



PROREIT  
ESG  
REPORT  
MARCH 2022



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Since our founding in 2013, PROREIT has always been committed to acting responsibly and creating long-term value for all stakeholders. As an owner and operator of real estate across Canada, we understand our critical role in supporting and promoting sound environmental, social and governance (ESG) practices.



As we pursue our growth with a focus on the industrial sector, we are dedicated to accelerating our capabilities on the ESG front. Sustainability will play an increasingly central role in our business, and we aim to raise the bar year after year. We seek to incorporate sustainability measures in our decision-making processes and in our everyday actions.

At PROREIT, ESG matters are overseen by the Board of Trustees, while management is responsible for the development and implementation of our ESG program, with the support of our ESG steering committee.

Although much work remains to be done, we are proud of what has been achieved to date and pleased to introduce our inaugural ESG report. Our first report outlines the progress we have made and provides our stakeholders with more visibility on the areas that we will continue to focus on over the coming years.

Following a comprehensive materiality assessment undertaken in 2021, we identified the topics important to our business and to our stakeholders. We then outlined specific priorities and initiatives that constitute the foundation of our commitments towards a more sustainable future.

On the environmental front, we will continue to invest in high-quality properties, while promoting energy efficiency and sustainable practices across our portfolio. We will also introduce new ways to track and, ultimately, improve our environmental impact.

Our people are key to our long-term success, and promoting a healthy environment that brings out the best in people will be a top priority. Over the years, we have developed longstanding tenant relationships and have played an active role in our communities. Our engagement towards our employees, tenants, and communities will remain fundamental components of our ESG strategy going forward.

From a governance standpoint, we are steadfast in upholding the highest business ethics and standards. We aim to make sustainability a priority, in line with our core commitment to generate consistent returns for our unitholders. We also have diversity guidelines to follow and our performance in these areas continues to improve.

Despite the challenges posed by operating in a net lease environment, especially in terms of our ability to track data, we are dedicated to improving data collection and to measuring our progress across key ESG metrics over time and wherever feasible.

As we continue on our growth trajectory and capitalize on the significant potential embedded in our portfolio, we are committed to contributing to a sustainable future, to the benefit of all our stakeholders.

**Jim Beckerleg**  
President and CEO  
PROREIT



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100%

PROREIT-owned properties are subject to a thorough assessment of all environmental and capital item components prior to acquisition

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14

PROREIT-owned properties are BOMA certified

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99%+

PROREIT's portfolio is located in areas identified as low flood risk

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Deployment of additional **electric vehicle charging stations** at PROREIT locations

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46%

Female gender representation across PROREIT

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39%

Of PROREIT's management is comprised of women

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<7%

Employee turnover rate

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87.5%

Of Board comprised of independent Trustees, and all Board committees are chaired by independent Trustees, with exception of the investment committee

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25%

Female representation on Board of Trustees

# PROREIT AT A GLANCE

PROREIT is a fast growing real estate investment trust with a strong industrial focus, owning and operating high-quality commercial properties located in mid-sized Canadian cities benefiting from robust economies.

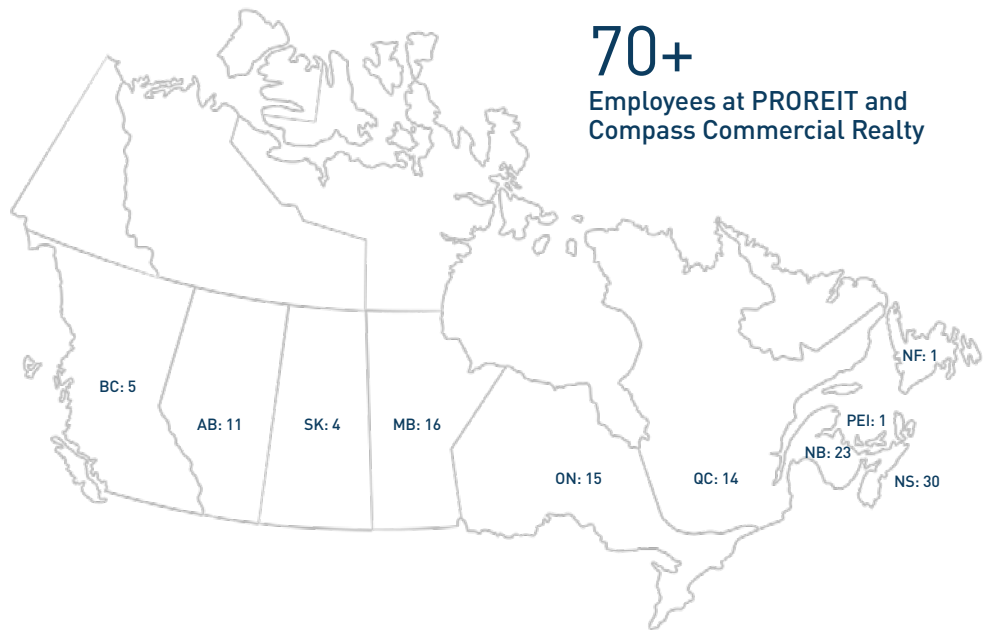
Acquired in 2018, Compass Commercial Realty – our fully internalized property management function – is a long established group operating autonomously, with offices in Halifax, Moncton, Montreal, and Oakville.



