

# Dream Residential REIT

REITs Canada

## ESG Risk Rating

# 15.2

Updated Feb 16, 2022

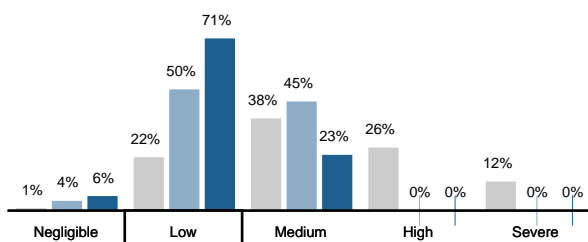
Not available

Momentum

## Low Risk



## ESG Risk Rating Distribution



## ESG Risk Rating Ranking

UNIVERSE	RANK	PERCENTILE
	(1 <sup>st</sup> = lowest risk)	(1 <sup>st</sup> = lowest risk)
Global Universe	1386/14666	10th
Real Estate INDUSTRY	256/1036	25th
REITs SUBINDUSTRY	170/440	39th

## Peers Table

Peers (Market cap \$0.0 - \$0.0bn)	Exposure	Management	ESG Risk Rating
1. Charter Hall Exchange Finance Pty Ltd.	22.0 Low	55.3 Strong	10.0 Negligible
2. American Assets Trust LP	22.0 Low	31.6 Average	15.1 Low
3. Dream Residential REIT	27.0 Low	44.3 Average	15.2 Low
4. Dexus Finance Pty Limited	22.0 Low	29.3 Average	15.6 Low
5. Logikor Europe Ltd.	21.5 Low	26.6 Average	15.9 Low

# Dream Residential REIT

REITs Canada

## ESG Risk Analysis

Exposure refers to the extent to which a company is exposed to different material ESG Issues. The exposure score takes into consideration subindustry and company-specific factors such as its business model.

### ESG Risk Exposure

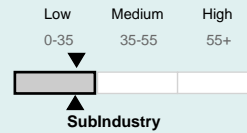
**27.0**

Not available

Low

Momentum

Beta = 1.00



Having an operational presence in major cities and client expectations for high quality property management service drive the highly competitive talent market for Canadian companies like DR REIT. A highly talented and engaged workforce is an imperative to ensure prudent investment decisions and address tenant issues. Physical climate events such as wildfires in Alberta and Ontario, and floods in British Columbia, have made their impact in the past few years, investors are diligently examining how real estate companies are addressing these risks. Tenant interest in sustainable properties is also on the rise, making green buildings a priority. As the COVID-19 pandemic persists, demand for larger living spaces suitable for home office arrangements remain popular. Meeting this shift in tenant demands will be challenging and may affect tenants' interest in DR REIT's existing properties.

The company's overall exposure is low and is similar to subindustry average. ESG Integration - Financials, Human Capital and Product Governance are notable material ESG issues.

Management refers to how well a company is managing its relevant ESG issues. The management score assesses the robustness of a company's ESG programs, practices, and policies.

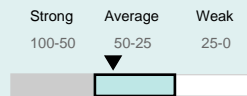
### ESG Risk Management

**44.3**

Not available

Average

Momentum



The diversity, inclusion and advancement team brings together board members and employees across the organization to improve the employee experience. The company provides educational reimbursements to employees for professional development. However, there is no commitment towards gender pay equality nor to operate its own mentorship initiatives. The environmental policy covers physical climate risk, managed via due diligence in the property acquisition process and climate risk simulations being run on its properties. However, there is no reporting on green building certifications in its property portfolio, nor any data on its scope 3 emissions. The company does not undergo regular tenant surveying nor provide site safety trainings to employees regularly, which are missed opportunities to help improve customer satisfaction with its properties.

The company's overall management of material ESG issues is average.

# Dream Residential REIT

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## Material ESG Issues

These are the Material ESG Issues driving the ESG Risk Rating.

