Pathway to Net Zero

Report

650 Dupont St.
Toronto, ON

ChoiceProperties

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West Block
Toronto, ON

About Choice Properties

We are the owner, manager and developer of a high-quality diversified portfolio. Our portfolio is comprised of retail properties primarily leased to necessity-based tenants, industrial, office and residential assets concentrated in attractive markets across Canada. As one of Canada's largest real estate entities, we play an important role in bringing about positive environmental and social change – particularly in the communities we serve.

	Properties	Occupancy	sq. ft. GLA
Retail	572	97.7%	44.0M
Industrial	116	99.0%	17.4M
Mixed-Use, Residential and Other (i)	13	88.1%	2.6M
Total	701	97.7%	64.0M
Development	21	–	0.9M

Information presented in the table is current as of September 30, 2022.

(i) Office properties are included in the Mixed-Use, Residential & Other for reporting purposes, occupancy disclosed excludes residential units.

About this Report

In 2021, Choice Properties launched the next phase of its Environmental, Social and Governance ("ESG") program with new, ambitious goals to guide our environmental and social platform. In everything we do, we are guided by our Purpose of Creating Enduring Value, and our ESG program plays an integral part in delivering on this purpose. We focused our ESG program around two pillars which align with our stakeholder interests: Fighting Climate Change, our environmental pillar, and Advancing Social Equity, our social pillar.

To guide our environmental commitment, we have set a target to achieve net-zero greenhouse gas ("GHG") emissions across our portfolio by 2050. This report outlines our approach to achieving net-zero GHG emissions, discusses the ambitious GHG reduction targets that we have set, and highlights the progress that we have already made in Fighting Climate Change and the activities that we still need to undertake to achieve our targets.

Our Purpose of Creating Enduring Value extends beyond short term successes – by Fighting Climate Change we seek to create a more sustainable future by mitigating the effects of climate change in our communities and on our business. We are on an exciting ESG journey at Choice Properties and we invite you to review the measures we've undertaken to date and the pathway we have set to achieve a net-zero future. As we continue on our journey, we will periodically update and reissue this report to reflect updates to our net-zero strategy.

Our Pathway to Net-Zero Report is split into five main sections.

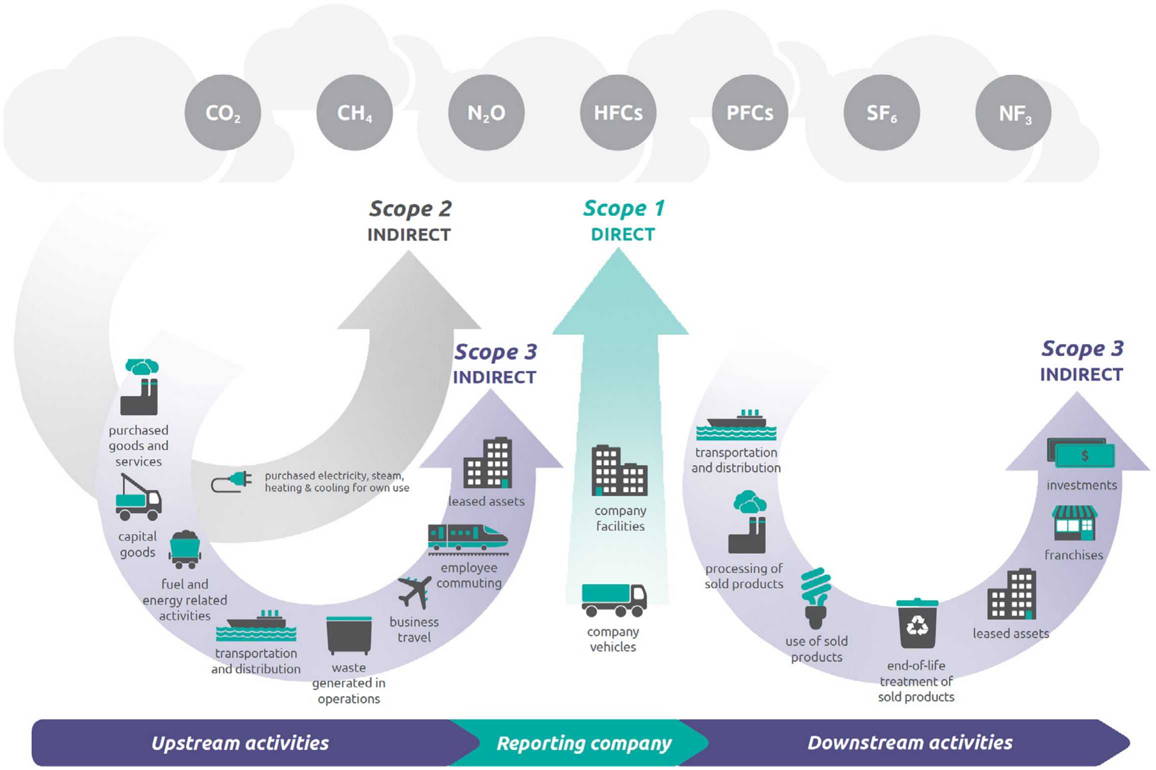
1. Defining the Scope
2. Measuring our Base Year Emissions
3. Setting Ambitious Targets
4. Building an Actionable Plan
5. Reporting on our Progress

> "As one of Canada's largest landlords and a long-term owner of real estate, we have an important role to play in addressing the greenhouse gas emissions that are contributing to climate change. Our goal of creating enduring value extends beyond the short term, and is aligned with the need to prevent the effects of climate change in our communities and on our business."
>
> **Rael L. Diamond**
> President & CEO

The Weston Centre
Toronto, ON

1. Defining the Scope

Our Pathway to Net-Zero starts with identifying the properties and greenhouse gas emission sources that are in scope. In line with industry best practice, our emissions reduction pathways will apply to our whole portfolio of owned properties (whether owned in part or in whole and regardless of whether we manage the property or not) and will address our Scope 1, 2, and 3 emissions.



