]



SPOTLIGHT

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

TCFD is a principles-based standard around climate risk disclosures. It was initiated by the Group of 20 and Financial Stability Board and has emerged as the global best practice around managing and reporting on climate risk for organizations.

ISSB

The newly formed International Sustainability Standards Board (ISSB) is publishing two standards - General Sustainability Disclosure Requirements (IFRS S1) and Climate Related Disclosures (IFRS S2). These two standards build on the TCFD, guide the integration of ESG data into financial statements, and are expected to inform, or be adapted by appropriate regulatory bodies across different countries in 2023 (e.g., CSA in Canada, SEC in the United States).

KEY FACTS

48%

of REALPAC members who report on ESG performance use three or more frameworks.[68]

70%

of REALPAC members report to the GRESB annual benchmarking survey.[69]

42%

of REALPAC members use TCFD to guide their reporting.[70]

42%

of REALPAC members use GRI to guide their reporting.[71]

RELEVENT SDGs

11 SUSTAINABLE CITIES AND COMMUNITIES

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

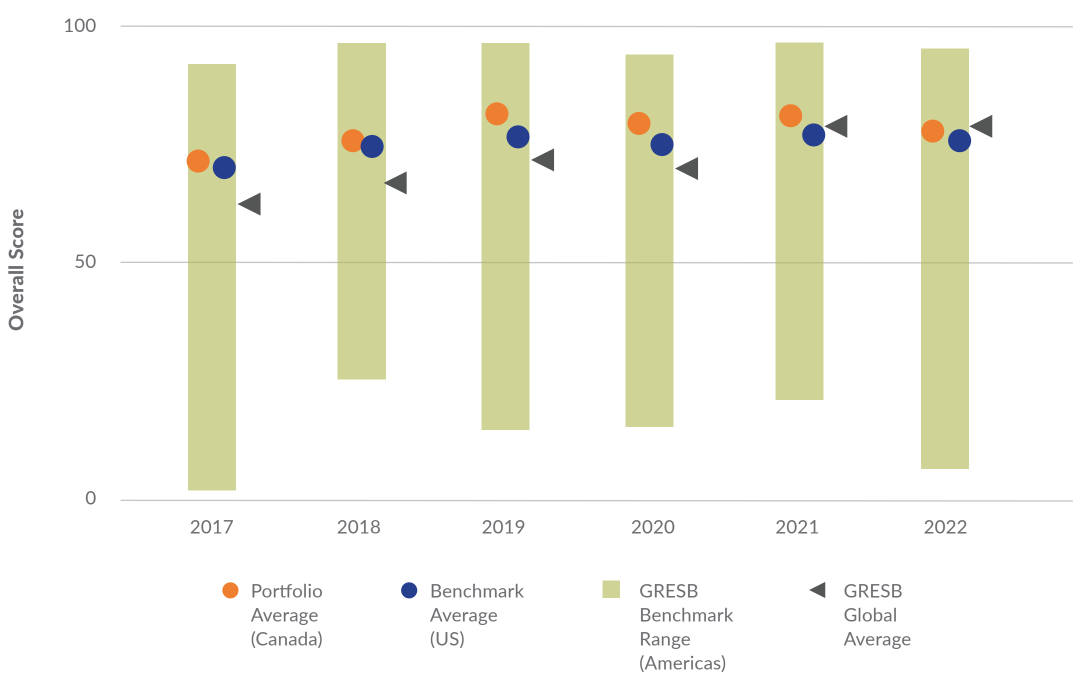
Canadian Engagement & Performance in GRESB Continues to Evolve

GRESB

GRESB is used to benchmark the ESG performance of $8.6 trillion in real estate and infrastructure assets around the globe which includes over 1800 real estate companies / funds and 150,000 buildings as of 2022.[72]

Canadian real estate companies and funds were some of the earliest GRESB participants and continue to be some of the highest performing, globally.[73]

Figure 11 **Canadian GRESB Participant Performance, 2017-22** [74]



The Canadian GRESB respondent average has increased from 73 to 79 between 2017 and 2022.[75] The Canadian average led the US average in all years. The Canadian average also led the Global average in all years, with the exception of 2022.[76]

Over the past few years, the significant increase in Canadian GRESB participation has resulted in downward pressure in the Canadian average GRESB score. The significant increase in Canadian GRESB participation between 2017 and 2022 (>200%) has resulted in downward pressure on the average Canadian GRESB score.