Issue Name	ESG Risk Exposure Score   Category	ESG Risk Management Score   Category	ESG Risk Rating Score   Category	Contribution to ESG Risk Rating
Corporate Governance	9.0 High	54.4 Strong	4.1 Medium	26.9%
ESG Integration -Financials	6.0 Medium	35.7 Average	3.9 Low	25.3%
Product Governance	4.0 Medium	27.5 Average	2.9 Low	19.1%
Human Capital	4.0 Medium	43.3 Average	2.4 Low	15.5%
Business Ethics	4.0 Medium	52.5 Strong	2.0 Low	13.2%
<b>Overall</b>	<b>27.0 Low</b>	<b>44.3 Average</b>	<b>15.2 Low</b>	<b>100.0%</b>

## Events Overview

Identify events that may negatively impact stakeholders, the environment, or the company's operations.

### Category (Events)

**5 Severe (0)**

**4 High (0)**

**3 Significant (0)**

**2 Moderate (0)**

**1 Low (0)**

# Dream Residential REIT

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## Events Overview

Identify events that may negatively impact stakeholders, the environment, or the company's operations.

## Category (Events)

**None (13)**

Accounting and Taxation

Anti-Competitive Practices

Bribery and Corruption

Business Ethics

Carbon Impact of Products

Environmental Impact of Products

Labour Relations

Lobbying and Public Policy

Marketing Practices

Quality and Safety

Sanctions

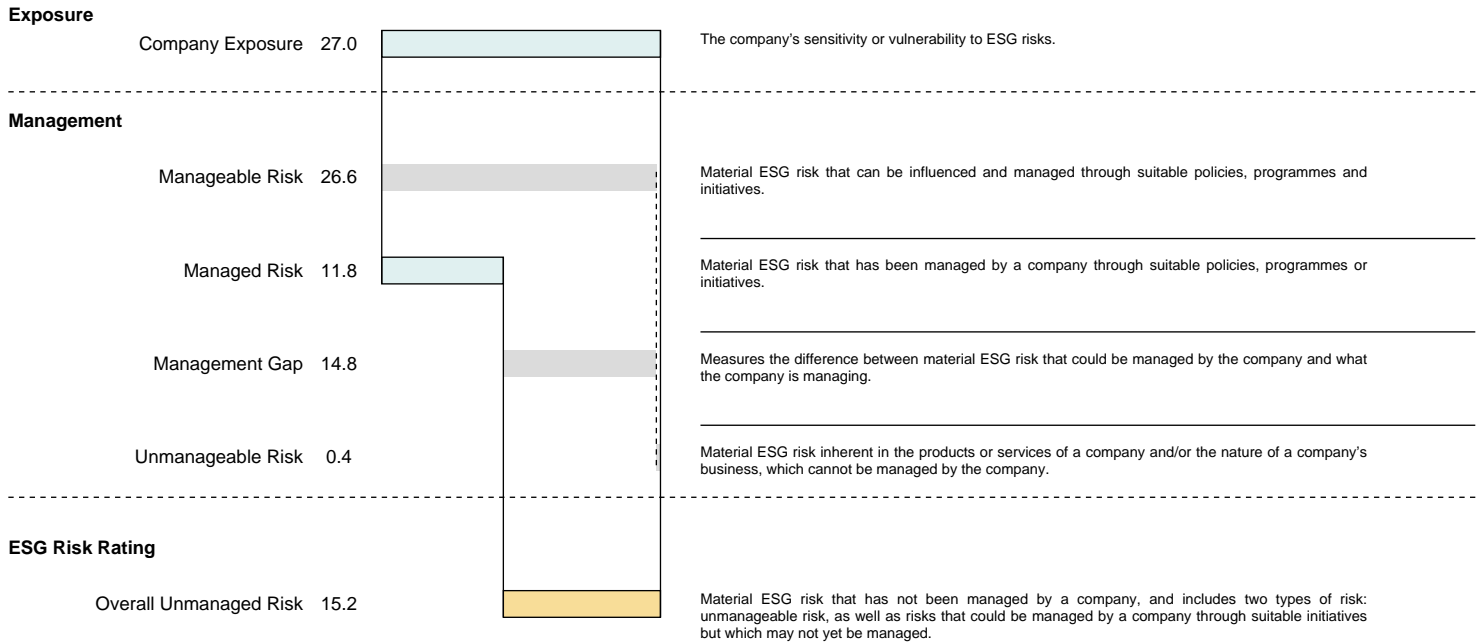
Social Impact of Products

Society - Human Rights

# Dream Residential REIT

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## Risk Decomposition



## Momentum Details

Not available due to a lack of comparable historical information.

