QuadReal™


Broadway Tech Centre, Vancouver, BC

QuadReal's Approach to the TCFD Recommendations 2025

Contents

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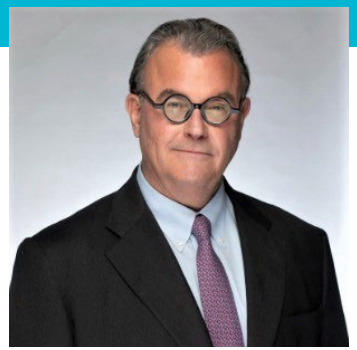


Dennis Lopez

CEO, QuadReal Property Group

Message from the CEO

As a global real estate investment, development and operating company, we create and manage thriving environments for our tenants and residents. As a long-term investor and asset manager, there are benefits to us and to the communities we serve in mitigating physical climate risks and proactively reducing the carbon emissions related to our portfolio.

Climate change presents clear risks and challenges across the real estate industry, and we are committed to achieving science-based carbon reduction goals in line with those set by the International Panel on Climate Change (IPCC).

QuadReal is owned by the British Columbia Investment Management Corporation (BCI), one of the largest institutional investors in Canada. We manage the real estate and mortgage programs on behalf of BCI and other clients. Together with many in the investment community we understand the increasing importance of climate disclosure to financial decisions.

Across QuadReal, with leadership from all parts of the company, we have conducted a robust analysis of all investments for physical climate risks, including divesting properties where the risks are too high. As a company, we have also stepped up our carbon reduction commitment for our directly managed Canadian portfolio with a focus on tangible 2030 targets towards net zero by 2050.

We believe that transparent marketplaces perform better, and that climate-related information is increasingly material to financial decisions. Our TCFD report is updated annually and provides direct responses to each of the recommendations. It shows our data-based decision processes that feed into clear management structures.

These are deeply collaborative efforts that involve our clients, colleagues, tenants, residents and partners. I am proud to be part of QuadReal's leadership on climate action, consistent with our commitment to creating sustainable environments for the people and communities we serve.

Dennis Lopez
CEO, QuadReal Property Group

Aligning with the TCFD

As a global real estate investment company, we understand the importance of a stable financial and environmental landscape. One of QuadReal's core responsibilities is to align with like-minded partners in the industry to promote the need for reliable and accurate disclosure.

The Financial Stability Board (FSB) established the Task Force on Climate-Related Financial Disclosures (TCFD) in 2015 to develop recommendations for more comprehensive discussion of risks and opportunities related to climate change.

While the FSB disbanded the TCFD in 2023, the framework continues to inform QuadReal's approach to climate risks and opportunities. QuadReal will be monitoring the emerging best practices on climate-related disclosure, including the International Sustainability Standards Board's Sustainability Disclosure Standards (ISSB Standards). The following sections show how QuadReal's practices align with the TCFD recommendations.

Marché–Central, Montréal, QC – Render


Park Place, Vancouver, BC

Governance

Recommendation A

"Describe the Board's oversight of climate-related risks and opportunities."

QuadReal's Alignment

QuadReal's Board of Directors is responsible for the oversight of our sustainability and climate-related risks and opportunities impacting the business. Annually, a sustainability strategy and progress update are presented to the Board for their review. This includes a summary of physical climate risks across the portfolio, progress against our decarbonization targets, as well as climate transition risks and recommended approaches. The Board also approves QuadReal's strategic plan which includes activities related to carbon reduction and climate risk management.

Recommendation B

"Describe Management's role in assessing and managing climate-related risks and opportunities."

QuadReal's Alignment

QuadReal's Chief Executive Officer (CEO) has overall responsibility for climate-related risks and opportunities. Sustainability progress is part of the annual performance scorecard of the CEO and is further cascaded within the organization. The CEO chairs the Management Investment Committee, which reviews all new investments and divestment decisions. Each review includes a memo outlining the climate risk exposure of the asset and any mitigating factors planned or implemented. See QuadReal's Process for Prioritizing Physical Risks section for a full description of the physical climate risk assessment process.

The Sustainability Committee is chaired by the Canadian President and includes key departments across the company. The Sustainability Committee provides guidance on strategy as well as monitoring progress. Climate-related risks and opportunities are core topics for the Committee. Additional areas of focus include energy efficiency and carbon reduction progress for our directly managed assets in Canada, and annual ESG reporting for our international partners.