Source: WRI/WBCSD Corporate Value Chain (Scope 3) Accounting and Reporting Standard (pdf), page 5.

What are Scope 1, 2, and 3 emissions?

Throughout this report, we refer to Scope 1, 2 and 3 emissions. Each of these scopes represents a different category of greenhouse gas emissions that make up our overall footprint. We use guidances from the World Resources Institute's and World Business Council for Sustainable Development's Greenhouse Gas Protocol to define these scopes:

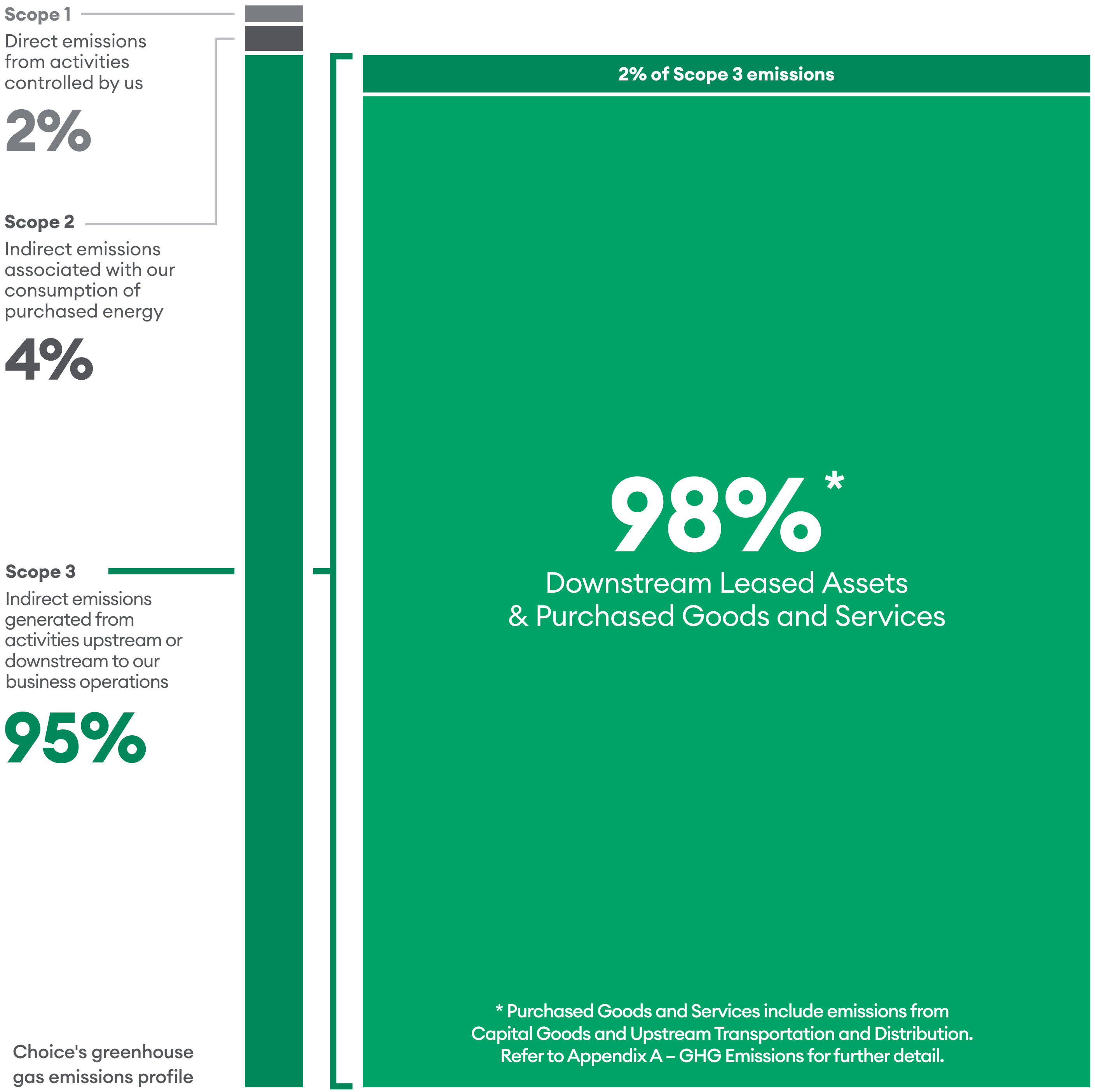
- **Scope 1** emissions are direct emissions (i.e., greenhouse gases released into the atmosphere from our sites) that are generated from sources controlled by Choice Properties. Typically these include fuels combusted for space heating or hot water heating by equipment managed by Choice Properties.
- **Scope 2** emissions are indirect emissions associated with the purchase of electricity, steam, or district heating or cooling for spaces that are operated by Choice Properties.
- **Scope 3** emissions are indirect emissions not directly controlled by a company but related to activities that are upstream or downstream from its operations (see image on the left). For Choice Properties, upstream emissions are mainly comprised of emissions generated during building construction, including from the manufacturing of building materials, and downstream emissions are mainly comprised of emissions generated from fuels or electricity purchased by a tenant for its own space.

2. Measuring Our Base Year Emissions

The next step along our pathway to net-zero was understanding our greenhouse gas ("GHG") emissions footprint. We selected 2019 as the base year for our targets because it was more representative of typical operations than 2020 and 2021, which were impacted by COVID-19 related shutdowns and regulations.

In 2021, we conducted a screening-level assessment of our 2019 base year GHG emissions to understand the overall impact of our business activities. We estimated that 95% of our emissions fall into Scope 3, which is a collection of activities in our value chain that are typically outside of our direct operational control. Of those Scope 3 emissions, 98% were from tenant emissions (where a tenant leases space in our building but maintains operational control over its own energy use) or development activities (mostly from the manufacturing of materials used in construction and renovations).

