

ENGAGEMENT FACTSHEET

Allied Properties REIT

ENGAGEMENT RATIONAL

Allied Properties REIT was lacking a formal climate policy with measurable targets. GRESB had ranked them 64 upon their first review which needed improvement. We have been working with our environmental climate transition pathway framework and presented it to the ESG team of Allied to showcase broadly what we look for and how we rank it.

BACKGROUND

As we have refined our proprietary climate change environmental pathway model, we are launching sector-wide climate related engagements as we have identified numerous common themes with precise points of improvements and suggestions. We have worked with Allied Properties REIT as an initial try of our new framework, mainly due to our strong relationship with management and due to the commitment to invest in proper decarbonization initiatives at Allied board level.

THEME FOR ENGAGEMENT

- x Environment – implementing a climate policy in-line with the Paris Agreement

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ENGAGEMENT OBJECTIVES

- x We need to see Allied Properties REIT's climate policy improve to be in line with the Paris Agreement. Mainly, we need to see GHG reduction targets in the short-term, mid-term and long-term. We need to see capex alignment to see those targets. We need to see climate risk management and scenario analysis awareness. We need to see accountability at the board and/or executive level. We need to see commitment to reporting in TCFD standards.

MILESTONE



DEVELOPMENT



ENGAGEMENT RESULTS

- x In March of 2021 we raised the issues with the ESG team of Allied Properties via a conference call. We introduced our framework and walked them through how we value each initiative that is implemented. The Allied team took the call very seriously and promised several improvements for their 2021 sustainability report
- x In October of 2021 the new sustainability report was released which included several of the initiatives that we have been looking for.
- x Allied had added history of GHG data to make it better for comparison.
- x External verification is a big plus and TCFD alignment intention is present.
- x Shorter term targets are implemented to reduce GHG by 6.6% by 2024.
- x There is accountability for meeting targets entering board level, but the precise metrics are still unclear.
- x Allied has committed to using climate risk analysis as part of long-term business planning.
- x The GRESB score material has improvement from 64 to 80.

NEXT STEPS

- x Hold a call on next steps with Allied ESG team in 22Q2 to work on medium and long term GHG reduction targets.
- x Review TCFD reporting progress.
- x Inquire into precise remuneration targets.
- x Discuss attempting to measure Scope 3 emissions and the resulting challenges.



COMPANY

Allied Properties REIT

COUNTRY

Canada

SECTOR

Real Estate

MARKET CAP

Mid cap

ISSUE

Environmental Engagement for Change

MATERIALITY

Greenhouse Gas (GHG) emissions reduction in line with the Paris Agreement is of utmost importance to reaching combined environmental targets.

MSCI ESG RESEARCH

ESG Rating: B