**120**  
Properties in  
10 provinces with a  
focus on central and  
eastern Canada

**\$990M**  
Total assets

**6.6M**  
Gross leasable  
area (sq. ft)



**70+**  
Employees at PROREIT and  
Compass Commercial Realty

## HIGH QUALITY PORTFOLIO WITH A STRONG INDUSTRIAL FOCUS



**78%**  
GLA - Industrial



**15%**  
GLA - Retail



**7%**  
GLA - Office

At PROREIT, ESG matters are overseen by the Board of Trustees, while senior management is accountable for the development and implementation of our ESG program with the support of the ESG Steering Committee, established in 2021.

The ESG Steering Committee is responsible for the day-to-day management of PROREIT's ESG program, including tracking goals and progress, and remaining abreast of emerging trends and stakeholder expectations. The ESG Steering Committee advises management on how to advance PROREIT's ESG program.

## BOARD OF TRUSTEES

- > Responsible for overseeing and monitoring PROREIT's ESG program

## PRESIDENT AND CEO

- > ESG program sponsor
- > Responsible for setting ESG strategy with support of ESG Steering Committee

## STEERING COMMITTEE

- > Composed of members of management from corporate, asset and property management functions
- > Chaired by CFO

## OUR ESG LEADERS



**James W. Beckerleg**  
President,  
Chief Executive Officer  
and Trustee



**Gordon Lawlor, CPA, CA**  
Executive Vice President,  
Chief Financial Officer  
and Secretary



**Mark O'Brien**  
Senior Vice President,  
Leasing, Operations and  
Sustainability



**Alison Schafer, CPA, CA**  
Senior Vice President,  
Finance



**Chris Andrea**  
President,  
Compass Commercial Realty



**Isabelle Monte**  
Manager,  
Human Resources and  
Administration

### OUR APPROACH TO ESG

PROREIT has formally developed an ESG program to outline its goals and enhance transparency regarding its material ESG topics and priorities.

**Scope:** Our ESG program spans our entire business cycle, ranging from strategic planning to acquisitions, and across our asset and property management functions.

### OUR ESG GUIDING PRINCIPLES AND COMMITMENTS

- > Promote energy efficiency and sustainable practices across our properties
- > Create a work environment that promotes employee wellbeing and encourages effective tenant communications
- > Uphold the highest standards of corporate governance and business ethics

### MATERIALITY ASSESSMENT

Our ESG program and framework is based on a thorough assessment of relevant environmental, social and governance topics undertaken by PROREIT'S ESG Steering Committee, based on the level of materiality to our business and industry as well as the expectations of our key stakeholders, as gathered through regular engagement. PROREIT also reviewed peer disclosure and recognized ESG standards and certifications, including SASB and GRESB, to ensure alignment with industry and ESG best practices.

PROREIT's ability to measure and track performance is limited due to its lack of operational control for the vast majority of the properties it owns and manages (net lease environment).

Due to the nature of our business, we only have the ability to track information at the time of property acquisition and through tenant turnover. We aim to improve our ability to track progress and collect data across key ESG topics over time and as feasible.