In 2022, we expanded tracking of our Scope 3 emissions and will report them in our future Environmental, Social and Governance reports. As we improve data quality related to Scope 3 emissions, our base year emissions may change slightly from the results presented here and will be restated as necessary in future reports. As our portfolio of properties changes through acquisitions and dispositions, we will update our base year emissions in accordance with the reporting requirements of the World Resources Institute's and World Business Council for Sustainable Development's Greenhouse Gas Protocol, which provides the most widely used greenhouse gas accounting standards.



Choice's greenhouse gas emissions profile

Due to rounding, percentages presented here do not add to 100%.

3. Setting Ambitious Targets

Selecting a Net-Zero Framework

We are committed to taking action to avoid the worst impacts of climate change by doing our part to limit the rise in global temperatures at 1.5°C. The Science Based Targets initiative's (SBTi's) Corporate Net-Zero Standard v1.0 is a third-party framework that we used to guide our commitment and inform our targets.

The Corporate Net-Zero Standard sets requirements for corporate net-zero targets and maintains the requirements in line with what climate scientists deem is necessary to avoid the worst impacts of climate change (leading to the term, "science-based target"). The SBTi also provides independent third-party validation of companies' GHG reduction targets to confirm that they are aligned with the requirements of the Corporate Net-Zero Standard, which requires:

- A net-zero target must apply to the companies' entire business including subsidiaries and joint ventures, and to address over 95% of Scope 1 and 2 emissions and over 90% of Scope 3 emissions
- Companies are required to set both near-term targets (to be met within 10 years) and long-term targets (to be met by 2050 or sooner)
- Companies must achieve their net-zero targets by reducing greenhouse gas emissions by 90% or more from a base year and by neutralizing the remaining emissions by permanently removing and storing atmospheric greenhouse gas emissions

Our Science-Based Targets

The targets that we have set align with the requirements of the SBTi's Corporate Net-Zero Standard, are ambitious, and are necessary to play a meaningful role in fighting climate change. Our targets apply to our entire portfolio of properties, whether wholly or partially owned, will be met with deep reductions to GHG emissions first, and address most of our GHG footprint (including Scopes 1, 2 and 3).

In July 2022, the SBTi validated and approved our targets, confirming that the targets are aligned with the goal of limiting the rise in global temperatures to 1.5°C and making Choice Properties one of the first entities in the world to have net-zero targets approved by the SBTi.

Our Net-Zero Targets

- **2030:** a 50% reduction in absolute Scope 1 and 2 emissions from a 2019 base year (mostly emissions resulting from the natural gas and electricity purchased by Choice Properties)
- **2030:** a 30% reduction in Scope 3 emissions from Purchased Goods and Services (mostly emissions from the manufacturing of building materials used in our developments and retrofits) and Downstream Leased Assets (mostly emissions from the energy use of our tenants in their own space) from a 2019 base year
- **2050:** reduce absolute Scope 1, 2, and 3 emissions 90% from a 2019 base year
- **2050:** reach net-zero greenhouse gas (GHG) emissions across our value chain

Net-Zero by 2050

4. Building an Actionable Plan

The next step in our Pathway to Net-Zero was developing a plan to implement our reduction strategies. Our carbon abatement activities can be grouped into three main categories:

A) Decarbonizing Existing Properties

Developing and executing on net-zero transition plans for our portfolio of existing properties

B) Low-Carbon Developments

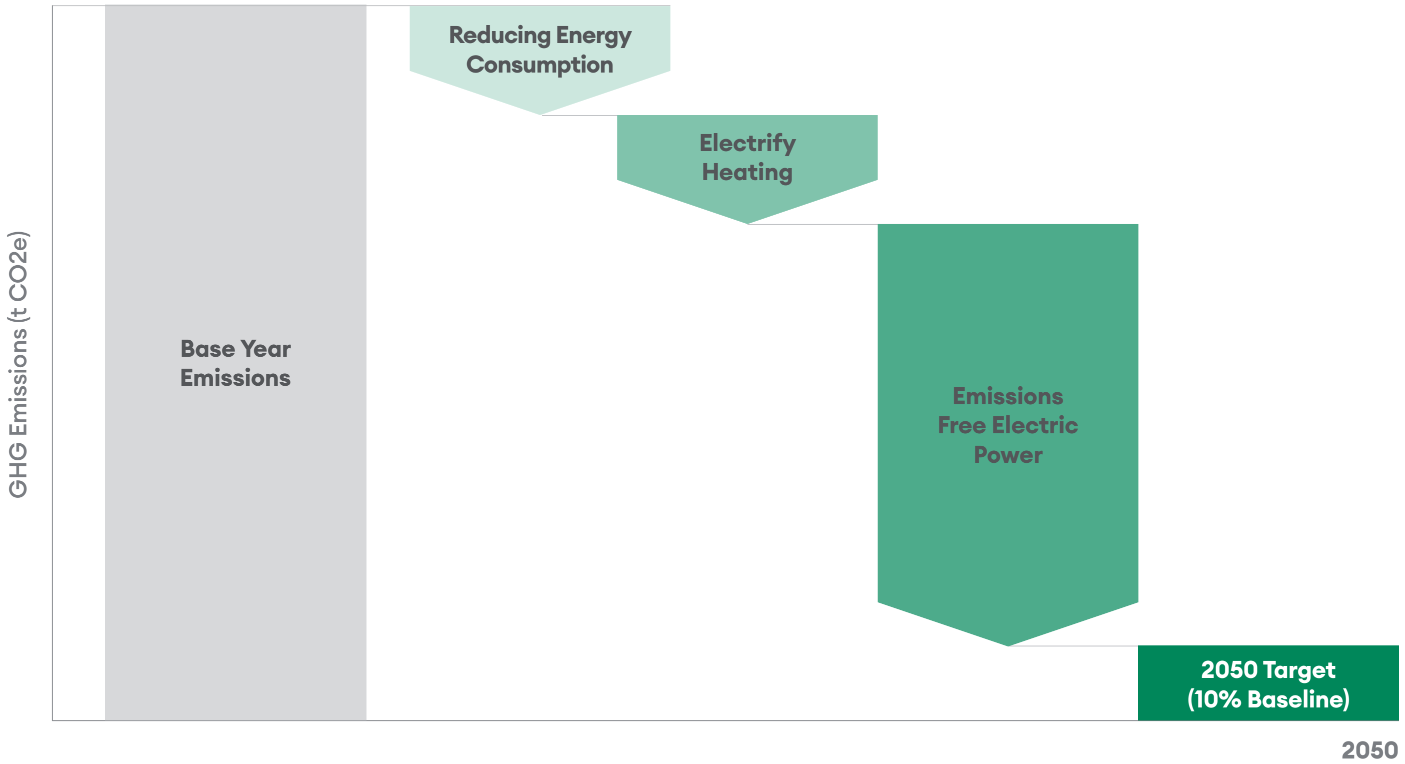
Designing and constructing properties that minimize GHG emissions from construction through to operation