BENCHMARKS

22%

of Canadian GRESB respondents achieved a 5 Star rating.[77]

79/100

Overall Score

Canadian GRESB respondent average [78]

28/30

Management Score

Canadian GRESB respondent average [79]

51/70

Performance Score

Canadian GRESB respondent average [80]

Credible ESG Performance Benchmarking Tools Are Important for the Industry

With increased reporting requirements, it is more important than ever for organizations to benchmark themselves against the industry.

Energy Star Portfolio Manager (ESPM) and Arc Performance Platform are credible benchmarking tools that can be used for this purpose by the industry.

ENERGY STAR® PortfolioManager®

Space Type	EUI [81] (kWh/ft²)	GHGI ($kgCO_2e$ / ft²) [82]									
		BC	AB	SK	MB	ON	QC	NB	NS	PEI	NL
Industrial	16.3	1.5	6.4	6.8	1.7	2.0	0.7	4.7	9.7	4.7	1.3
Retail (Enclosed Mall)	116.4	11.0	46.4	48.6	12.1	14.1	5.1	33.9	70.1	33.9	9.6
Retail (Lifestyle Centre)	19.1	1.8	7.6	8.0	2.0	2.3	0.8	5.6	11.5	5.6	1.6
Multifamily Housing	21.2	2.0	8.5	8.9	2.2	2.6	0.9	6.2	12.8	6.2	1.8
Office	25.5	2.4	10.1	10.6	2.7	3.1	1.1	7.4	15.3	7.4	2.1
Senior Living	26.8	2.5	10.7	11.2	2.8	3.2	1.2	7.8	16.2	7.8	2.2

EUI data is as of Aug 2021 and GHGI data is as of Aug 2022, and is representative of the median across Canadian buildings utilizing the ESPM platform, where data exists.[83]

arc A USGBC/GBC Organization

Space Type	EUI ekWh / ft²	GHGI $kgCO_2e$ / ft²	WUI litres / ft²
Laboratory	62.0	25.4	50.4
Lodging	31.0	11.6	85.4
Office	17.4	1.3	30.6

All data is as of March 2023 and is the median of representative Canadian LEED projects utilizing the Arc platform, where data exists. The median is the middle of the data set half of buildings are higher and half are lower. The median works well for comparing relative energy, GHG or water performance because it reflects the mid-point across property types and removes the effect of high-value outliers that may skew the data.[84]

INDUSTRY OPPORTUNITY

The industry needs to continue to work with key stakeholders to develop a broader range of credible ESG performance benchmarks across all asset classes.

INDUSTRY BEST PRACTICE

REALPAC recommends reporting sustainability KPIs in accordance with the metrics below to facilitate comparability across the industry.

ekWh / ft²

Energy Use Intensity (EUI)

$kgCO_2e$ / ft²

Greenhouse Gas Emission Intensity (GHGI)

Litres / ft²

Water Use Intensity (WUI)

Metric Tonnes (MT)