CATEGORY	MATERIAL TOPICS
ENVIRONMENT	<ul style="list-style-type: none"> <li>&gt; Energy management</li> <li>&gt; GHG emissions</li> <li>&gt; Building design and lifecycle management</li> <li>&gt; Physical impacts of climate change</li> </ul>
SOCIAL	<ul style="list-style-type: none"> <li>&gt; Employee engagement</li> <li>&gt; Diversity and inclusion</li> <li>&gt; Tenant welfare and relations</li> <li>&gt; Building quality and safety</li> <li>&gt; Community giving</li> </ul>
GOVERNANCE	<ul style="list-style-type: none"> <li>&gt; Business ethics</li> <li>&gt; Risk management</li> <li>&gt; Business model resilience</li> <li>&gt; Corporate governance practices</li> </ul>

## RESPONSIBLE ASSET AND PROPERTY MANAGEMENT

As an owner and operator of real estate across Canada, PROREIT's biggest environmental impact comes from its properties. We are committed to adhering to sustainable asset and property management practices to minimize our environmental footprint to the benefit of our tenants and the communities where our properties are located. Due to the nature of our lease environment, PROREIT has limited oversight or control over energy, waste, water and other environmental management inputs. Consequently, we also have limited access to data, statistics and key insights on these inputs, which restricts our ability to track these key metrics. In this context, our objective is to have a positive environmental impact where and when we have control, which is at acquisition, through tenant turnover, and on the exterior management of a property.



### PRIORITIES

- > Increase number of certified buildings (BOMA, ENERGY STAR®)
- > Enhance disclosure on climate change risks in continuous disclosure documents
- > Maintain high due diligence standards at time of acquisition
- > Promote the use of energy efficient fixtures whenever possible
- > Enhance ability to track environmental impacts, where feasible

### INITIATIVES

#### Prioritizing certified properties

By following best practices and meeting the requirements outlined by trusted industry certification bodies such as BOMA and ENERGY STAR®, PROREIT can help ensure that it maintains a robust and sustainable property portfolio despite the lack of operational control over key inputs.

BOMA is a credible industry certification that legitimizes a company's environmental and efficiency-related output. To obtain the BOMA Best certification a property must namely put in place the following best practices: put a Preventative Maintenance Program in place, conduct energy and water assessments every five years, have energy, water, and waste management plans, offer a green cleaning program, set clear energy reduction targets, conduct indoor air quality monitoring, provide an occupant service request program, in addition to taking the overall comfort of the properties into consideration.

PROREIT is also currently working towards obtaining ENERGY STAR® certification for a number of its properties. A symbol for energy efficiency, the certification provides simple, credible, unbiased information to help consumers and businesses make well-informed decisions, and identify cost-effective approaches to managing energy use in our properties.

- > 14 of PROREIT's properties are BOMA Best certified.

### MATERIAL TOPICS

- > Energy management
- > GHG emissions
- > Building design and lifecycle management
- > Physical impacts of climate change

### METRICS

- > Total number of certified properties
- > Enhance tracking abilities with regards to electrical, water, heat, energy-efficient fixtures, and waste
- > Increase number of electric vehicle charging stations
- > Monitor frequency of environmental assessments
- > Measure paper consumption



## INITIATIVES (CONT'D)

### Improving disclosure of climate risks through enhanced transparency

We enlist the services of trusted third parties to help best protect our assets in locations that are at greater climate-related risks.

- > With the exception of one property classified as moderate/high flood risk, PROREIT's portfolio is entirely located in areas identified as low risk.



### Building a quality real estate portfolio

Prior to acquiring properties, we undertake thorough due diligence processes to ensure the quality of the asset. This process includes, but is not limited to, the following elements:

- We work with a specialized roofing consultant who ensures the efficiency of the property is optimal. Using infrared scans, the assessment helps to determine risk factors related to potential water damage, in addition to ensuring gains in terms of heating, etc.
  - We work with a recognized national provider to lead all environmental and capital item audit components of each property. Due diligence is done at the time of acquisition to ensure the environmental impact of each property prior to closing, including contaminants assessment, complete engineering study. Investigation is led by a third-party to analyse HVAC, windows, gas type used for energy uses, etc. – leading to efficiencies both in terms of cost and environmental considerations.
  - We work closely with an insurance broker who audits our portfolio on an annual basis, to assess what has changed. Flood and fire risks are re-examined and reassessed for efficiencies, both from a cost and environmental perspective.
- > 100% of PROREIT-owned properties are subject to a thorough assessment of all environmental and capital item components prior to acquisition.

### Reducing paper consumption with NexusOne

Implemented in August 2021, NexusOne is an automated Accounts Payable system that ensures all approvals are done electronically across the organization. NexusOne helps with efficiency, in addition to ensuring better controls and reducing paper use to a minimum. PROREIT also works closely with its suppliers to ensure that invoices are emitted and processed digitally, where feasible.

### Energy-efficient LED lighting

Whenever possible, we upgrade and retrofit lighting to energy-efficient LED lighting across our portfolio as we purchase new properties and/or with tenant turnover. This applies to the locations where we are the property managers, and at all our locations whenever outdoor lighting is replaced.

