ENGAGEMENT FACTSHEET

Allied Properties REIT

Development: Positive

Milestone: 1 2 3 **4**

> Allied Properties has rolled out impressive decarbonisation efforts, validated by SBTi with TCFD alignment. The introduction of ESG goals into executive compensation has also been a welcome development

Mihail Tonchev, Senior Portfolio Manager

Engagement rationale

Allied Properties REIT lacked a formal climate policy with measurable targets. GRESB ranked the company 64 (out of 100) upon their first review, highlighting clear room for improvement. We presented our environmental climate transition pathway framework to the company's ESG team to illustrate the key elements we assess and how we rank and evaluate the company.

Background

As we have refined our proprietary climate change environmental pathway model, we began launching sector-wide climate related engagements, having identified numerous common themes with precise points of improvements and suggestions. Allied Properties REIT was one of the first companies with which we applied this new framework, largely because of our strong relationship with management and the board's commitment to investing in meaningful decarbonisation initiatives.

Theme for engagement

- Environment – implementing a climate policy in-line with the Paris Agreement

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Engagement objectives

- Improvements to Allied Properties REIT's climate policy, so it aligned with the Paris Agreement across all emission scopes. In particular, we wanted short-, medium- and long-term greenhouse gas reduction targets supported by capex alignment.

- Stronger climate risk management,
- Greater use of scenario analysis,
- Accountabilit at board and/or executive level
- A commitment to reporting in line with TCFD standards.

Engagement results

- In March 2021, we raised these issues with Allied Properties' ESG team on a conference call. We introduced our framework and explained how we assess each initiative. The company responded constructively and committed to several improvements that were reported on in its 2021 Sustainability Report, released in June 2022. This included a number of the enhancements we had sought.
- Allied expanded its historical GHG-data, making performance easier to compare over time and increased data coverage to 95% of total emissions. It added scope 3 emissions calculations in 2025.
- Its climate risk report was fully aligned with TCFD as of 2024.
- The company secured SBTi validated targets aligned with a 1.5C decarbonization pathway.
- It also introduced shorter-term targets to reduce GHG intensity by 6.6% by 2024, ultimately surpassing this with a 20% reduction.
- Since 2021, the board has established four specific and measurable ESG goals, including one focused on EDI, linking executive compensation directly to ESG priorities. These goals also form part of the incentive bonus assessment for all employees.
- Allied also committed to incorporate climate risk analysis into its long-term business planning.
- GRESB score materially improved from 64 to 87 (out of 100) by 2024

Next steps

- In 2026 we have closed this engagement successfully after 5 years

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Company
Allied Properties REIT

Country
Canada

Sector
Real Estate

Market cap
Mid Cap

Materiality
Greenhouse Gas (GHG) emissions reduction in line with the Paris Agreement is of utmost importance to reaching combined environmental targets.

ESG Research
MSCI ESG Rating: A
Sustainalytics: 17.3 (low risk)

Engagement initiated
Q1 2021

Latest update
Q2 2026

Kempen Fund
Kempen (Lux) Global Property Fund