northwest

Environmental Management System (EMS) 2022

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Contents

*Northwest Environmental Management System

1. Overview

At the intersection of healthcare, knowledge, research, and real estate, Northwest cultivates healthy and sustainable places to amplify the possibilities of our tenant partners, our company, the planet, and the communities in which we operate. Over the years, we've intentionally moved toward more sustainable operations by supporting renewable energy, reducing emissions, and saving on energy costs for both our properties and select corporate offices. Following a robust strategic approach, Northwest has organized efforts into a single Sustainability Governance Structure that will guide our efforts and investments as we grow, evolve, and define our future.

To support this vision, we have introduced a publicly available Environmental Management System (EMS) in line with ISO 14001 and the Plan-Do-Check-Act (PDCA) Model. At Northwest, we have a series of portfolio improvement targets, and are actively tracking utility and emissions data to inform mitigation pathways. Our EMS will be established across global operations, and will work in conjunction with Environmental Policy to guide the prudent management of our organizational targets, and ensure continuous improvements.

Organizational Structure

We recognize that effective sustainable operations require executive and Board-level oversight and leadership, strong central support, and integration into lines of business to achieve our ambition. At Northwest, we have established a Sustainability Governance Structure in which the Board of Trustees, and our Global Leadership Team (GLT) lead and oversee our Global Sustainability Committee (GSC). The GSC is an 8-person team, with 6 members fully dedicated to sustainability, and 2 with shared responsibilities outside of sustainability. As a whole, the GSC is responsible for managing the day-to-day responsibilities of our sustainability program, and reports to the GLT, which in turn reports to the Board of Trustees. The REIT's Chief Administrative Officer (CAO), who is also the interim Global Head of Sustainability, leads and manages the GSC. As a standing member of the GLT, the CAO regularly collaborates with, and updates, the GLT regarding material sustainability strategies and material issues and developments. The CAO is further informed on various functional areas of the business through cross-functional working groups established for managing and executing sustainability projects. The GSC engages a range of functional areas of the business, such as Human Resources and corporate finance, to inform strategy and planning, and facilitate information sharing across our global organization. Each operating region, namely the Americas, Asia-Pacific, and Europe, have various local teams executing sustainability initiatives in consultation with the GSC. Ultimately, the GSC is responsible for advising the GLT and the Board on the management of climate-related risks and opportunities, and for overseeing the programs execution.

2. Commitments

Our approach to sustainability is grounded in four pillars:

- **Thriving Partners** – preparing lasting tenant spaces for health and healing
- **Healthy Planet** - deepening our contribution to a healthy planet
- **Inclusive Company** – building for our workforce and future generations
- **Strong Communities** – investing in the communities we serve

Our tenants are our top priority. We not only listen to and respond to tenant needs but also proactively partner with tenants to achieve their goals, including those related to sustainability.

Formalizing a management structure for sustainability goals will provide transparent pathways toward our goals and targets across the organization, and ensure long-term value for our healthcare partners.

Environmental Objectives

- Reduce our energy consumption year on year and achieve net zero Scope 1 and 2 Greenhouse Gas emissions.
- Engage with and support our tenants to reduce their energy consumption, encourage them to procure 100% renewable electricity, and seek to phase out use of natural gas in all of our buildings.
- Reduce the embodied carbon of all new build and major refurbishments.
- Identify and monitor possible pollution sources, determine pollution impacts generated by our activities, and develop preventative strategies to reduce pollution.
- Mitigate risk associated with the impacts of climate change in our properties and align with principles of the Task Force on Climate-Related Financial Disclosures (TCFD).
- Identify and quantify the materiality of physical risks to our assets, and determine resiliency strategies to mitigate these risks in order to ensure the long-term security of our assets through Measurabl's Physical Climate Risk Exposure (PCRX) Feature.
- Prioritise the procurement of materials, products and services that have industry recognised environmental and/or social certification, and work with our tenants and supply chain to minimise the risks and impact of procurement decisions.
- Minimise waste generation and waste sent to landfill through collaboration with our tenants and our waste contractors.
- Minimize water consumption through a series of on-site installations, such as low-flow appliances, water reclamation processes, and rainwater harvesting.
- Enhance biodiversity at our sites, minimise pollution, preserve water as a natural resource, and protect global biodiversity through our procurement choices.
- Improve the indoor air and wellness factors in our properties to support physical and mental health of our staff, our tenants, and their customers.
- Provide our staff with the skills, knowledge, and enthusiasm to deliver environmental and social benefit through a strong commitment to training, mentoring, and learning.
- Within our business and our industry, seek out and challenge any everyday and structural inequalities that exist, and operate under the principles of fairness, dignity, and respect for all.
- Continue to improve diversity in all levels of our business including the Board and in Management.
- Engage with our investors, tenants, suppliers, and key industry bodies to provide sustainability leadership through advocacy and knowledge sharing.
- Monitor our sustainability performance, report our progress publicly against our targets and objectives, and achieve relevant third-party environmental certifications for our business and our portfolio including GRESB and CDP.
- Make delivering our sustainability policy and strategy a Key Performance Indicator for all executives, managers, and select employees directly involved on sustainability initiatives.

