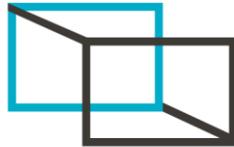


2020 | 21 August



M O D L O

# **Sustainability Principles & Policies**

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## INTRODUCTION

Modern Logistics Properties (“MODLO”) recognizes the importance of embedding sustainability and environmental, social and governance (“ESG”) best practices into its strategy, philosophy, and operating practices. Our goal is to create long-term value for all stakeholders, including our employees and investors who expect responsible financial, social, and environmental stewardship, and for our tenants who rely on MODLO to provide outstanding service in well-operated facilities that allow them to effectively serve customers and communities. For these reasons, we have developed and will abide by the following ESG Principles and Policies.

## STAINABILITY PRINCIPLES

MODLO is in alignment with the UN Global Compact definition of sustainability that states, “**Corporate sustainability is a company’s delivery of long-term value in financial, environmental, social and ethical terms.**” As such, our sustainability mission is to drive enhanced financial, environmental, social and ethical performance for the benefit of all stakeholders, including our joint venture partners, tenants, investors, employees and the communities in which we live, work, and invest.

The pathway to achieve our sustainability mission is rooted in MODLO’s **Environmental, Social and Governance Principles**, which are:

### Integration:

- Embed and integrate ESG best practices designed to enhance portfolio performance into MODLO’s daily operations and business decisions.

### Impact:

- Drive positive impact across the company while mitigating risk and creating long-term value for stakeholders, including our tenants, investors, employees, partners, and the communities in which we work.

### Integrity:

- Conduct business with integrity, respect, and excellence, earning the right to be a preferred provider of modern logistics facilities and partner of logistics-related operating companies.

As we move forward in our sustainability journey, our actions will be guided by these principles to ensure continuous improvement and long-term success.

# ENVIRONMENTAL, SOCIAL & GOVERNANCE POLICIES

The following MODLO ESG Policies have been developed in accordance with the company's sustainability mission and ESG Principles and serve as our guide to embed practical strategies that support our overall business strategy and add value to our day-to-day business operations. These Policies will be monitored and reviewed annually by the MODLO ESG Council, which is comprised of employees in varying roles around the country.

## ENVIRONMENTAL POLICIES

MODLO's environmental policies aim to mitigate risk, improve operational efficiency, and reduce our use of natural resources. These policies are applicable to building developments, acquisitions, tenant improvements, capital projects, operating budgets, and corporate operations. They will also be considered as criteria when selecting suppliers and procuring materials.

### Energy

MODLO will work to reduce energy use and associated expenses for all buildings in which MODLO has access to relevant data by monitoring consumption, utilizing energy efficient equipment when feasible, and incorporating energy management best practices into daily operations.

Best practices and initiatives may include, but are not limited to:

- Tracking and benchmarking energy data in ENERGY STAR Portfolio Manager<sup>1</sup> wherever MODLO has access to relevant data
- Providing or supporting tenants' completion of regular preventive maintenance of all HVAC equipment and building systems
- Incorporating design and operating efficiencies in capital expenditures, budgets, and business plans
- Supporting greater efficiencies for tenant improvements by providing guidance via MODLO Tenant Improvement Guidelines
- Conducting regular technical assessments to identify opportunities to improve energy efficiency
- Reviewing opportunities for both on and off-site renewable energy, and incorporating renewable energy projects when practical and cost-effective
- Tracking and complying with all energy efficiency and benchmarking legislation implemented across jurisdictions in which MODLO operates

### Greenhouse Gas (GHG) Management<sup>2</sup>

A significant portion of greenhouse gas emissions from logistics properties is generated from the electricity usage controlled by tenants. MODLO will make efforts to track and manage emissions

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<sup>1</sup> Whole building energy consumption and costs will be tracked in ENERGY STAR Portfolio Manager for all MODLO managed properties *where MODLO can access such data*

<sup>2</sup> GHG Emissions are to be calculated based on industry standard methodology and will generally cover Scope 1 & Scope 2 emissions as defined by the Greenhouse Gas Protocol.

associated with tenant energy consumption in ENERGY STAR Portfolio Manager and, when possible and when MODLO has access to the relevant data, reduce consumption in accordance with the energy efficiency measures implemented as part of MODLO's ESG Policy.

All MODLO properties will go through a renewable energy opportunity assessment to evaluate and consider on and off site prospects, particularly where they provide our tenants renewable energy at or below tariff, provide potential roof rent and/or provide community solar solutions that reduce GHG emissions while also providing potential economic and resiliency benefits.

## Water

For buildings in which MODLO has access to relevant water utilization data, the company will work to reduce water consumption and associated expenses through monitoring consumption, utilizing water efficient equipment when feasible, and incorporating water management best practices into daily operations.