Strategy

Recommendation A

"Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term."

QuadReal's Alignment

QuadReal uses a risk modelling tool to analyze physical hazards under future climate scenarios. In 2024, QuadReal transitioned to Munich Re as the new provider of physical climate risk assessments. Munich Re provides data on risk exposure across a range of physical climate hazards using projection data from Representative Concentration Pathways (RCP) 2.6, 4.5, 7.0, and 8.5 from the Intergovernmental Panel on Climate Change (IPCC). The hazard data covers both acute and chronic risks. QuadReal prioritizes flood, sea level rise, and wildfire, as these present the greatest potential for catastrophic damage and market-level impacts to our portfolios. See QuadReal's Process for Prioritizing Physical Risks below for a full description of how the physical hazard data is utilized.

Identified Physical Risks and Opportunities

Short-Term Physical Risks

1. **Fluvial Flooding** — Historically, riverine flooding has been one of the costliest climate perils for real assets.[1] Flood events can directly impact real estate investments through property damage, tenant/resident disruption, and clean-up costs. Properties can also experience indirect impacts such as insurance premium increases and reputational risks.
2. **Wildfires** — Wildfires present significant damage potential to assets located in the wildland urban interface (WUI). Communities are expanding and building into WUI areas, presenting greater wildfire risk in some areas. While the impacts of wildfires are limited to specific regions, high exposure areas are becoming increasingly challenging to protect, which could lead to insurers withdrawing from local markets.

22 Bishopsgate, London, UK

1 Insurance Bureau of Canada. 2025. Insured Damage for Severe Weather Events in 2024.

IMMIX, Toronto, ON

Medium/Long-Term Physical Risks and Opportunities

3. **Coastal Flooding and Sea Level Rise** – Exacerbated coastal flooding from hurricanes and sea level rise under future climate scenarios could impact market stability and result in stranded assets. While there is limited evidence to suggest sea level rise risk is currently capitalized in real estate,[2] it is reasonable that this risk will eventually be priced in.
4. **Heat Stress** – Heat stress from higher mean temperatures and increasing heat island effects impacts regional livability, as well as accelerated HVAC system degradation and increased energy consumption. While a longer-term concern, heat stress could result in value impairment for non-resilient assets.
5. **Location Advantage** – QuadReal's portfolio is concentrated in Canada (relative to its global share of Gross Domestic Product (GDP)), where physical climate risks to real estate are comparatively low.

Identified Transition Risks and Opportunities

Short-Term Transition Risks and Opportunities

1. **Regulation** – Increasing regulation aimed at mitigating building-related emissions may result in non-compliance penalties for emissions-intensive properties. There is also potential for negative impacts on reputation.
2. **Green Financing** – Investing early in emissions reduction can provide assets with access to green financing opportunities at lower rates.
3. **Technological Obsolescence** – Deploying nascent technologies in support of building decarbonization presents technological risks. Relatively new solutions such as cold climate heat pumps could disrupt existing system designs or be displaced by innovations in subsequent product models.

Medium/Long-Term Transition Risks and Opportunities

4. **Stranded Assets** – We may see reduced demand for emissions-intensive properties. Assets that are challenging to decarbonize may see a discount applied or become stranded in the long-term.
5. **Green Premium** – Pursuing green building certifications is valued by our tenants and residents. Green premiums and the value of green certifications are well established, with a rent premium of 4-8% reported across asset classes and geographies. It is reasonable that a similar premium may emerge for low carbon assets.

2 Murfin, J. & Spiegel, M. Is the Risk of Sea Level Rise Capitalized in Residential Real Estate?, The Review of Financial Studies, Volume 33, Issue 3, March 2020, Pages 1217–1255,

60 Birmingham, Toronto, ON

Recommendation B

"Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning."

QuadReal's Alignment

As a global real estate company, our operations are exposed to both physical and transition risks and opportunities from climate change. Physical risks relate to the direct impacts of acute hazards, such as floods and wildfire, as well as chronic stressors, such as sea level rise. Transition risks are driven by systematic efforts to mitigate the worst physical impacts of climate change, such as emerging regulatory changes and tenant demands related to energy and emissions performance. We consider both physical and transitional risks when analyzing the potential impact of climate change on our business, strategy, and financial planning.