### Electric charging stations

In 2021, PROREIT purchased a first property equipped with electric charging stations located in Halifax. We are evaluating the feasibility of adding charging stations in two other properties, and more, moving forward.

## PUTTING PEOPLE FIRST

PROREIT takes great pride in its teams and is committed to being an employer of choice. With a lean but extremely competent team of individuals, all are essential to the continued success of the organization. At PROREIT, we aim to provide employees with the necessary conditions to enable them to thrive. We are also focused on creating a stimulating and development-focused work environment. Our commitment to wellbeing and respect trickles down to our tenants, and to the communities where our properties are located. We value the long-standing relationships we have built with our tenants and aim to be a reliable and trustworthy partner through effective communications, and by ensuring that our properties meet their needs and expectations. We are also committed to the communities where our employees work and live, through volunteering and corporate giving.



## PRIORITIES

- > **Provide a dynamic, inclusive and stimulating work environment that promotes employee well-being**
- > **Maintain effective and harmonious communications and engagement with tenants**
- > **Ensure building quality and safety**
- > **Be an engaged corporate citizen that gives back to local communities**

## INITIATIVES

### **Competitive compensation and proactive training and development**

In addition to providing employees with a flexible work environment and competitive compensation, we offer comprehensive group insurance and other benefits.

We also encourage our teams to partake in trainings outside of the organization. As required by law, every year PROREIT invests between 3% and 6% of its payroll towards employee training and professional development.

- > **Less than 7% employee turnover rate in 2021.**

### **Promoting diversity and inclusion**

PROREIT believes in the importance of having a diversity of skills, perspectives, experiences, and backgrounds, and is committed to providing a work environment that promotes diversity, equity and inclusion.

- > **In 2021, 39% of PROREIT's management was comprised of women, and 46% of all employees were women.**

## MATERIAL TOPICS

- > Employee engagement
- > Diversity and inclusion
- > Tenant welfare and relations
- > Building quality and safety
- > Community giving

## METRICS

- > Employee turnover rate
- > Amount of health and safety related incidents
- > Number of volunteer hours
- > Numbers of resolved tenant requests

### INITIATIVES (CONT'D)

#### **Volunteering within the community and annual donation campaign**

Every year, PROREIT donates to various local and national organizations that support causes related to healthcare, the arts, local organizations that provide assistance to women in vulnerable situations, in addition to sponsoring industry events.

- > PROREIT employees are encouraged to volunteer to causes they hold dear. To promote engagement and volunteerism, we offer our employees Volunteer Time Off for up to 10 hours per year.



#### **Employee health and wellness**

By providing our teams with a membership to a leading telehealth platform, we aim to facilitate access to superior healthcare and contribute to a healthy and energized workforce.

- > PROREIT employees have access to an Employee Assistance Program (EAP), which provides immediate and confidential help for any work, health, or life concern – available anytime and anywhere.

A Health and Safety Committee is also in place for our property management employees. Organized and led by employees, the committee meets once per month, and its objective is to make sure that staff members are up to date on the latest protocols and techniques in terms of health and safety procedures.



#### **Angus Anywhere: Tenant communication platform**

To ensure effective communications and enhance our ability to put in place preventative maintenance plans across our properties, PROREIT implemented Angus Anywhere, a tenant management software which proactively manages all tenant requests. The platform enables a simple and effective communications channel between tenants and PROREIT, allows us to track inspections and provides a Tenant Insurance Tracking service.

Angus Anywhere delivers a greater level of transparency and helps to ensure that all assets remain in the best possible condition. The platform also facilitates engagement with tenants via surveys and other tools, which we will be able to deploy in the future.

### UPHOLDING HIGH GOVERNANCE STANDARDS

PROREIT is committed to upholding the highest governance and business ethics standards. Our Board of Trustees and management team are committed to strong governance practices designed to ensure oversight, accountability, and integrity. By following ethical business practices, PROREIT aims to promote long-term and sustainable growth of its business.



### PRIORITIES

- > **Maintain a strong and diverse Board of Trustees**
- > **Promote good business behaviour through the implementation of, and adherence to relevant policies**
- > **Ensure strong governance oversight of ESG, while staying abreast of emerging ESG trends and best practices**

### INITIATIVES

#### Strong governance

PROREIT benefits from a strong and diverse board comprised of experienced and talented individuals, who uphold the highest governance standards, as outlined in our Charter of the Board of Trustees, Audit Committee Charter, and Governance and Compensation Charter.