C) Value Chain Engagement

Engaging with our tenants to foster a collaborative approach to decarbonizing our assets and working with our development and supply chain partners to construct buildings with low-emission materials.

301 Moore Avenue
Toronto, ON

A) Decarbonizing Existing Properties



Reducing Energy Consumption: Building recommissioning and operational improvements, LED lighting, high efficiency HVAC equipment and controls, building envelope upgrades.

Heating Electrification: Heat pumps, low-carbon district energy, electric boilers.

Emissions Free Electric Power: On-site and off-site renewables, procured renewable energy attributes.

Reducing Energy Consumption

Most of our greenhouse emissions come from our existing property portfolio. The first action to transition an asset to zero-emissions is reducing energy consumption.

We are developing asset-specific greenhouse gas reduction plans and working with our tenants to promote energy management best practices. The transition plan for each property will be aligned with capital renewal plans to minimize retrofit costs. Depending on the asset, the approach may include investments in high-efficiency HVAC, LED lighting and controls, better-insulated walls and roofs, optimized heat recovery, and efficient building operations.

Reducing energy consumption is a strategic first step in getting to net-zero. Electrifying heating (the step outlined in the next section) will add a significant electrical demand on existing electrical infrastructure, both within the building and externally in the electric grid. Energy efficiency can enable heating electrification by reducing the heating demands on the building and by freeing up capacity on the electrical infrastructure from other equipment.

Electrify Heating

We need to eliminate heating with fossil fuels by replacing existing gas fueled roof top units and boilers with new electric or dual fuel systems. Heat pumps are the preferred heat source in a low-carbon economy, but the technology available today is not designed to operate in Canadian winters. Electrified heating also requires utilities and governments to expand existing electric grids to handle the new load. This is an industry-wide challenge that needs to be solved in partnership with governments.

Choice's transition plan addresses these challenges by allowing for an interim retrofit solution and a final retrofit solution. Much of the heating in our buildings is supplied by packaged rooftop units, which have a typical operating life of 15 years. That means that between 2022 and 2050 there will be approximately two opportunities to replace gas-fired units with heat pumps. We anticipate that the first retrofit may rely on backup natural gas while the second retrofit will introduce all-electric heating equipment. We intend to take a leadership role in the Canadian real estate sector by working with equipment suppliers to innovate and introduce high-efficiency products that support our decarbonization journey.

Emissions-Free Electric Power

Even an efficient, all-electric building will generate emissions if the electricity it uses does not come from emissions-free sources (hydroelectric, wind, etc.).

We are developing a strategy to source clean electricity. This requires an understanding of current provincial grid emissions and future decarbonization strategies at the federal and provincial levels. Emissions-free electric power will require us to consume renewable energy through:

- **On-site solar panels:** Installing rooftop solar panels can be more cost-effective than sourcing off-site renewables. Choice Properties already has several sites with rooftop solar panels that are generating emissions-free power for municipal electrical grids. Where feasible, we will install additional systems to reduce our tenants' reliance on the grid. We are currently undertaking feasibility studies at several sites with the intent of installing on-site solar panels at select properties.
- **Sourcing renewable power:** Where on-site renewables are not feasible, we will explore power purchase agreements for renewable power (a contractual agreement between a utility and a consumer to purchase renewable power for a period of time).
- **Green tariffs:** Where available, we could also source renewable power for our sites from local electricity distributors through a green tariff. Sourcing locally-generated renewable power will support the transition to cleaner sources of electricity in the communities in which we operate.
- **Purchasing environmental attributes for emissions-free energy:** A final option is to procure renewable energy certificates (RECs), a contractual agreement to buy the environmental attributes (i.e., take credit) for the generation of emissions-free energy outside of our value chain. When procuring RECs, Choice Properties prefers to procure Canadian RECs that promote the construction of additional renewable electricity generation in Canadian markets.

Efficiency at Calgary Place

Calgary Place
Calgary, AB

In the past few years, our Calgary Place complex has undergone a significant transformation to reduce its energy consumption. Equipment upgrades include the installation of a new digital building automation system, variable-speed drives, LED lighting, and low-flow water fixtures. An on-going building analytics program has helped to establish efficient operations by reducing setpoints, shortening schedules, and shutting down equipment when not needed. Upgrades made in 2021 at Calgary Place are saving tenants almost $80,000 annually and 3 eGWh in energy consumption. Emissions at this property have been reduced by over 75% since 2018 (when accounting for the impacts from COVID using REALPAC's energy normalization tool).