BCI developed an in-house framework that measures and monitors the potential implications of systemic ESG risks and opportunities, including climate change, across the portfolio. The framework analyzes climate change transition risk across all real estate and mortgages using scenario analysis and financial impact sensitivity testing. At QuadReal, we use the framework to understand the current exposure to systemic ESG risks and opportunities in the portfolio and monitor how this exposure changes over time.

QuadReal's Process for Prioritizing Physical Risks

QuadReal's entire portfolio is assessed regularly for physical risk exposure under RCP 8.5. Using Munich Re's Location Risk Intelligence data, we evaluate all assets for exposure to a range of physical hazards.

Assets that exceed our internal exposure thresholds for flood, sea level rise and/or wildfire risk are flagged for further assessment. High exposure assets are assessed for mitigating factors, such as building or regional resilience infrastructure and investments in operational readiness. Assets with a high level of exposure and limited mitigation are identified to portfolio management for potential accelerated disposition.

A similar climate risk assessment process is carried out during due diligence for all prospective acquisitions. Investments are assessed for risk exposure and mitigating factors, with the ESG team providing one of three recommendations to Investment Committee based on their findings:

- **Positive:** Sufficient mitigation in place to proceed with the acquisition as planned
- **Conditional:** Approval pending implementation of adaptive measures and/or insurance availability/cost
- **Negative:** Recommend against investment

Overview of QuadReal's Climate Risk Process

The Investment Committee makes the final decision on whether to proceed with the investment, considering climate risk amongst all other factors. The figure above illustrates our process.

QuadReal's Process for Prioritizing Transition Risks

QuadReal has created a Sustainability Playbook and Checklist for new developments where the greatest weighting is on carbon reduction initiatives. The Checklist is incorporated into all Canadian developments and is shared with Partners across other geographies. It enables a forecast of future emissions, estimating transition risks from escalating carbon taxes and local carbon emissions regulations, among other strategies.

For directly managed standing assets, we track progress toward our carbon reduction target annually, ensuring our operational practices are aligned with the Paris Agreement. We developed a carbon reduction planning tool and processes to ensure the portfolio remains on pace for a 50% reduction in absolute emissions by 2030 compared to a 2007 baseline. The tool allows for asset level comparison to the Carbon Risk Real Estate Monitor (CRREM) pathways and local carbon regulations to evaluate stranded asset risk. From the asset-level, we can roll-up projected energy performance to understand how our portfolio emissions will change over time. These programs and targets are reviewed every three years or as changes in policy and regulatory risks arise.

In 2023, QuadReal established a Net Zero Technology and Deployment Committee, with representation from Technical Services, Capital Planning, Digital Buildings, Sustainability, and Asset Management teams. The Committee assesses low-carbon technologies that are being considered for new developments and retrofit applications. The group's role is to ensure QuadReal is investing in proven, scalable technologies with high potential to support the portfolio's net zero transition, while mitigating the risk of technological obsolescence.

Recommendation C

"Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario."

QuadReal's Alignment

In alignment with the TCFD recommendations, QuadReal worked with our parent company, BCI, to assess these risks to our investment strategy under four different climate change scenarios. The scenarios developed internally by BCI are based on information from the International Energy Agency (IEA) and the Network for Greening the Financial System (NGFS). These scenarios provide insight into direct transition impacts to the energy system and overall economic damages to form an in-house GDP Damages scenario. This provides an estimate of net economic impacts to growth sensitive industries and direct impacts to the energy and utilities sectors.

1.5°C scenario: BCI's 1.5°C or net-zero aligned scenario assumes deep decarbonization across all industries and requires a rapid and extensive shift in many sectors of the economy. This scenario has the most pronounced short-term transition impacts, which are not expected to be orderly in all jurisdictions and industries. There are also significant opportunities for low-carbon energy infrastructure under this scenario, including renewable energy investments.

Livingston Place, Calgary, AB

2°C scenario: The 2°C scenario reduces many of the significant long-term physical impacts from climate change and has the potential to provide substantial investment opportunity for low-carbon infrastructure. The direct impacts of transitioning the energy and utilities sectors will support broader decarbonization of the economy.