Waste Generated or Diverted

REFERENCES

1. REALPAC ESG Member Survey, April 2023
2. REALPAC Member ESG Indicator Scan, February 2023
3. REALPAC Member ESG Indicator Scan, February 2023
4. REALPAC Canadian Real Estate Compensation Study, 2022
5. Altus Group, Independent Real Estate Intelligence - Reflections on Economic Impact, May 2023
6. Altus Group, Independent Real Estate Intelligence - Reflections on Economic Impact, May 2023
7. TD Securities Inc., Industry Note, Why REITs' Development Potential Merits More Attention Raising NAVs and Target Prices for Retail and Diversified REITs, December 2022
8. CAGBC, Project Database - Zero Carbon Buildings, May 2022
9. CAGBC, 2021 Annual Review, July 2022
10. GRESB, 2022 Canadian Portfolio Analysis, October 2022
11. Government of Canada, 2030 Emissions Reduction Plan: Clean Air, Strong Economy
12. ntact Centre on Climate Adaption, Irreversible Extreme Heat: Protecting Canadians and Communities from a Lethal Future
13. Insurance Bureau of Canada (IBC), Severe Weather in 2022 Caused $3.1 Billion in Insured Damage (2023) & CatIQ, Canadian Insured Losses From Catastrophic Events Total CAN $3.1 Billion In 2022 (2023). Claims have been normalized for inflation ($2022) and per capita wealth accumulation.
14. McKinsey, Climate risk and the opportunity for real estate, February 2022
15. Government of Canada, 2030 Emissions Reduction Plan: Clean Air, Strong Economy, July 2022
16. Intact Centre on Climate Adaption, Irreversible Extreme Heat: Protecting Canadians and Communities from a Lethal Future, April 2022
17. Insurance Bureau of Canada (IBC), Severe Weather in 2022 Caused $3.1 Billion in Insured Damage (2023) & CatIQ, Canadian Insured Losses From Catastrophic Events Total CAN $3.1 Billion In 2022 (2023). Claims have been normalized for inflation ($2022) and per capita wealth accumulation.
18. Recommendations of the Task Force on Climate-related Financial Disclosures, June 2017
19. Government of Canada, Net-Zero Emissions by 2050, January, 2023
20. McKinsey, Climate risk and the opportunity for real estate, February 2022
21. REALPAC Member ESG Indicator Scan, February 2023
22. REALPAC ESG Member Survey, April 2023
23. REALPAC Member ESG Indicator Scan, February 2023
24. REALPAC ESG Member Survey, April 2023
25. Government of Canada, Update to the Pan-Canadian Approach to Carbon Pollution Pricing 2023-2030, August 2021
26. IPCC SR1.5 Report - Low Overshoot Pathway, $210 USD in 2010; amount shown is CAD in 2030.
27. REALPAC ESG Explainer: Net Zero Carbon Fundamentals, March 2023
28. CAGBC, Making the Case for Zero Carbon Building, February 2019
29. REALPAC ESG Member Survey, April 2023
30. U.S. SECURITIES AND EXCHANGE COMMISSION, SEC Proposes Rules to Enhance and Standardize Climate-Related Disclosures for Investors, March 2022
31. REALPAC Member ESG Indicator Scan, February 2023
32. REALPAC ESG Member Survey, April 2023
33. REALPAC ESG Member Survey, April 2023
34. CAGBC, 2021 Annual Review, July 2022
35. WGBC, Building the Business case: Health, Wellbeing and Productivity in Green Offices, October 2016
36. REALPAC ESG Member Survey, April 2023
37. REALPAC ESG Member Survey, April 2023
38. CAGBC, 2021 Annual Review, July 2022
39. BOMA BEST Certified Buildings, May 2023
40. WELL Project Directory, Well Health-Safety Rated, May 2023

REFERENCES (Cont'd)

41. Fitwel Project Directory, May 2023
42. REALPAC Canadian Real Estate Compensation Study, 2022
43. REALPAC Canadian Real Estate Compensation Study, 2022
44. REALPAC Canadian Real Estate Compensation Study, 2022
45. REALPAC Canadian Real Estate Compensation Study, 2022
46. REALPAC Canadian Real Estate Compensation Study, 2022
47. REALPAC Canadian Real Estate Compensation Study, 2022
48. REALPAC Canadian Real Estate Compensation Study, 2022
49. REALPAC Canadian Real Estate Compensation Study, 2022
50. 2022 Global Real Estate DEI Survey
51. 2022 Global Real Estate DEI Survey
52. 2022 Global Real Estate DEI Survey
53. 2022 Global Real Estate DEI Survey
54. 2022 Global Real Estate DEI Survey
55. 2022 Global Real Estate DEI Survey
56. 2022 Global Real Estate DEI Survey
57. 2022 Global Real Estate DEI Survey
58. CMHC, Canada's Housing Supply Shortage Restoring Affordability by 2030, June 2022
59. Homeless Hub, Building Affordable Rental Housing in Unaffordable Cities: A Canadian Low-Income Housing Tax Credit, 2015
60. CMHC, Canada's Housing Supply Shortage Restoring Affordability by 2030, June 2022
61. CMHC, Canada's Housing Supply Shortage Restoring Affordability by 2030, June 2022
62. CMHC, Canada's Housing Supply Shortage Restoring Affordability by 2030, June 2022
63. REALPAC ESG Member Survey, April 2023
64. The Net Zero Asset Managers initiative, May 2023
65. Net Zero Tracker, May 2023
66. Renewable Energy 100, RE 100 Members, May 2023
67. REALPAC Member ESG Indicator Scan, February 2023
68. REALPAC Member ESG Indicator Scan, February 2023
69. REALPAC Member ESG Indicator Scan, February 2023
70. REALPAC Member ESG Indicator Scan, February 2023
71. REALPAC Member ESG Indicator Scan, February 2023
72. GRESB, http://www.gresb.com, October 2022
73. GRESB, 2022 Canadian Portfolio Analysis, October 2022
74. GRESB, 2022 Canadian Portfolio Analysis, October 2022
75. GRESB, 2022 Canadian Portfolio Analysis, October 2022
76. GRESB, 2022 Canadian Portfolio Analysis, October 2022
77. GRESB, 2022 Canadian Portfolio Analysis, October 2022
78. GRESB, 2022 Canadian Portfolio Analysis, October 2022
79. GRESB, 2022 Canadian Portfolio Analysis, October 2022
80. GRESB, 2022 Canadian Portfolio Analysis, October 2022
81. Energy Star Portfolio Manager, Canadian Energy Use Intensity by Property Type, August 2021
82. Energy Star Portfolio Manager, Canadian Regional Median Greenhouse Gas Emissions Intensity, August 2022
83. Energy Star Portfolio Manager, Canadian Regional Median Greenhouse Gas Emissions Intensity, August 2022
84. Arc Skoru, Arc in Canada Highlights, Q1 2023