2023 Key Performance Indicators

Thriving Partners

- Measure percentage of employees engaged in formal “connector” programs
- Benchmarks derived from employee survey analysis
- Creation and disclosure of 2024 targets
- Percentage of "focus area" improvement programs put in place
- Number of global *Success in 60* events held by Northwest
- Number of training modules deployed and completion rate
- Percentage of allotted volunteer days used by employees
- Establishment of DE&I targets and strategy for disclosure

Healthy Planet

- Evaluate development of global plan for pursuing certifications, including for tenant-controlled properties
- Percentage of properties with specific plans for addressing results from energy audits
- Evaluate status of inputs into 2024 and beyond capex budgets
- Percentage of energy data collected from landlord-controlled properties (target: 100%)
- Percentage of energy data collected from tenant-controlled properties (target: 50%)
- Measurement of meter allocation confirmations
- Implement monthly in-region environmental data completion review
- Percentage of amended standard guide adoptions across each region (target: 100%)
- Evaluate status of multi-year renewable energy strategy
- Number of specific projects begun or under review

Inclusive Company

- Analysis of tenant survey results
- Setting and disclosing 2024 targets
- Status of progress toward completion of property-specific action plans to address survey results for 75% of properties
- Percentage of contact with tenants requesting contact through the survey (target: 100%)
- Completion of air quality testing at 100% of landlord-controlled portfolio
- Finalized program for addressing properties requiring attention
- Deployment of NWHP care to one additional region

Strong Communities

- Evaluate operational status of Foundation
- Delivery and communication of $1M annual funding
- Publication of key research findings, if available
- Status of evaluation of community development program strategy

Enablers

- Review percentage of closed acquisitions/ developments subject to sustainability dimensions
- GRESB score
- CDP score (Vital only)
- Measure progress toward setting 2030 reduction targets for Scope 1 & 2 emissions
- Percentage of Scope 3 data collected (target: 75%)
- Percentage of new leases incorporating sustainability clauses
- Number of conversion opportunities identified
- Number of green lease conversions completed