Best practices and initiatives may include, but are not limited to:

- Ongoing benchmarking of water usage and costs in ENERGY STAR Portfolio Manager
- Use of smart irrigation, low-water landscaping, and leak detection systems when practical
- Regular preventive maintenance of all applicable water-use systems, such as irrigation systems, toilet flappers, aerators, etc.

## Waste

MODLO will work to reduce landfill waste through tracking waste production and recycling rates, implementing waste management best practices, and purchasing recycled content or zero waste materials for construction and capital projects when feasible. MODLO will also support tenant recycling and waste reduction efforts through our Tenant Handbook and overall engagement efforts.

Best practices and initiatives may include, but are not limited to:

- Ongoing tracking and benchmarking of waste generation, recycling rates, and costs in ENERGY STAR Portfolio Manager when waste data is available
- Replacing exterior light bulbs with LED when applicable and feasible
- Purchasing consumable materials with post-consumer recycled content, such as recycled or biodegradable paper products, copy paper, paper towels, and bathroom tissue, for MODLO offices
- Purchasing materials with recycled content for new development and building upgrades, such as recycled content carpet and ceiling tiles

## Building Materials

As MODLO strives to provide state-of-the-art properties that support and enhance the health and wellness of occupants, we will work to avoid the use of materials that are known to adversely impact human health and the environment.

Best practices and initiatives may include, but are not limited to:

- Seeking to avoid any use of materials with known toxic ingredients, such as asbestos, formaldehyde, volatile organic compounds, ash, cadmium, mercury, lead, arsenic, and phthalates
- Using sustainability-certified materials and lower environmental impact materials during new construction and redevelopment initiatives, whenever practical, based on the following standards: Forest Stewardship Council (FSC), Rainforest Alliance; Cradle to Cradle, Floorscore, Sustainable Forestry Initiative (SFI), Green Seal and Greenguard
- Purchasing local materials and importing local fill when practical and feasible

## Biodiversity & Habitat

For new developments, MODLO will assess environmental risks associated with the natural habitat of the applicable land, including risk mitigation and costs related to:

- Identifying soil and water characteristics, including contamination levels, restoration possibilities and mitigation needs, in order to mitigate community risks
- Analyzing land topography to avoid removal of native material, where practical, which could cause an environmental disturbance
- Understanding the biodiversity and natural habitat of the site in order to minimize disruption and maximize preservation opportunities, inclusive of endangered species evaluations

## SOCIAL POLICIES

### Diversity, Equity & Inclusion

MODLO is committed to fostering and preserving a culture of diversity, equity and inclusion. Our human capital is the most valuable asset we have. We embrace and encourage employee differences in age, color, ethnicity, family or marital status, gender, gender identity or expression, language, national origin, physical ability, political affiliation, race, religion, sexual orientation, socio-economic status, veteran status and other characteristics that make our employees unique.

MODLO's diversity initiatives are applicable, but not limited to, our practices and policies on:

- Recruitment and selection
- Compensation and benefits
- Professional development and training

- Promotions, transfers, and professional growth
- Social and recreational programs

We focus on developing a work environment built on diversity that encourages and enforces:

- Respectful communication and cooperation between all employees
- Teamwork and employee participation, permitting the representation of all groups and employee perspectives
- Work / life balance through flexible work schedules to accommodate employees' varying needs
- Employer and employee contributions to the communities we serve to promote a greater understanding and respect for diversity

All MODLO employees have a responsibility to treat others with dignity and respect at all times. Employees are expected to exhibit conduct that reflects inclusion during work, at work functions on or off the work site, and at company-sponsored events. All employees are also required to attend and complete annual diversity awareness training to enhance their knowledge to fulfill this responsibility.

Any employee found to have exhibited any inappropriate conduct or behavior towards others may be subject to disciplinary action. Employees who believe they have been subjected to any kind of discrimination that conflicts with the company's diversity policy and initiatives should contact human resources.

## Employee Safety

MODLO is committed to providing a safe workplace for all its employees. We recognize that all employees have the right to work in a safe and healthy environment, consistent with the Occupational Health and Safety Act, the Regulations for Construction Projects and any other applicable legislation. This commitment includes our construction contractors, property managers, and tenants.

Our company is committed to take every reasonable effort to eliminate the hazards that cause accidents and injuries and to track those that do occur. This will include but is not limited to ergonomic checks, adjustments, and employee workplace (desk, chair etc.) as needed to maintain employee safety. MODLO is also committed to tracking and reducing workplace injuries. We will also seek to be transparent in our performance with MODLO employees and will seek such transparency from our contractors.

## Employee Performance & Career Development

The long-term success of MODLO is contingent upon the talent and commitment of our greatest asset, our employees. MODLO is committed to supporting the performance and career development of our employees, striving to provide a culture of learning, growth, and performance excellence.