3°C scenario: This scenario creates a trajectory where immediate impacts to the energy system are less severe relative to the 2°C scenario, but transition impacts still materialize. Negative impacts result as we see transition risks occurring alongside increases in severity and frequency of physical risks.

4°C scenario: This scenario is the most negative over the long term as financial loss from climate change occurs from direct physical damage and economic disruption across most asset types. As discussed under QuadReal's Process for Prioritizing Physical Risks, we used Munich Re's risk modelling tool across the global portfolio to evaluate the location-specific physical hazard risk to each asset.

Risk Management

Recommendation A

"Describe the organization's processes for identifying and assessing climate-related risks."

QuadReal's Alignment

Physical risk identification and assessment

Managing climate-related risks starts with ensuring that an evaluation of the risks is incorporated into each investment decision. See QuadReal's Process for Prioritizing Physical Risks section for details on our physical climate risk assessment process.

Transition risk identification and assessment

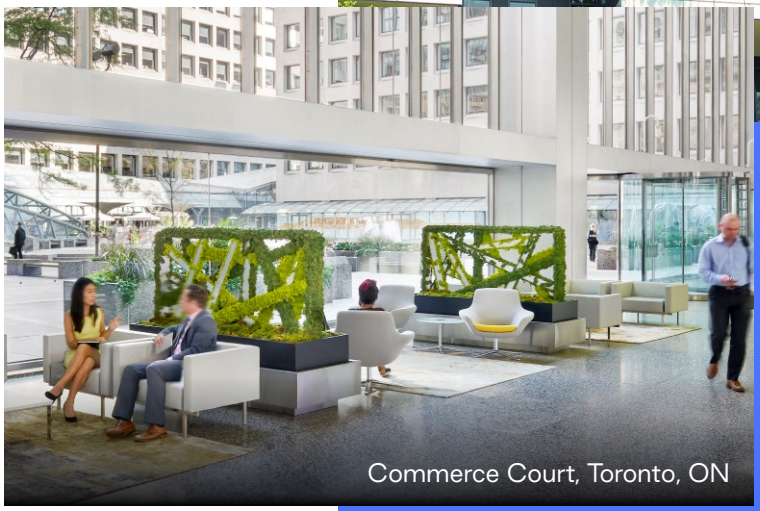
QuadReal's Sustainability Committee identifies emerging transition risks as part of an annual review of risks and opportunities. The review includes risks presented by new policies and regulations, such as energy disclosure requirements or changes in carbon pricing regimes. As with physical risk, limiting the addition of new high-risk assets to the portfolio is critical to managing transition risk. See QuadReal's Process for Prioritizing Transition Risks section for discussion on how we ensure the portfolio remains resilient under the transition to a low-carbon economy.

Recommendation B

"Describe the organization's processes for managing climate-related risks."

QuadReal's Alignment

In 2019, we initiated a multi-phased approach to managing the identified physical climate risks of our investments. Our first step was to implement a process for evaluating climate risks during acquisition due diligence. For our existing assets, we conduct an annual portfolio-level exposure analysis. These processes are outlined under QuadReal's Process for Prioritizing Physical Risks. Our climate hazard data serves as a way for us to incorporate better climate resilient and long-term decisions into our acquisitions, as well as benchmark our current assets.



Commerce Court, Toronto, ON

To further improve portfolio resilience, we developed an in-house vulnerability and preparedness assessment for flood risk. We piloted the assessment and rolled it out to all directly managed properties exposed to riverine and coastal flood risk in 2022.

Our ability to manage climate-related risks also requires us to engage and collaborate with our operating platforms and investment partners on their climate-related activities, including:

- support decarbonization efforts;
- assess how climate change can impact value; and
- implement strategies to mitigate risks.

Recommendation C

"Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management."

QuadReal's Alignment

QuadReal conducts several climate-related risk management strategies at the portfolio level. Our Enterprise Risk Management framework includes climate alongside concerns like cyber risks. As with other investment risks, it is part of the ongoing risk monitoring discussed at the senior management level and with QuadReal's clients. Macroeconomic climate-related risks and opportunities are also incorporated in our investment strategy.

All new investments receive a climate risk assessment, as discussed under QuadReal's Process for Prioritizing Physical Risks. Climate risk is considered alongside all other investment risks and impacts in our Investment Committee's decision-making process.