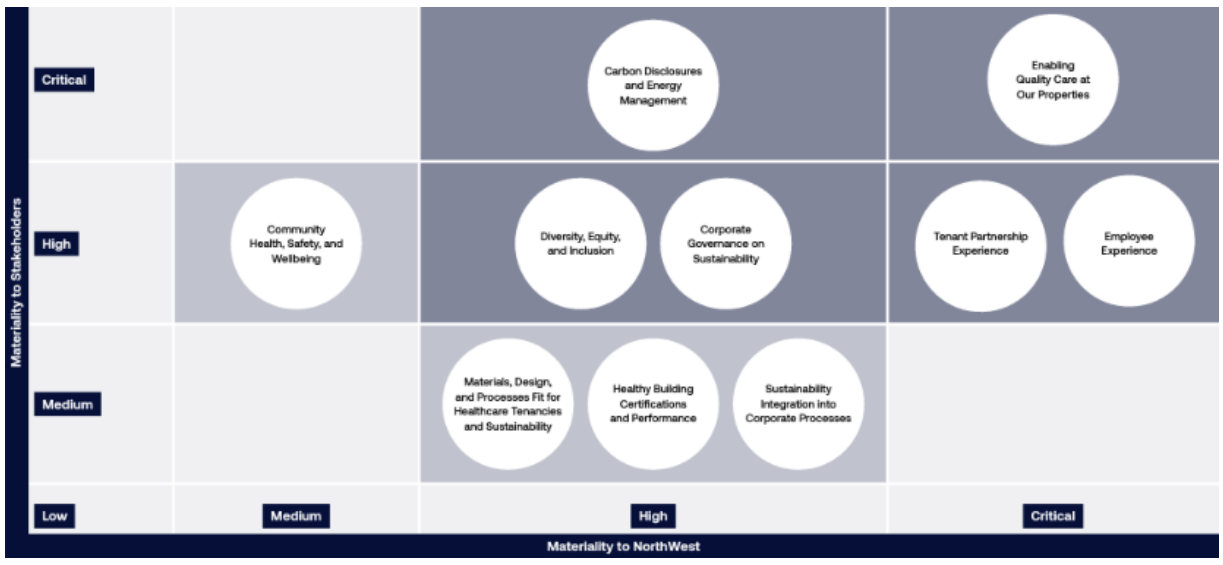
ESG Policy

Our publicly available ESG Policy can be downloaded from the ‘Sustainability’ section of our website.

3. Plan

Materiality Assessment

In 2021, we performed a materiality assessment that allowed us to explore and define the topics most relevant to Northwest and our stakeholders. This began with a comprehensive list of 28 topics informed by the specifics of our business, peer benchmarks, financial data, and industry standards such as the Global Real Estate Sustainability Benchmark (GRESB) and the Sustainability Accounting Standards Board (SASB). We surveyed 38 leaders, as well as all 8 members of our Board of Trustees. In addition, we facilitated 20 interviews with Northwest leaders and key external stakeholders to inform materiality opportunities and risks. With a narrowed list, we defined and prioritized the sustainability topics most material for the organization, factoring in perspectives from our internal and external stakeholders and considerations from peers, standard setters, and society at large. From this analysis, 10 core topics emerged as most material, forming the basis of Northwest's sustainability strategy.



Facilitated via GSC oversight, various working groups convene relevant cross-functional stakeholders across our global organization to coordinate sustainability initiatives, drive implementation, and facilitate sharing of best practices. We continue to formalize these efforts and integrate sustainability considerations into many functions of the organization.

Physical Risk Assessment

In 2022, we began assessing our assets and portfolio for physical climate risk exposure. We partnered with a physical climate risk data provider to assess risks relating to climate change, natural resource constraints, and broader environmental, social, and governance factors. Through this partnership, we consider 7 physical risk categories: water stress, fluvial flood, extreme heat, extreme cold, tropical cyclones, wildfires, and coastal floods. Our partner analyses these risks across short- (2020), medium- (2030), and long-term (2050) time horizons, as well as 3 representative concentration pathways (RCP 2.6, RCP 4.5, RCP 8.5). Based on these assessments, individual properties, and our portfolio, receive a score between 1-100 for each category.

To ensure long-term resiliency, our standard analysis utilizes RCP 8.5 with a 2050 timeline. This physical risk analysis provides guidance to our GSC, and its associated working groups, on areas of most concern, and pathways toward reduced exposure.

Environmental Data Tracking

At Northwest, we utilize a central data repository (CDR) wherein data may be manually inputted, or automatically accessed through integrations with billing providers. Organized across global operations through our GSC, a dedicated working group identifies the most appropriate upload method at each asset, and ensures a holistic capture through quarterly data reviews. Northwest has performed, or is in the process of performing, energy audits at 100% of landlord-controlled properties to support this effort. Through ongoing data-capture efforts, Northwest manages both qualitative and quantitative environmental data across our portfolio, such as:

- **Organizational Hierarchy**: entity-level, portfolio-level, regional-level, and asset-level make-up, performance data, and users and property managers
- **Qualitative Data**: asset meta-data, documentation, policies, objectives, audits, projects with projected and/or actual quantitative results, certifications, ratings, lifecycle stages, space/tenant breakdown
- **Quantitative Data**: utility meter readings, waste tonnage, like-for-like data sets and percent change, weather, occupancy, gross asset value, CO_2e emissions, physical and climate risk assessment data coverage, peer benchmarking performance

Industry Engagement

Northwest has participated in the GRESB Real Estate Assessment on an annual basis. Our Sustainability Governance Structure leverages results from the GRESB Real Estate Assessment, and other engagements with stakeholders, to identify gaps and future opportunities. Northwest also makes disclosures in alignment with TCFD, and in 2023 will make disclosures in line with GRI and SASB.