- > **87.5% of the Board is comprised of independent Trustees, and all Board committees are chaired by independent Trustees, with the exception of the investment committee.**

#### Board diversity

PROREIT has a Board Diversity Policy in place since 2019. Currently, the Board is comprised of two women and six men. When assessing Board composition or identifying suitable candidates for appointment or re-election to the Board, PROREIT will consider candidates using objective criteria having due regard to the benefits of diversity and the needs of the Board.

- > **25% female representation on Board of Trustees.**

### MATERIAL TOPICS

- > Business ethics
- > Risk management
- > Business model resilience
- > Corporate governance practices

### METRICS

- > Diversity within Board of Trustees
- > Independence of committee chairs

## INITIATIVES (CONT'D)

### **Business ethics and conduct**

PROREIT is committed to ensuring that its business operations are carried out in a fair, transparent, and compliant manner.

#### ***Code of conduct***

PROREIT's Code of Conduct is applicable to all employees, members of management and the Board. It provides guidelines for maintaining the integrity, reputation, honesty, objectivity and impartiality of PROREIT, in addition to addressing proper business conduct, which includes compliance with laws, rules and regulations and reporting of illegal or unethical behaviour.

#### ***Whistleblower and disclosure policies***

PROREIT has established a whistleblower policy, which allows any person who believes that a violation of the Code has occurred to report the relevant information confidentially.

### **Risk management**

Protecting the business is essential, and everyone has a role to play to ensure continuity. An extensive risk matrix has been developed to address traditional financial risks, which are inherent to the business. The matrix is updated by our teams on a regular basis.

### **ESG governance**

PROREIT's governance of ESG is enabled by a clear structure that was put in place in 2021. PROREIT's ESG Steering Committee advises senior management on how to advance the ESG program, which is chaired by our CFO and sponsored by our CEO, who reports our progress to the Board of Trustees.

For complete information on our governance policies and practices, please review our continuous disclosure documents available at [www.sedar.com](http://www.sedar.com) under our profile, or on our website at [www.proreit.com](http://www.proreit.com).

MATERIALITY ASSESSMENT AND ESG FRAMEWORK OVERVIEW

CATEGORY	MATERIAL TOPICS	PRIORITIES / TARGETS	METRICS
ENVIRONMENT	<ul style="list-style-type: none"> <li>&gt; Energy management</li> <li>&gt; GHG emissions</li> <li>&gt; Building design and lifecycle management</li> <li>&gt; Physical impacts of climate change</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Increase number of certified buildings (BOMA, ENERGY STAR®)</li> <li>&gt; Enhance disclosure on climate change risks in continuous disclosure documents</li> <li>&gt; Maintain high due diligence standards at time of acquisition</li> <li>&gt; Promote the use of energy efficient fixtures whenever possible</li> <li>&gt; Enhance ability to track environmental impacts, where feasible</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Total number of certified properties</li> <li>&gt; Enhance tracking abilities with regards to electrical, water, heat, energy efficient fixtures, and waste</li> <li>&gt; Increase number of electric vehicle charging stations</li> <li>&gt; Monitor frequency of environmental assessments</li> <li>&gt; Measure paper consumption</li> </ul>
SOCIAL	<ul style="list-style-type: none"> <li>&gt; Employee engagement</li> <li>&gt; Diversity and inclusion</li> <li>&gt; Tenant welfare and relations</li> <li>&gt; Building quality and safety</li> <li>&gt; Community giving</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Provide a dynamic, inclusive and stimulating work environment that promotes employee well being</li> <li>&gt; Maintain effective and harmonious communications and engagement with tenants</li> <li>&gt; Ensure building quality and safety</li> <li>&gt; Be an engaged corporate citizen that gives back to local communities</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Employee turnover rate</li> <li>&gt; Amount of health and safety related incidents</li> <li>&gt; Number of volunteer hours</li> <li>&gt; Numbers of resolved tenant requests</li> </ul>
GOVERNANCE	<ul style="list-style-type: none"> <li>&gt; Business ethics</li> <li>&gt; Risk management</li> <li>&gt; Business model resilience</li> <li>&gt; Corporate governance practices</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Maintain a strong and diverse Board of Trustees</li> <li>&gt; Promote good business behaviour through the implementation of, and adherence to relevant policies</li> <li>&gt; Ensure strong governance oversight of ESG, while staying abreast of emerging ESG trends and best practices</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Diversity within Board of Trustees</li> <li>&gt; Independence of committee chairs</li> </ul>