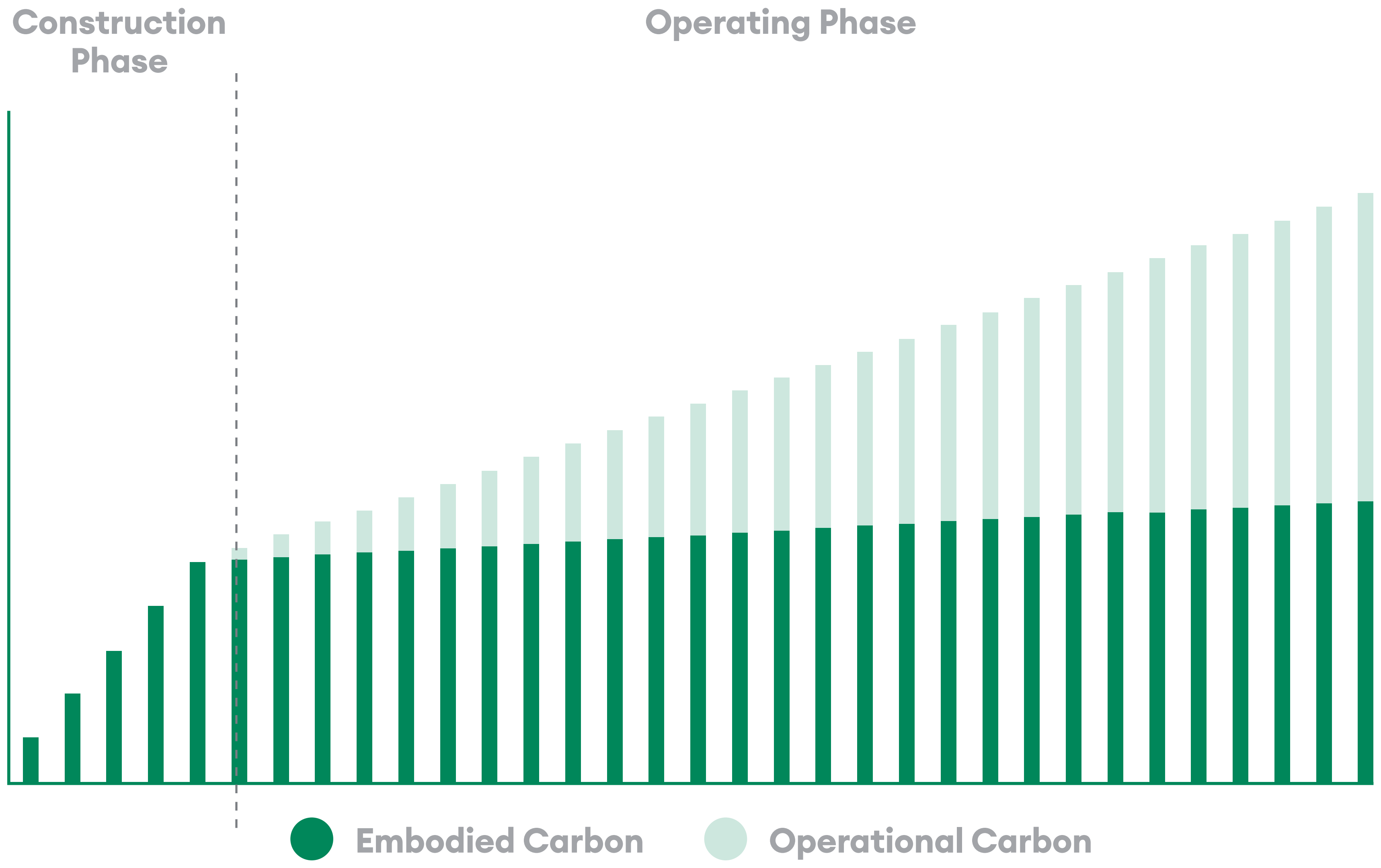
B) Low-Carbon Developments

Greenhouse Gas Emissions During a Building's Life Cycle

A building will generate greenhouse gas (GHG) emissions throughout all stages of its life cycle. Much of the building's GHG emissions are generated during the construction phase, which includes those generated through the manufacturing and transportation of building materials (for example, the energy used to turn iron ore into steel) and those generated through construction activities (for example, fuel used to operate construction equipment). These emissions are referred to as embodied carbon.

During the Operating Phase of a building's life cycle, operational carbon is generated through the use of fuels and consumption of electricity within the building. A small amount of embodied carbon is also generated through tenant fit-outs and renovations (again mostly from material manufacturing and transportation).

Cumulative Greenhouse Gas Emissions Over Time



Embodied Carbon

Emissions associated with embodied carbon from development and major renovation activities can be significant, and often are much greater than a building's annual operating emissions. Choice Properties has completed life cycle assessment (LCA) reports on many of its development projects to understand which building materials generate the most emissions and opportunities to reduce those emissions.

Reducing embodied carbon will be one of the greater challenges in our net-zero plan. The use of concrete and steel, which today are essential for most new buildings, represent a significant percentage of our embodied carbon emissions, and these industries are early in the development of low-carbon alternatives. We have started piloting some of those alternatives on our projects and intend to continue working with our suppliers to further advance the market by identifying and implementing new low-emission building products and alternatives to traditional building methods.

Operational Carbon

Most of our new developments are being designed with near-zero operational emissions or with a transition plan outlining a pathway to near-zero emissions. To minimize the impact of new developments, we are focusing on:

- **Improving energy efficiency:** During the early design phases, we work with our consultants and construction industry leaders to assess and incorporate design features that optimize building orientations, increase insulation values in windows and walls, reduce air leakage and utilize high-efficiency equipment.
- **Electrifying heating:** Incorporating electric heating in our designs is a vital part of our development strategy. By eliminating our dependence on fossil fuels for heating, we reduce our exposure to carbon pricing and avoid costly retrofits to electric distribution and heating systems in the future.
- **Generating on-site renewable energy:** Where viable, Choice Properties will incorporate on-site renewable energy generation to reduce emissions associated with carbon intensive electrical grids. This has the added benefit of improved building resilience in the event of blackouts.