Risks and Opportunities

For a comprehensive breakdown of our identified risks and opportunities, please see our TCFD Disclosure in the appendix of our publicly available 2022 Sustainability Report.

Emergency Preparedness

At Northwest, we try to prevent emergencies from occurring, and in connection, we train our employees to know what to do in case something does happen.

We don't plan for every single possible accident or emergency. Instead, we conduct risk assessments, spanning material, physical, and climate considerations to determine the most likely risks to the various areas or markets in which Northwest operates. This has produced an array of emergency and business continuity procedures tailored to Northwest's various operational regions.

In 2023, Northwest will formalize an organization-wide business continuity plan informed by our existing, regional procedures.

4. Do

At Northwest, we are constantly increasing sustainability efforts as our program matures. On a regular basis, we are creating, pursuing, and monitoring a range of initiatives.

Working groups are the main driver of our sustainability initiatives and actions. Members of the GSC oversee assigned initiatives and working groups, and are responsible for identifying relevant risks and opportunities, and presenting them to the GSC. Working groups convene relevant cross-functional stakeholders across our global organization to coordinate sustainability initiatives, drive implementation, and facilitate sharing of best practices. The GSC collaborates to identify priority areas and guide working group efforts. The CAO leads and manages the GSC, and is the most senior decision maker.

Per our Sustainability Governance Structure, the CAO then collaborates with the GLT regarding material sustainability issues and developments, and provides quarterly updates to the Board of Trustees. This ensures comprehensive and up to date information sharing to most effectively guide strategy and action across global operations.

Communication and Awareness

At Northwest, we are able to disseminate our sustainability management practices and priorities throughout the organization through our Sustainability Governance Structure. Our GSC has dedicated regional heads representing the Americas, Europe, and Asia-Pacific, responsible for driving implementation in their relevant regions. We have also introduced mandatory corporate-wide sustainability training and region-specific role-based specialized training. Additionally, in 2022 Northwest continued its organizational recognition of five 'world days', with corporate programing and informational sessions to observe and promote awareness of Earth Day, International Women's Day, World Health Day, World Mental Health Day, and World Human Rights Day.

5. Check and Act

Our CDR, and various third-party partnerships allow Northwest to analyze data and progress in various ways, ensuring constant monitoring and improvement.

The main components of our checking process include:

- Environmental data tracking
- Review and analysis of data results
- Performance benchmarking
    - Internal and external
- Soliciting feedback internally and with relevant stakeholders

Initiative Tracking

Through our Sustainability Governance Structure, performance against goals and targets are constantly monitored by the GSC via working groups. Each working group executes initiative specific efforts to appropriately monitor and manage goals and targets. Updates are provided at weekly GSC meetings convened by the CAO, who in turn updates the GLT and Board of Trustees.

The GSC performs quarterly initiative reviews, wherein the progress of each initiative is detailed and ranked as 'On Track', 'Needs Attention', or 'Off-Track'. These quarterly reviews also inform our annual program review, where initiative KPIs and roadmaps and determined for each year.

Stakeholder Feedback

Supporting our partners is at the core of what we do and essential to our mutual success. We work closely with our healthcare partners to listen and understand their needs, informing how we design, develop, and operate our properties.

The organization has a number of mechanisms to solicit feedback from tenants, often tied to the nature of the tenancy. For many of our multi-tenant MOBs, we utilize online portals, as well as tenant advisory committees as pathways for tenants to provide comments and feedback. With our larger hospital and clinic tenants, we typically engage in a series of one-on-one meetings at various levels of each organization.

In 2022, Northwest conducted a tenant satisfaction survey across all regions, and in 2023 we will continue to formalize our procedures for responding to climate and environmental needs through frequent and transparent tenant engagement activities. The organization also conducted a global employee engagement survey, "Better Together", to identify areas of strength upon which to build and areas requiring attention in order to focus efforts to do better. As with the tenant survey, we utilized well-regarded third-parties to execute the surveys to ensure robust reporting, involving benchmarking against relevant peer groups.

Audits

Our formal Sustainability Program is relatively young, and as we mature, we may identify aspects that can be improved. To ensure the constant improvement of our EMS and management processes, Northwest will introduce an internal sustainability auditing procedure in the coming years.