# Dream Residential REIT

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## Issue

Contribution 26.9 %



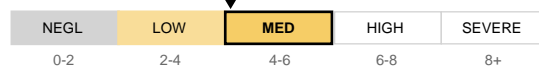
## Corporate Governance

Corporate Governance represents foundational structures for the management of ESG risks.

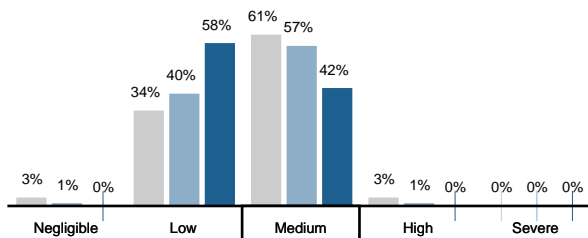
## ESG Risk Rating

# 4.1

## Medium Risk



## ESG Risk Rating Distribution



## ESG Risk Rating Ranking

UNIVERSE	RANK (1 <sup>st</sup> = lowest risk)	PERCENTILE (1 <sup>st</sup> = lowest risk)
Global Universe	1989/4849	42nd
Real Estate INDUSTRY	175/368	48th
REITs SUBINDUSTRY	120/177	68th

## Peers Table

Peers (Market cap \$0.9 - \$1.0bn)

Peers (Market cap \$0.9 - \$1.0bn)	Exposure	Management	ESG Risk Rating
1. Equites Property Fund Ltd	9.0 High	63.4 Strong	3.3 Low
2. Logicor Europe Ltd.	5.0 Medium	30.0 Weak	3.5 Low
3. Dream Residential REIT	9.0 High	54.4 Strong	4.1 Medium
4. Mercialis SA	9.0 High	54.1 Strong	4.1 Medium
5. Apartment Investment & Management Co.	9.0 High	52.2 Average	4.3 Medium

# Dream Residential REIT

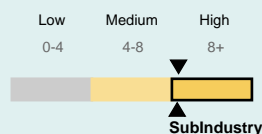
REITs Canada

## ESG Risk Analysis

Exposure refers to the extent to which a company is exposed to different material ESG Issues. The exposure score takes into consideration subindustry and company-specific factors such as its business model.

### ESG Risk Exposure

**9.0**  
High

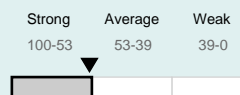


The quality and integrity of the company's board and management and its remuneration systems are identified as the highest weighted governance areas of focus. The company is publicly traded, which leads to heightened scrutiny of its governance practices and increases the importance of governance structures, practices and behaviour. This translates into high exposure to baseline Corporate Governance risk.

Management refers to how well a company is managing its relevant ESG issues. The management score assesses the robustness of a company's ESG programs, practices, and policies.