Industrial Centre
Surrey, BC

This industrial development is pursuing LEED Silver certification. Our development team used an integrative design process that brought together engineers, architects, operators and Choice's in-house team to identify opportunities to improve sustainable performance. Through this process, our teams identified the use of dual-fuel rooftop units as an opportunity to reduce emissions at the property, while providing a pathway to decarbonize in the future. The building is also being constructed with reduced-emission concrete, improving embodied carbon performance.

Mount Pleasant Village
Brampton, ON

Construction of a new master-planned, purpose-built rental development is underway. Mount Pleasant Village will harness geothermal energy for heating and cooling of the rental tower. The project also piloted low-carbon concrete in some areas, resulting in a 30% to 50% reduction in embodied carbon emissions when compared with standard concrete (for those areas where it was used). The lessons learned from the pilot will inform future projects as we build out our development pipeline.

C) Value Chain Engagement

Our 2021 GHG screening study of our base year emissions emphasized the importance of addressing emissions from our construction activities and tenant energy use. As a landlord and developer, we are taking a leadership role in engaging with our suppliers and tenants to reduce emissions across our value chain. Although we do not have direct control over these emissions, we have included those emissions in our targets, committing to a 90% reduction by 2050.

Tenant Engagement

Tenant emissions represent most of our base year emissions footprint, which underscores the importance of engaging with our tenants to achieve our net-zero target. In addition to the capital investments we are making in our buildings, we are developing and rolling out an updated tenant engagement plan that will promote a collaborative approach to reducing GHG emissions in our tenant-controlled spaces. We continue to foster a collaborative approach to sustainability with our tenants by:

- **Updating tenant leases:** In 2022, we updated our tenant lease terms to set out responsibilities for both Choice as the landlord and for our tenants to support activities needed to achieve our net-zero ambitions. These terms include cost recovery for energy-efficient equipment, sharing of utility data, incorporating energy and water management best practices into the design of leased areas, and other best practices.
- **Updating tenant design manuals:** We revised our design, maintenance, and operations manuals to emphasize and support sustainable construction and operations by our tenants.
- **Incorporating sustainability in tenant surveys:** We engage our tenants on sustainability-related topics in tenant satisfaction surveys to help foster a dialogue and to better understand tenant needs.

Supply Chain Engagement

Purchased Goods and Services also account for a significant portion of our base year emissions. We are engaging with our supply chain partners to purchase low-emission materials, adopt innovative construction practices, and encourage investment in new technologies. Some other activities that we will continue to undertake include:

- **Advocating for emissions transparency:** We work with our materials suppliers to quantify the environmental impact of their products, providing us with insight into the embodied carbon that goes into our sites.
- **Piloting low carbon materials:** We will continue to investigate and aim to pilot low-emission alternatives to traditional structural, wall assembly, roofing and paving materials.
- **Enhancing environmental metrics in procurement:** We continue to seek opportunities to incorporate environmental performance requirements when procuring new equipment and materials and will aim to raise our requirements as our supply chain matures.
- **Collaborating with and educating development partners:** We will work closely with our partners to align on environmental goals, educate them where necessary about the value of reducing emissions, and collaborate with them to engage with suppliers to expand their low-emission product offerings.

5. Reporting on our Progress

Choice Properties remains committed to transparency and standardization of climate-related reporting in our public disclosures.

We currently disclose climate-related information in our annual Environmental, Social and Governance Report in line with the Sustainability Accounting Standards Board (SASB) and the Task Force for Climate-related Financial Disclosures (TCFD) Recommendations, and to CDP (formerly the Carbon Disclosure Project). In coming years, our annual Environmental, Social, and Governance Report will include information on all scopes of greenhouse gas emissions and will be posted on our website at https://www.choicereit.ca/sustainability/.

In addition, we will periodically update and reissue our Pathway to Net-Zero Report to demonstrate progress along our journey and reflect any updates to our net-zero strategy.

Progress against our net-zero targets, including annual disclosures on progress, are overseen by the Board of Trustees. Design and implementation of our plans is the responsibility of Management. Our overall governance structure is summarized below.

Board of Trustees

ESG Function: Overall stewardship and governance of the Trust; Oversees ESG program and reviews the ESG report

Led by: Chair of the Board and Independent Lead Trustee

Frequency of ESG-related updates: Quarterly

Audit Committee

ESG Function: Oversees adequacy and effectiveness of ESG disclosure controls

Comprised of: Independent Trustees

Frequency of ESG-related updates: Annually at minimum

Leadership Team

ESG Function: Integration of ESG strategy into our business operations (including setting company-wide ESG related incentive plans).

Sponsored by: President and CEO

ESG Steering Committee

ESG Function: Championing ESG programs across the organization

Comprised of: Senior Management including President & CEO, ESG Sub-committee chairs

Frequency: Quarterly

Dedicated ESG Team

ESG Function: Management and coordination of ESG program including target setting and reporting

Led by: Senior Director of Sustainability

ESG Sub-committees

ESG Function: Coordinate new & existing activities related to specific ESG programming

Comprised of: Cross functional teams

ESG sub-committees evolve with the needs of the business. We are modifying our committees to align with our new net-zero objectives.

Appendices

Appendix A – GHG Emissions Boundary

Our GHG Emissions Boundary

We set our organizational boundaries using the operational control approach, as defined by the World Resources Institute's (WRI) and the World Business Council for Sustainable Development's (WBCSD) The Greenhouse Gas Protocol, Revised Edition ("GHG Protocol")., wherein 'control' is determined by whether the reporting company can introduce and implement sustainability measures at the asset level.

In 2021, we conducted a screening-level assessment of our 2019 base year emissions to understand the overall impact of our business activities. As we improve data quality related to Scope 3 emissions, our emissions baseline may change and will be restated as necessary in future reports. As our portfolio changes through acquisitions and dispositions, we will update our base year emissions in accordance with the reporting requirements of the GHG Protocol.

The GHG emissions boundaries outlined below are based on data from December 31, 2021. Any changes to our boundaries or baseline occurring in 2022 will be captured in our next annual ESG Report.