Annual Review

On an annual basis, our GSC will conduct a review of the current EMS in order to continually improve and formalize organizational management processes. This review process is intended to ensure the enduring effectiveness of our EMS, and ensure all relevant processes are captured within it.

6. Our Partnerships

Our Central Data Repository

We partner with Measurabl, the world's most widely adopted ESG software for corporations and commercial real estate. Measurabl's infrastructure powers our CDR tracking, and facilitates our data and physical climate risk analysis.

Physical Climate Risk Exposure

Measurabl's Physical Climate Risk Exposure (PCRX) feature enables us to identify and understand physical climate risks and opportunities across our portfolio for mitigating climate risk hazards. Measurabl sources physical risk data from S&P Global, a leader in carbon and environmental data and risk analysis. S&P Global analysis for both chronic and acute risks, including water stress, fluvial flooding, extreme heat, extreme cold, tropical cyclones, wildfires, and coastal flooding. This data can be sorted, filtered, and exported by property type, risk category, and risk level, giving real estate owners transparency into the oncoming impacts of extreme weather events on their portfolios.

S&P Global also supports data analysis across various time frames (2020, 2030, 2050), and each of RCP 2.6, 4.5, 8.5.

- On the "Climate Risk" page in Measurabl, we can see our aggregated portfolio-level climate risk data sourced from S&P Global. We also see the buildings with highest/lowest average risk score across categories and a map showing our properties colored by overall risk level.
- Here, we toggle between climate scenarios and time horizons (viewing one scenario/timeframe combination at a time) to see how the physical risk scores change. We can also filter the data for individual risk categories:
  - High Climate Change Scenario (RCP 8.5): Continuation of business-as-usual emissions growth. This scenario is expected to result in warming in excess of 4 degrees Celsius by 2100.
  - Moderate Climate Change Scenario (RCP 4.5): Strong mitigation actions to reduce emissions to half of current levels by 2080. This scenario is more likely than not to result in warming in excess of 2 degrees Celsius by 2100.
  - Low Climate Change Scenario (RCP 2.6): Aggressive mitigation actions to halve emissions by 2050. This scenario is likely to result in warming of less than 2 degree Celsius by 2100.

Data Capture

Northwest uses the following methods to capture, analyze, and confirm EMS data:

- **Utility Sync**
  - Measurabl is enabled to automatically update meter readings by providing them access to our online utility providers portals. PDF copies of the bills are included on each meter reading for verification.
- **PDF Upload**
  - Where online portals are unavailable, Measurabl supports PDF upload. Measurabl processes the bill, updates the meter reading, and includes the PDF bill on each meter reading for verification.
- **Manual Entry**
  - Our Sustainability team may manually enter and edit utility data directly in the meter or asset level in the Measurabl platform. When invoices are collected, we enter the meter reading with the respective time period, usage data, spend data, demand, and demand spend.
- **Bulk Upload**
  - Bulk upload allows us to fill out a .CSV spreadsheet containing unlimited meter readings, including the respective time period, usage data, spend data, demand, and demand spend. This allows our Sustainability team to enter bulk utility data as we collect invoices and meter readings across the portfolio.

Each meter logs who pays for utility service (landlord vs. tenant), what area of the building the meter serves (common vs. tenant), and whether the meter is "renewable" and may have little to no carbon emissions. A full range of renewable meter types are also supported, such as on- and off-site solar, and wind. This informs a range of sustainability and performance analysis, such as scope 1, 2, or 3 emissions and data coverage.

Quality Control

- **Data Anomalies**
  - Measurabl flags outlier data, and data gaps at the meter and asset level, and year-over-year change percentages at the asset and portfolio level.
- **Meetings**
  - Our Sustainability team and Measurabl communicate and meet on a bi-weekly basis to manage the portfolio and review data inputs.

Data Normalization

Measurabl adjusts for variances in weather and building occupancy based on our asset data:

- **Occupancy Normalization**
  - Measurabl normalizes energy and water performance at the asset level based on historical changes in occupancy by square feet.
- **Weather Normalization**
  - Measurabl normalizes energy and water performance at the asset level based on historical weather and heating and cooling degrees days.

