

Humanism and Community in Canada

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Acronyms can drive you crazy. They proliferate wildly in both general and specialized areas of human understanding, making it difficult to keep pace. Many are ridiculous and some are offensive. Most disturbingly, however, acronyms can oversimplify and ultimately distort the complex human realities they purport to encapsulate. The distortion can exacerbate misunderstanding and conflict among reasonable people. Nowhere is this more evident than in the culture wars now raging in the Americas and Europe over ESG and EDI (to many, DEI).

There are at least three broad-based acronyms relevant to Allied's business—CRE, ESG and EDI. I wasn't aware of the acronym CRE until regulators began looking upon commercial real estate with trepidation a few years back, seeing it as a potential threat to the stability of Canada's financial system. Allied is, of course, in the commercial real estate business, but I see no value in using a loose acronym to represent a multi-faceted commercial activity. Indeed, while saying Allied's in the commercial real estate business is accurate, doing so isn't particularly informative.

The acronyms ESG and EDI, on the other hand, are vitally important and meaningful to Allied. They encapsulate complex human realities that are financially and morally imperative to our business. Our vision is to make a continuous contribution to cities and culture that elevates and inspires the humanity in all people. Our vision is grounded and informed by our mission, which is to provide knowledge-based organizations with distinctive urban workspace in a manner that is sustainable and conducive to human wellness, creativity, connectivity and diversity. Our ultimate objective in pursuing our mission is to provide urban workspace in Canada's major cities ever more profitably over time.

Allied has deep and unwavering commitment to the complex human realities encapsulated by the acronyms ESG and EDI. We report on our commitment and progress annually and in a progressively more fulsome manner. We recognize that ESG and EDI require ongoing assessment and refinement in relation to human and community evolution. Recently in Canada, there has been thoughtful assessment of certain historical premises underlying specific elements of EDI, with a particularly strong reaction to the proliferation of cancel culture. This ongoing assessment will deepen our understanding of, and commitment to, ESG and EDI, not undermine it. This entire process is human and communal, and as such it won't be simple, linear or free of controversy. **Nevertheless, Allied remains fully committed to ESG and EDI as financial and moral imperatives.**

I. ESG

Allied has been a public real estate entity since 2003. As our investor base expanded globally from 2009 onward, ESG became progressively more important to us for several reasons. First, global investors observed a strong correlation between attention to social responsibility and good financial performance and, as a result, began scrutinizing and evaluating public entities in terms of social responsibility. Second, the development and operation of commercial real estate was rightly seen as having enormous impact on the physical environment, which can be measured scientifically in terms of greenhouse gas emissions. Third, the attributes and operation of commercial buildings have enormous impact on the wellness of human users, which can also be measured, albeit somewhat less precisely than greenhouse gas emissions.

There appears to be consensus in the Canadian commercial real estate industry that climate risk is imminent and material and that it's financially and morally imperative for commercial real estate owners to reduce their impact on the environment. Generally, users ("tenants") are fully aligned and, indeed, insistent upon environmental responsibility on the part of owners to the point that it's now a competitive imperative. Allied announced late last year that we've committed to set near- and long- term greenhouse gas emissions reduction targets for our rental and development portfolios, in line with the Science Based Targets initiative ("SBTi") and a 1.5°C decarbonization pathway. Our primary goal for this year is to have our targets validated by SBTi and to implement our multi-year plan to achieve these targets by 2030. Allied submitted its targets for validation by SBTi earlier this year and will disclose them once they have been validated later this year.

Social responsibility is harder to measure than impact on the physical environment, but it's arguably more important in the near term. For Allied, municipal impact is the focal point of social responsibility. Land use planning matters. Preserving heritage matters. The urban realm matters. Technical and aesthetic design matters. Public safety matters. Public health matters. Access and movement matter. Room for the arts matters. Different and mutually reinforcing uses operating within the same area matter. Amenity richness matters. While Allied is fully committed, optimal municipal impact requires ongoing understanding, coordination and cooperation between the private and public sectors.

Corporate governance is a principle-based matter that's been overtaken somewhat by rule-based adjudicators. Canadian public entities generally practice good corporate governance and are regarded accordingly by Canadian and international investors. We need to maintain and build on our collective reputation while simultaneously rewarding initiative, creativity and productivity.

II. EDI

In principle, there appears to be consensus around the importance of EDI. Most of us believe in striving for equity among people living in a community. Most of us believe that diversity is natural and enriches human community and culture. Most of us believe that inclusion is an element of equity and enriches human community and culture. The difficulty arises in implementing these principles in extraordinarily large, complex, diverse and ever-evolving human communities.

For Allied, focus on EDI revolves around people in our employ, people who use our space and people who live, work, learn and play in the urban communities impacted by our business activity. We know from long experience that focusing on EDI in this manner makes our business more profitable over time. For example, in our most recent user engagement survey (late 2024), where our net promoter score exceeded the industry average by 150%, ESG and EDI together formed one of the five critical areas surveyed, the other four being overall satisfaction, service delivery, lease intentions and property features. With a 56% response rate, at the high end of the industry average, 93% of our users rated our commitment to EDI as excellent or good and 91% of users rated our EDI events for users as excellent or good. EDI clearly matters to users of commercial space, making it a competitive imperative for owner-operators like Allied.

As with ESG, Allied has an evolving roadmap for EDI. In the most recent independent evaluation of our progress (late 2023), which informed our current roadmap, we learned that the Allied team across the country has a positive perception of our commitment to EDI. Opportunities for improvement included augmenting our recruitment process, expanding demographic data collection and enhancing internal communications with respect to our EDI initiatives. In our most recent employee engagement survey (mid 2024), with a 95% response rate, 85% of the members of the Allied team rated our commitment to EDI favourably, one of the highest ratings in the survey. EDI clearly matters to employees, making it a competitive imperative for employers like Allied.

III. HUMANISM AND COMMUNITY IN CANADA

I don't presume to speak for Canada or Canadians. I do, however, believe that Canadians attribute fundamental importance to humanism and community. I do believe that Canada is a country where the complex human realities encapsulated by ESG and EDI can be addressed collectively and reasonably with due regard for other important financial and moral imperatives. If the acronyms themselves are inflammatory, we can always ignore them, though I don't think that's necessary. It's the underlying human and community realities that matter.

Allied remains deeply committed to the physical environment, social responsibility and corporate governance. We remain equally committed to equity, diversity and inclusion. We also understand that informed consensus needs to be built continuously in Canada around these fundamental human and community realities. This will never be easy, and there's no finish line, but it's imperative that we keep striving. One absolute principle Allied will stand by to the end is this—"Canada should be cherished—not cancelled".¹ I think almost all of us can agree that this is more important now than ever before in our lifetime.

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This commentary contains forward-looking information, including statements about Allied's environmental, social and governance strategies, targets and commitments and their impact. Although the forward-looking information is based on what the writer in his capacity as Founder & Executive Chair of Allied believes are reasonable assumptions, there can be no assurance that this information will prove to be accurate. This commentary reflects perspectives and beliefs as of March 31, 2025, and Allied undertakes no obligation to update forward-looking information, except as required by law. Allied cautions the reader not to place undue reliance on this information.

¹ This comes from *The 1867 Project, Why Canada Should be Cherished—Not Cancelled* edited by Mark Milke. It is an insightful and informative assessment of Canada as an ongoing human and community project.