Scope 1 and 2 GHG Emissions Boundary

Choice Properties' targets include over 95% of our Scope 1 & 2 emissions as required by the SBTi's Corporate Net-Zero Standard. The emissions sources for Scope 1 & 2 are related to operational energy consumption (fuels, electricity, and district energy systems) at properties under our operational control. The following sources of emissions were excluded and constitute less than 5% of our total Scope 1 & 2 emissions:

- **Landlord managed refrigerants:** Fugitive emissions from refrigerant leaks at Choice managed sites were immaterial
- **Diesel Generator Use:** Choice managed generators are available for backup power and are rarely used. Most emissions are associated with regular maintenance activities.
- **Vehicle Fleet:** Choice has a minimal number of corporately owned or leased vehicles

Scope 3 GHG Emissions Boundary

Choice Properties' targets include over 98% of our Scope 3 emissions. The table below outlines the sources of emissions considered in accordance with each of the 15 categories of Scope 3 emissions outlined by the Greenhous Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard, written by WRI and WBCSD. The table below represents the base year emissions that were submitted to and validated by the Science Based Target Initiative.

GHG Protocol Reporting Category	Comments	Included	% of Base Year Scope 3 Emissions [2]
1. Purchased Goods and Services: Extraction, production, and transportation of goods and services purchased or acquired by the reporting company in the reporting year. In accordance with guidance from the Science Based Targets initiative, Choice includes emissions from Category 2 Capital Goods and Category 4 Upstream Transportation and Distribution within this category.	Four main sources of emissions are included within this category: • New development activities (from product stage to end of life) • Major renovations • Water purchases within our operational control • Corporate products and services	Yes	8%
2. Capital Goods: Extraction, production, and transportation of capital goods purchased or acquired by the company in the reporting year.	Reported within Category 1: Purchased Goods and Services.	Yes	Included in Category 1
3. Fuel and Energy Related Activities: Extraction, production, and transportation of fuels and energy purchased or acquired by the company in the reporting year, not already accounted for in scope 1 or 2.		No	2%
4. Upstream Transportation and Distribution: Transportation and distribution of products purchased by a company in the reporting year between suppliers and its own operations (in vehicles and facilities not owned or controlled by the company.	Reported within Category 1: Purchased Goods and Services.	Yes	Included in Category 1
5. Waste Generated in Operations: Disposal and treatment of waste generated in the company's operations in the reporting year (in facilities not owned or controlled by the reporting company).	Includes waste management programs coordinated by Choice Properties.	No	<0.1%
6. Business Travel: Transportation of employees for business-related activities during the reporting year (in vehicles not owned or operated by the company).		No	<0.1%

[2] Due to rounding, percentages presented here do not add to 100%

GHG Protocol Reporting Category	Comments	Included	% of Base Year Scope 3 Emissions
7. Employee Commuting: Transportation of employees between their homes and their worksites during the reporting year (in vehicles not owned or operated by the company).		No	<0.1%
8. Upstream Leased Assets: Operation of assets leased by the company (lessee) in the reporting year and not included in scope 1 and scope 2 – reported by lessee.		No	<0.1%
9. Downstream Transportation and Distribution: Transportation and distribution of products sold by the company in the reporting year between the company's operations and the end consumer (if not paid for by the company), including retail and storage (in vehicles and facilities not owned or controlled by the company).	Our Choice Properties does not develop products (i.e. new developments) that can be transported or distributed.	N/A	0%
10. Processing of Sold Products: Processing of intermediate products sold in the reporting year by downstream companies (e.g. manufacturers).	Our Choice Properties does not develop products (i.e. new developments) that require processing.	N/A	0%
11. Use of Sold Products: End use of goods and services sold by the company in the reporting year.	Periodically, Choice Properties may choose to sell its products (i.e., new developments), for example a condominium project. As of the screening assessment, this category was not significant contributor of emissions but, should this become a significant category in the future, we will restate our baseline accordingly.	No	0%
12. End-of-life Treatment of Sold Products: Waste disposal and treatment of products sold by the company (in the reporting year) at the end of their life.	Periodically, Choice Properties may choose to sell its products (i.e., new developments), for example a condominium project. As of the screening assessment, this category was not significant contributor of emissions but, should this become a significant category in the future, we will restate our baseline accordingly.	No	0%

GHG Protocol Reporting Category	Comments	Included	% of Base Year Scope 3 Emissions
13. Downstream Leased Assets: Operation of assets owned by the company (lessor) and leased to other entities in the reporting year, not included in scope 1 and scope 2 – reported by lessor.	Energy use emissions for properties and spaces where operational control lies with the tenant, and assets owned by Choice Properties in whole or in part and managed by others.	Yes	91%
14. Franchises: Operation of franchises in the reporting year, not included in scope 1 and scope 2 – reported by franchisor.	Choice Properties does not franchise its business.	N/A	0%
15. Investments: Operation of investments (including equity and debt investments and project finance) in the reporting year, not included in scope 1 or scope 2.	Periodically, Choice Properties may hold investments in other companies. As of our 2021 Screening Assessment, this category was not significant contributor of emissions but, should this become a significant category in the future, we will restate our baseline accordingly.	No	0%
Total Emissions Included in Scope 3			98%

Appendix B – Glossary

Baseline Emissions
The emissions that have occurred in the past which provide a benchmark against which future performance is measured

Base year
A historic reference year (a specific year or an average over multiple years) against which a company's emissions are tracked over time

Carbon/Carbon Dioxide Equivalent (CO2e)
The typical unit to measure the impact of atmospheric gases on global warming. Expresses the impact of a greenhouse gas in terms of the amount of carbon dioxide that would need to be emitted to achieve a similar impact

Carbon Offsets
An action or activity outside of the company's value chain that removes carbon dioxide or other greenhouse gases from the atmosphere

Decarbonization
Shifting from energy derived from hydrocarbons such as oil, coal and natural gas, to sources of energy that do not generate greenhouse gas emissions