Reports

Measurabl can also generate a series of on-demand reports based on portfolio data:

- Data Quality Export report that exports all data for the portfolio, including site details, and monthly meter-level usage data.
- Sustainability Reports for Portfolio and Sites
- CO_2e Scope 1 and 2 emissions

Sustainability Reporting

Measurabl is fully compatible with, and able to perform a series of data quality checks in line with various standards, such as CDP, and GRESB. Measurabl updates as schemes are updated over time, and retains historical reports of previous iterations. This feature importantly supports our Check and Act phase of the EMS.

Performance Monitoring

Measurabl is able to track and monitor projects and audits at the asset and portfolio level:

1. Project Name
2. Type (14 different project types ranging from systems commissioning to waste tracking to transportation)
3. Spatial Scope
4. Cost
5. Project lifetime
6. Project description, objectives, targets
7. Status and progress
8. Impact on operations
9. Service providers
10. File and documentation upload

An unlimited number and variety of projects can be tracked at the asset and portfolio-level. Access to enter this information can be granted to any number of third-parties, including service providers.

Mandatory Benchmarking and Disclosures

Measurabl tracks all regulatory compliance regimes in North America for Energy and Water Disclosure. We perform an annual review for our operating regions outside of North America. Measurabl is able to identify buildings exposed to one or more of the requirements.

Visualizations

Measurabl generates a range of customizable visualisations as a way to view and analyse our data in a number of ways:

1. The Portfolio Dashboard provides a high-level view of portfolio-wide performance:
    a. 24-month trailing energy usage
    b. 24-month trailing water usage
    c. 24-month trailing energy and water cost
    d. Scope 1, 2, 3 carbon emissions
    e. Asset allocation by property type
2. The Portfolio Trends page provides an extensive set of customizable portfolio- and asset- level energy, water, carbon, waste, peer benchmark, data coverage values and sustainability visualizations and ledgers:
    a. Total portfolio consumption and spend on electric, fuel, district, water, carbon emissions, and waste. This data is represented in a chart format. Any time period can be imposed, including quarterly, annual, or custom periods, and can be filtered by metrics such as property type, location, and square footage.
    b. Total asset-level spend and consumption for electric, fuel, district, water, carbon emissions, and waste. Any time period can be imposed, including quarterly, annual, or custom periods, and can be filtered by property type, location, square footage, etc.
    c. Interacting with the graph reveals absolute consumption for the respective metric and period, as well as the year-over-year change.
    d. All data can be exported into Excel format with building and meter-level details
3. The Climate Risk page has physical climate risk exposure and opportunities across the portfolio with different climate risk hazards and different climate change scenarios.
    a. The dashboard has an overview of the physical climate risks affecting our sites at the portfolio and subgroup level.
    b. The filters sort by property type, risk category, and risk level.
    c. The PCRX dashboard highlights the minimum and maximum risks of the buildings across our portfolio, changing as the data is filtered. This allows Northwest to evaluate the most vulnerable sites in our portfolio, supporting better informed risk management decisions.
    d. The interactive map gives a summary of all risk categories all assets, globally.
    e. There is also asset-level view of each risk category impacting properties.
    f. Clicking the double arrows reveal each risk category's sub-indicators -- the metrics that are measured to calculate the risk score.
    g. The table at the bottom of the dashboard is another option to get granular data regarding the severity of the climate and earthquake risks impacting sites and how they compare against each other.
    h. By clicking into the columns button, we can show or hide different columns, allowing customizable view of the table by level of risk within each risk category, region, and primary type.
    i. The arrows next to the column names sort sites by the minimum or maximum level of risk for each climate hazard.
4. Each asset has its own Site Trends area with custom visualizations:
    a. Asset-level spend and consumption, year-over-year, month-over-month, for electric, fuel, district, water, carbon emissions, and waste
    b. Occupancy rate, year-over-year, month-over-month
    c. Interacting with the graph reveals absolute numbers for the respective metric and period.
    d. Utility performance normalized by occupancy and weather
    e. All data can be exported into Excel format with meter-level detail
5. Each meter within an asset has its own visualizations:
    a. A timeline view of meter readings, with custom time frames, such as full history, and various monthly and annual intervals
    b. Data gaps and overlaps are flagged and visually represented in the timeline view.
    c. A table view with individual meter reading dates, usage, and spend
    d. All data can be exported into Excel format with meter reading-level detail

Energy Star

Measurabl continuously monitors the Energy Star Portfolio Manager score of all assets and alerts us to those buildings eligible for certification, or which require recertification. Measurabl is an ENERGY STAR Partner.