MODLO will foster this culture through establishing clear performance objectives and may support employee performance and career development through the following ways:

- Encouraging employees to engage in relevant training opportunities, including formal training sessions, and participation in conferences
- Funding the cost of training materials and professional certification, where applicable, for personnel, including accountants, construction managers, property operations, and IT professionals
- Encouraging community service through implementation of an employee charitable contribution matching program
- Regular, ongoing performance evaluations will be provided to ensure alignment of performance and business objectives

## Employee Health & Wellbeing

MODLO strives to create a desirable work environment that encourages health and wellness for our employees.

MODLO recognizes the importance of good nutrition, regular physical activity, and reduced sedentary time in the prevention of chronic disease and the maintenance of health and wellbeing. As such, we are committed to creating a workplace culture that supports and encourages regular physical activity and facilitating active participation in a range of initiatives that promote increased physical activity, reduced sitting time, and healthy eating options.

Strategies and initiatives for employee health and wellness may include but are not limited to:

- Ensuring stairwells are easily accessible and inviting to use (well-lit, adequately ventilated, etc.)
- Supporting reduced sitting time through available standing height tables / desks or workstations, removing waste bins from individual desks to a central location to encourage movement, or providing software reminders for staff who sit for long periods of time
- Encouraging participation in sports teams, group fitness activities and / or fitness challenges
- Encouraging walking meetings
- Providing relevant information materials, such as posters or brochures
- Providing healthy food and drink options
- Installing water bottle filling stations

Best practices for the operations and management of the corporate offices to ensure employee health and wellness related to indoor air and water quality may include but not be limited to:

- Use only low/no VOC paints and finishes
- Conduct regular Indoor Air Quality (IAQ) testing as needed
- Utilize an integrated pest management plan
- Meet fire safety and carbon monoxide monitoring standards
- Institute a safety and security policy, including emergency procedures, regular drills and communicate regularly with employees
- Test water quality as needed
- Immediately address occupant noise complaints as appropriate

- Meet or exceed ASHRAE outdoor air ventilation rate guidelines to control indoor sources of odors, chemicals and carbon dioxide

## Tenant / Customer, Suppliers, and Community Health & Wellbeing

The impact of the built environment on human health has become an important aspect of sustainable high-performance buildings. MODLO understands this impact and is committed to owning and managing properties that meet / exceed healthy building standards and create extraordinary environments. Further, MODLO and its partners are committed to supporting our tenants in their sustainability, safety, health and wellness goals at key points in their tenancy such as during the leasing process, property management check-in, normal property inspections and tenant engagement efforts.

Best practices and initiatives may include, but are not limited to:

- Use only low / no VOC paints and finishes
- Conduct IAQ testing upon request from a tenant or as may be deemed necessary
- Ensure separate ventilation for chemical storage areas
- Utilize an integrated pest management plan
- Meet fire safety and carbon monoxide monitoring standards
- Support tenant interests in instituting a smoke-free building policy, including supporting the incorporation of tobacco free signage as appropriate

## Community Engagement

MODLO understands the impact that stakeholders have on our business and operations. We are committed to engagement with our key stakeholders to facilitate two-way interaction and provide transparency of our programs and progress, particularly around our ESG efforts. Through this engagement, we aim to drive performance and strengthen our relationships.

Stakeholder engagement best practices and initiatives may include, but are not limited to:

- Engaging early and often in the development process (from planning through construction and operations) to develop and maintain positive and productive relationships
- Involving stakeholders in identifying issues that are material to our business
- Providing transparency to our stakeholders through annual corporate and ESG reporting
- Giving back to the community by creating jobs and contributing to the local economy, including through the MODLO Foundation and our support of food banks and food security, job training programs, and other initiatives important to MODLO and its stakeholders.

## GOVERNANCE POLICIES

A cornerstone of MODLO's business philosophy is strong corporate governance, high ethical standards, and professional responsibility. Underlying all business activities is a focus on staying true to our core values of integrity, respect, collaboration, performance and maintaining a customer centric approach to our business. We take pride in our efforts towards transparency with our stakeholders, diligent compliance with laws, regulations, and industry standards, and an uncompromising commitment to MODLO's Code of Ethics.

To ensure compliance and strict adherence to the MODLO Compliance Manual, government regulations, and industry standards, MODLO employees are required to participate in annual training that includes:

- Personal trading policies and preclearance requirements
- Misuse of material non-public information
- Outside business activities
- Gifts and entertainment
- Political contributions
- Anti-money laundering
- IT and cybersecurity, including electronic communication
- External communications (media, marketing, and advertising)
- Vendor and external research provider due diligence

MODLO also seeks to implement a corporate governance framework that provides appropriate levels of oversight in the areas of audit, risk management and potential conflicts of interest. The company maintains strict policies that prohibit bribery and other improper payments to public officials consistent with the U.S. Foreign Corrupt Practices Act and similar laws in other jurisdictions in which we invest. MODLO values our reputation as an organization that conducts business with honesty and integrity, and the company maintains a zero-tolerance approach to lapses in these areas. MODLO requires all employees to comply with the MODLO Compliance Manual at all times and provide an annual certification of compliance.