Metrics and Targets

Recommendation A

"Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process."

QuadReal's Alignment

QuadReal prepares an annual report for the Canadian portfolio aligned with the Sustainability Accounting Standards Board (SASB) Real Estate Industry Standard. The SASB framework allows us to make year-over-year comparisons of our energy and water consumption, GHG emissions, and climate change adaptation metrics. These metrics are used as a benchmark for our climate-related targets and initiatives.

The climate-related metrics QuadReal currently measures include:

- Energy consumption
- Water consumption
- Percent of the portfolio exposed to the 100-year floodplain
- Scope 1, 2, and 3 GHG emissions

The following indicators from Munich Re's physical risk modelling tool have been selected based on known business impacts:

- Floods
- Sea Level Rise
- Heat Stress
- Drought Stress
- Tropical Cyclone and Extratropical Storm
- Sea Level Rise
- Wildfire
- Tornado

A full list of our metrics can be found in our SASB report available on our website.

6955 Creditview, Mississauga, ON

Recommendation B

"Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks."

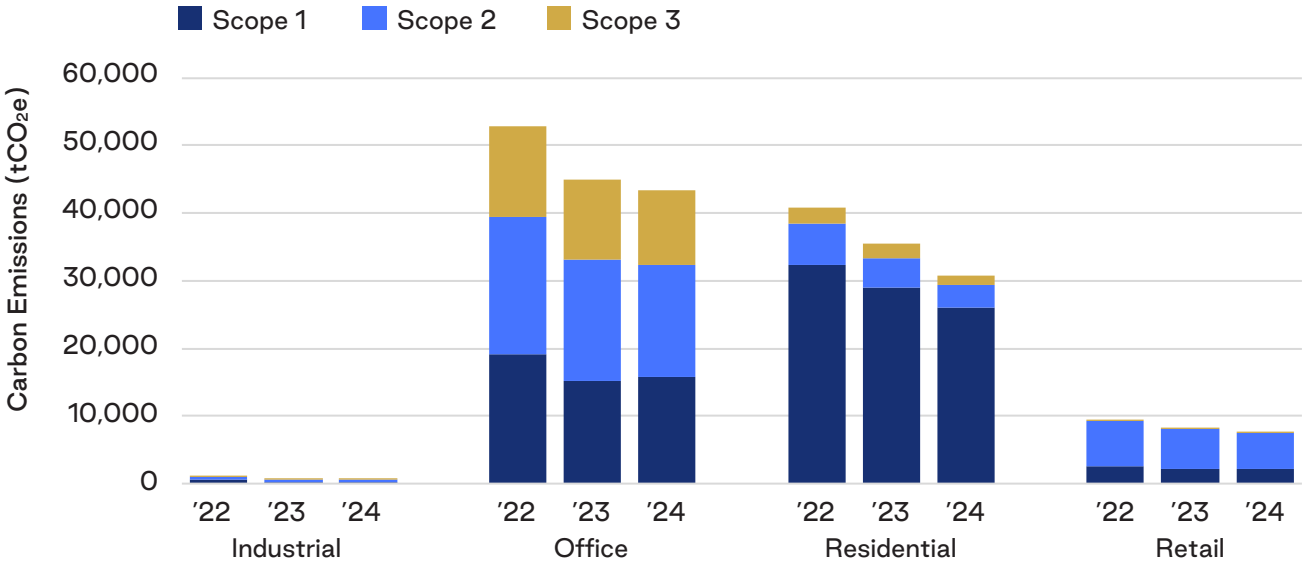
QuadReal's Alignment

QuadReal has chosen to voluntarily disclose our GHG emissions data including scope 1, 2 and 3 emissions, in accordance with the GHG Protocol, in addition to the SASB metrics.[3]

See our GHG emissions methodology on our website at quadreal.com/responsibility/reports.


World Exchange Plaza, Ottawa, ON

GHG Emissions by Scope



Scope 1 emissions are direct emissions from owned or controlled sources. For QuadReal this includes natural gas.

Scope 2 emissions are indirect emissions from the generation of purchased energy. For QuadReal this includes common area electricity, cooling and heating fuels.