Embodied Carbon
The greenhouse gases emitted during the construction of a building, including extraction of raw materials, manufacture, transport and refinement of materials, and fuels used during the building phase of the product or structure

Green Tariff
A price structure, or an electricity rate, offered by a local utility and approved by the state's public utility commission that allows eligible customers to source up to 100% of their electricity from renewable resources

Green Lease
A lease with clauses that facilitate the management and improvement of a leased space's environmental performance by both landlord and tenant

Greenhouse Gas (GHG)
A gas that absorbs and emits radiant energy within the thermal infrared range, causing the greenhouse effect. GHGs include carbon dioxide (CO_2); methane (CH_4); nitrous oxide (N_2O); hydrofluorocarbons (HFCs); perfluorocarbons (PFCs); sulphur hexafluoride (SF_6); and Nitrogen trifluoride (NF_3)

Heat Pump
A piece of air conditioning equipment that can be reversed to also heat a space (instead of only cooling it as with typical air conditioners)

Operational Carbon
The greenhouse gases emitted during the operational phase of a building, particularly from its energy consumption

Appendix B – Glossary

Power Purchase Agreement (PPA)

A contract structure in which a power buyer agrees to purchase a project's renewable energy certificates (RECs) over a period of time

Renewable Energy

Energy collected from renewable resources that are naturally replenished, including sunlight, wind, the movement of water, and geothermal heat

Renewable Energy Certificate (REC)

A market-based instrument that entitles the holder to the property rights to the environmental attributes of renewable electricity generated

Science Based Target

Emissions-reduction targets that are in line with what the latest climate science deems necessary to limit global warming to 1.5°C

SBTi

Science-Based Target Initiative (SBTi)

An organization that adapts science-based targets for use in corporate greenhouse gas emission target-setting. Also provides third-party validation of corporate climate targets

1

Scope 1 emissions

Direct emissions from sources controlled or owned by an organization

2

Scope 2 emissions

Indirect emissions associated with the purchase of electricity and district heating and cooling for site consumption

3

Scope 3 emissions

Result of activities from assets not owned or controlled by the reporting organization, but existing within its value chain

Appendix C – Notes for Readers

This report presents a summary of our strategy and approach to achieving our Net-Zero by 2050 goal in accordance with the Science Based Target Initiative's Corporate Net-Zero Standard. All baseline data presented in this report is based on data prior to December 31, 2021.

For More Information

Details of Choice Properties' ESG program and performance can be found in our 2021 Environmental, Social and Governance Report which aligns with leading disclosure standards including the Sustainability Accounting Standards Board (SASB) and Task Force on Climate-Related Financial Disclosures (TCFD). The 2021 ESG Report is available on Choice Properties' website at choicereit.ca/sustainability. For any questions or feedback regarding this report, please email us at sustainability@choicereit.ca.

Forward Looking Information

This report may contain forward-looking information within the meaning of applicable securities legislation which reflects Choice Properties' current expectations regarding future events, including ESG matters discussed in this report. Although Choice Properties believes that the expectations reflected in such forward-looking information are reasonable, assessing forward-looking ESG metrics and risks, and climate metrics and risks in particular, is more complex and longer-term in nature than traditional business metrics and risks. Many forward-looking methodologies are new and evolving, and there is limited guidance from methodology providers on the calculation or comparability of these measures. Future updates to factors such as changes in global emissions, available technologies or economic conditions may result in changes to Choice Properties' net-zero path, resulting in changes to Choice Properties targets. A number of additional factors, including improvements to the coverage, quality, and availability of Choice Properties' data and methodologies, may also necessitate changes to Choice Properties' baseline or net-zero targets. Choice Properties regularly monitors the development of national and international ESG reporting regulations, standards and frameworks for their relevance and usability, as well as stakeholder expectations regarding these standards. Choice Properties will periodically assess the comparability and appropriateness of its metrics and targets, and, where appropriate, incorporate new insights, data, models and tools into its ongoing assessment of ESG matters, including climate change. Choice Properties expects its ESG disclosures to continue to evolve as reporting regulations, standards and frameworks mature.

The information in this report reflects what Choice Properties believes is its best available data and, in the case of climate change disclosures, best available scenario projections, which are based on the most current emissions information available to Choice Properties. Where appropriate, including in setting its greenhouse gas reduction targets and making climate disclosures, Choice Properties has made reasonable and good faith approximations and assumptions. However, there are many factors that Choice Properties may not foresee or that it may be unable to predict accurately. Choice Properties' ability to achieve its ESG goals, including ESG matter(s) discussed in this report, is based on a number of assumptions and is subject to a number of risks and uncertainties, many of which are beyond Choice Properties' control, that could cause actual results and events to differ materially from those that are disclosed in or implied by such forward-looking information and may require Choice Properties to adjust its ESG initiatives, activities or plans to reflect a changing landscape. Such risks and uncertainties include, but are not limited to, Choice Properties' ability to meet its greenhouse gas reductions targets; the availability, accessibility and suitability of comprehensive and high-quality data; the need for active and continued participation of Choice Properties' stakeholders; the development of consistent, robust and comparable ESG metrics and methodologies, in particular in respect of climate change; the development and deployment of new technologies and industry-specific solutions; international cooperation; the development of provincial, national and international laws, policies and regulations in respect of ESG matters; and the factors discussed in Choice Properties' current Annual Information Form and most recent MD&A. The forward-looking statements in this report are presented for the purpose of assisting investors and other stakeholders in understanding Choice Properties' ESG priorities, strategies and objectives, and may not be appropriate for other purposes. Undue reliance should not be placed on the forward-looking information in this report. Choice Properties does not undertake any obligation to update such forward-looking information, whether as a result of new information, future events or otherwise, except as expressly required by applicable law or as provided for in this report. All forward-looking statements contained in this report are made as of the date hereof and are qualified by these cautionary statements.