About REALPAC

Founded in 1970, REALPAC is the national leadership association dedicated to advancing the long-term vitality of Canada's real property sector. Our 130+ member companies include publicly traded real estate companies, real estate investment trusts (REITs), pension funds, private companies, fund managers, asset managers, developers, government real estate agencies, lenders, banks, life insurance companies, investment dealers, brokerages, consultants/data providers, large general contractors, and international members. Our members represent all asset classes in Canada – office, retail, industrial, apartment, hotel, senior living – from coast, to coast, to coast.

About This Report

This is REALPAC's first report of the Canadian Commercial Real Estate industry's ESG performance. It recognizes progress, provides useful benchmarks, and identifies opportunities and challenges for the industry.

Every effort was made to include relevant, accurate, and current information from credible sources.

Acknowledgments

REALPAC thanks the following individuals who took time to contribute their knowledge and perspective to this report:

Ariel Feldman, Choice Properties REIT

Avis Devine, Schulich School of Business

Brent Gilmour, CAGBC

Chris Pyke, USGBC

Dan Winters, GRESB

Dionna Johnson Sallis, Ferguson Partners

Doug Webber, Purpose Building

Duncan Rotherham, Deloitte LLP

Francisca Quinn, Quinn & Partners

Julia St. Michael, CAPREIT

Karen Jalon, Cadillac Fairview

Kathryn Bakos, Intact Centre on Climate Adaptation

Krystian Imgrund, GWL Realty Advisors

Laurna Strikwerda, CAGBC

Lesley Sturla, CAGBC

Mark Hutchinson, CAGBC

Marlee Kohn, Starlight Investments

Marnie Fletcher, CAGBC

Michael Sugar, CAGBC

Peter Norman, Altus Group

Report Methodology

The following primary data sources were used in the development of this report, supplemented with secondary research from trusted industry sources, where relevant.

2023 REALPAC ESG Member Survey

A survey of ESG practices among REALPAC members (April 2023).

2023 REALPAC Member ESG Indicator Scan

A scan of online publicly reported ESG information and metrics among REALPAC members under REALPAC's membership of Operating Entities and Fund / Asset Managers (February 2023).

2022 GRESB Canadian Portfolio Analysis

Industry-leading benchmark of ESG performance based on voluntary reported data from 59 Canadian GRESB reporting entities (October 2022).

2022 Global Real Estate DEI Survey

A survey of diversity, equity and inclusion practices and benchmarking metrics among commercial real estate firm globally. North American performance data is referenced in this report (January 2023).

2022 REALPAC Compensation Survey (DEI Section)

A survey designed to provide real estate companies with competitive compensation levels and administration of compensation and benefits programs. The DEI section provides an overview of REALPAC members organizational DEI practices and employee demographic data (January 2023).

REALPAC
77 King St West
TD North Tower
Suite 4030 PO Box 147
Toronto ON M5K 1H1
Canada

realpac.ca

Darryl Neate
VP, ESG
dneate@realpac.ca

Daniela Agnoletto
Senior Consultant, ESG
dagnoletto@realpac.ca