



We are directly invested in approximately 1,100 properties around the world. The Real Estate group favours direct ownership and co-ownership through joint ventures with operating partners that are aligned to create value and generate returns.

In fiscal year 2017, the Responsible Investment group supported PSP Investments' real estate partners on a variety of ESG-related initiatives. These included the preparation of guidance and tools for developing a responsible investment policy for our real estate partners and the development of enhanced corporate governance structures for our emerging markets activities. It is a challenge for institutional investors, like PSP Investments, to measure the ESG performance of a large property portfolio. But we are actively evaluating various alternatives for doing so — in accordance with best practices.

*“ESG considerations are fundamental to all of our real estate and natural resources investment and asset management decisions. We take into account regulation and market forces, including future societal trends and preferences, in determining markets and assets in which to invest, and to define and implement recognized best practices in investment operations and decision making.”*

— Neil Cunningham, Senior Vice President, Global Head of Real Estate and Natural Resources

### *Responsible investment in action*

#### **Survey of real estate partners**

- › In fiscal year 2017, the Responsible Investment group surveyed a sample of real estate partners, representing more than 80% of our directly owned properties, about their ESG practices.
- › More than 90% of properties that underwent development or major renovations during the fiscal year included ESG initiatives. Initiatives included projects to improve energy and water efficiency, waste management and health and safety factors, as well as the use of sustainable construction materials.
- › Some properties were assessed using green building certification schemes or ratings, such as Leadership in Energy and Environmental Design (LEED), Building Research Establishment Environmental Assessment Method (BREEAM), National Australian Built Environment Rating System (NABERS) and Energy Star®.
- › Several properties implemented ESG targets, such as energy reduction, water efficiency, waste diversion and engagement with tenants on environmental and social initiatives.