Scope 3 emissions are other indirect emissions that occur upstream and downstream in the value chain of the reporting company. For QuadReal this includes water, waste and tenant electricity.

3 While QuadReal's responses to the TCFD Recommendations apply to our global portfolio, the SASB Real Estate metrics and 2024 emissions reported are for our Canadian portfolio only. The reported portfolio excludes developments, mortgages and asset management-only properties.

Accounting Metrics

Accounting Metric	Measurement	2022	2023	2024	SASB Code
Total location-based portfolio GHG emissions, by scope[4]	Tonnes of CO_2 equivalent (tCO_2e) – Scope 1	54,617	46,415	44,199	N/A
	Tonnes of CO_2 equivalent (tCO_2e) – Scope 2	33,357	28,901	25,595	N/A
	Tonnes of CO_2 equivalent (tCO_2e) – Scope 3	16,056	13,970	12,454	N/A
Total location-based emissions	Tonnes of CO_2 equivalent (tCO_2e)	104,029	89,286	82,247	N/A
Total market-based portfolio GHG emissions, by scope	Tonnes of CO_2 equivalent (tCO_2e) – Scope 1	54,617	46,415	44,199	N/A
	Tonnes of CO_2 equivalent (tCO_2e) – Scope 2	10,901	17,941	25,595	N/A
	Tonnes of CO_2 equivalent (tCO_2e) – Scope 3	1,667	3,459	12,454	N/A
	Tonnes of CO_2 equivalent (tCO_2e) – Offsets purchased	(32,623)	(32,100)	(21,179)	N/A
Total market-based emissions net of offsets	Tonnes of CO_2 equivalent (tCO_2e)	32,100	20,456	61,068	N/A

4 Total location-based portfolio GHG emissions, by scope is based on the operational control approach. This largely excludes downstream leased assets, amongst other Scope 3 categories. Our full methodology is publicly available through our GHG Emissions Report.

Lufa Farms, Marché–Central, Montréal, QC

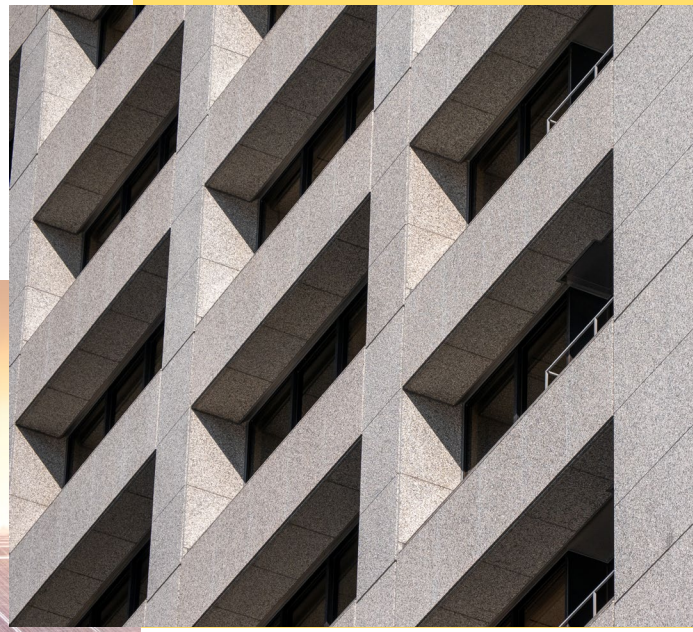
Recommendation C

"Describe the targets used by QuadReal to manage climate-related risks and opportunities and performance against targets."

QuadReal's Alignment

QuadReal currently has the following targets related to our climate risk activities:

- For energy use under our control, we have averaged a 2% annual reduction over the past 10 years.
- 50% absolute carbon reduction of directly managed Canadian portfolio by 2030.
- Net Zero for our Canadian office portfolio by 2040.
- Net Zero across our directly managed global portfolio by 2050, including all emissions from on-site uses and embodied carbon.
- Public disclosure of our green certifications which cover 95% of our directly managed Canadian portfolio (excluding Land-lease).
- Directly managed properties disclose performance on leasing pages. Metrics include green building certification levels, energy use intensity (EUI), and Greenhouse Gas emissions intensity (GHGi).



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Any questions?

Reach out to sustainability@quadreal.com

QuadReal.com/responsibility