



Real Estate Strategy Sustainability Policy

Policy effective as of December 31, 2017

Introduction

The Greystone Real Estate Strategy (the “Strategy”)¹ aspires to integrate best-in-class sustainability practices in all our real estate investment and portfolio management processes, including acquisitions, developments, capital planning and ongoing operations. We believe that our sustainability strategy is fully aligned with our culture that focuses on risk management, disciplined processes, sustainable returns and being relevant to our key stakeholders – our clients and the tenants in our properties.

The purpose of our sustainability policy is to outline how the Strategy integrates sustainability in our investment processes and what our commitments are.

Sustainability includes how we consider environmental and social impacts and performance in decision-making and how we govern and manage ourselves to fulfill our commitments.

Our Commitments

The Strategy is committed to minimizing the environmental impact of our investments by:

- Reducing energy use
- Reducing greenhouse gas emissions
- Reducing water use
- Minimizing waste output and maximizing waste diversion
- Using materials and equipment that are selected based on environmental and social considerations
- Engaging tenants and residents in resource conservation and supporting their sustainability goals
- Considering the generation and procurement of renewable energy
- Pursuing third party certification standards relating to sustainable practices wherever possible

The Strategy is committed to improving the health and welfare of our tenants, residents, suppliers and the communities in which we operate by:

- Ensuring properties meet or exceed all health and safety regulation
- Improving indoor air quality
- Requiring sustainable and responsible contracting principles to be used by our management partners and indirectly their suppliers
- Fostering community involvement

¹ Comprised of the Greystone Real Estate Fund Inc., Greystone Real Estate LP Fund and segregated accounts.

To encourage the continuous improvement of sustainability best practices and to support our values of integrity and accountability, the Strategy is committed to:

- Promoting and explaining our sustainability policy to all key stakeholders
- Embedding sustainability considerations into our disciplined investment processes and policies so that they are understood by the entire team
- Measuring, targeting and monitoring our sustainability integration performance and portfolio environmental footprint
- Reporting on progress in implementing our policy commitments to create greater transparency
- Encouraging employees and management partners to develop sustainability competencies and share lessons learned
- Participating in sustainability related industry groups and activities

This policy applies to all members of the Real Estate Team and our management partners and related external service providers.

Schedule A: Acronyms and Definitions

Building Owners and Managers Association Building Environmental Standards (BOMA® BEST): Green building certification program which rates existing buildings based on energy, water, waste, emissions, indoor environment and environmental management system performance. Buildings are awarded levels I to IV based on their performance. Level IV is the highest level.

Canada Green Building Council (CaGBC): National, not-for-profit organization that has been working since 2002 to advance green building and sustainable community development practices in Canada. The CaGBC is a member of the World Green Building Council and is responsible for administering the LEED® rating system in Canada.

Canadian Coalition for Good Governance (CCGG): A corporate governance organization formed to promote good governance practices and improve the regulatory environment to best align the interests of boards and management of public companies with those of their shareholders in Canada. Membership includes a wide range of institutional investors: pension funds, mutual funds and third party money managers, who together manage approximately C\$3 trillion in assets.

Carbon Disclosure Project (CDP): UK-based organization that works with corporations and shareholders to disclose the greenhouse gas emissions of major corporations. It works with more than 800 institutional investors with over US\$95 trillion in assets and holds the largest collection of self-reported climate change, water and forest risk data.

Carbon footprint: The amount of greenhouse gases emitted by an entity (e.g. individual, company, industry, country). Measured in carbon dioxide equivalent (CO₂e) and often displayed in metric tonnes (1,000 kilograms), or tCO₂e.

Greenhouse gas emissions: Gases in the earth's atmosphere with "global warming potential" that are released as the result of fossil fuel combustion, industrial, agricultural and waste management processes. Greenhouse gases are the fundamental cause of the greenhouse effect, which can affect the surface temperature of the earth and oceans. They are measured in the unit of carbon dioxide equivalent (CO₂e). This metric calculates the total global warming impact of different greenhouse gases by converting them to the standard measure of carbon dioxide equivalent. Total greenhouse gas emissions are also known as carbon footprint (see above).

Global Real Estate Sustainability Benchmark (GRESB): Industry-driven organization committed to assessing the sustainability performance of real estate portfolios (public/private companies and funds) around the globe. It is used by institutional investors to engage with their investments with the aim to improve the sustainability performance of their investment portfolio, and the global property sector at large.

Leadership in Energy and Environmental Design (LEED®): Internationally recognized third-party certification standard administered in Canada by the Canadian Green Building Council (CaGBC) which rates buildings in eight areas: location and transportation, site management, water, energy, materials, indoor environment, innovation and regional priorities. Certification levels include certified, silver, gold and platinum.

Real Property Association of Canada (REALpac): National association for owners and managers of investment real estate. It operates in several areas including advocacy, research, financial best practices, standard setting, publishing, conferences and networking events.

Renewable energy: Energy from sources that are not depleted when consumed. Examples include wind, hydro and solar energy.

Responsible contracting: Responsible contracting describes the relationship between a company and its contractors. This relationship is governed by a policy which ensures that a contractor is selected fairly and that they:

- pay fair wages
- comply with applicable laws
- provide a safe working environment for employees that is free of harassment and discrimination
- support workers' rights to freedom of collective association and bargaining
- prohibit forced labour and child labour

United Nations-supported Principles for Responsible Investment (PRI): International network of investors working to put Six Principles for Responsible Investment into practice. Supported by the United Nations, its goal is to understand the implications of sustainability for investors and support signatories to incorporate these issues into their investment decision making and ownership practices. The Six Principles are; incorporating Environmental, Social and Governance ("ESG") issues into investment analysis and decision-making processes, incorporating ESG issues into ownership policies and practices, seeking appropriate disclosure on ESG issues by the entities in which we invest, promoting acceptance and implementation of the Principles within the investment industry, working together to enhance effectiveness in implementing the Principles and, reporting on activities and progress towards implementing the Principles. PRI currently has 1380 signatories with US\$59 trillion assets under management. Canadian signatories include pension plans, banks, insurance companies and investment managers.

Waste diversion rate: The percentage of total waste that is diverted away from landfill disposal through recycling or composting.

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