### ESG Risk Management

**54.4**  
Strong



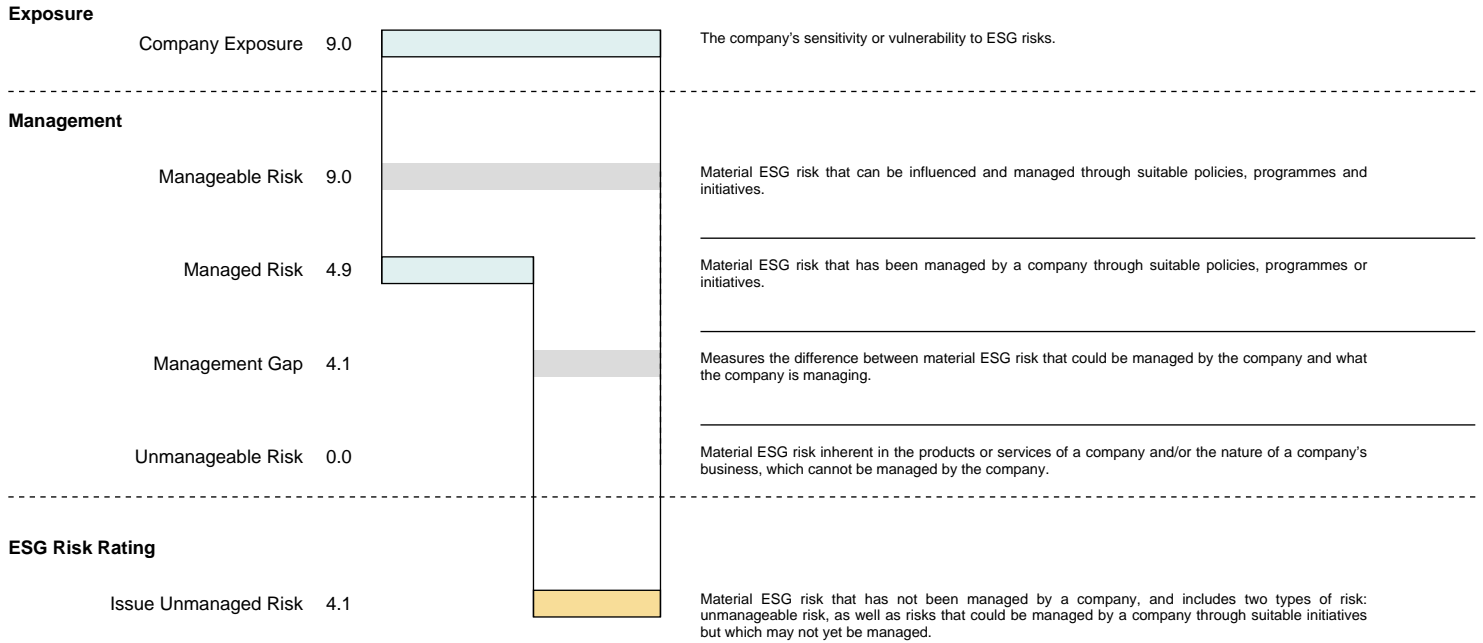
The company is noted for showing particular strength in the quality and integrity of its board/management and its board structure. It has average management of its 4 other governance pillars. Overall, we rate the company's corporate governance management as strong.

Corporate Governance Pillars	Raw Score	Weight	Weighted Score
Board/Management Quality & Integrity	69	25.0%	17.3
Board Structure	73	17.0%	12.4
Ownership & Shareholder Rights	55	15.0%	8.3
Remuneration	35	25.0%	8.8
Audit & Financial Reporting	46	8.0%	3.7
Stakeholder Governance	41	10.0%	4.1
<b>Totals</b>		<b>100.0%</b>	<b>54.4</b>

# Dream Residential REIT

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## Risk Decomposition



# Dream Residential REIT

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## Issue

Contribution 25.3 %



## ESG Integration - Financials

ESG Integration - Financials includes all ESG integration activities by financial institutions that are either driven by financial downside risk considerations or by business opportunities.

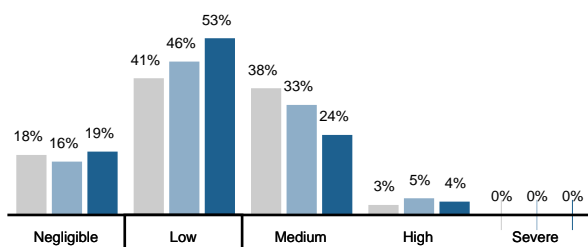
## ESG Risk Rating

# 3.9

## Low Risk



## ESG Risk Rating Distribution



## ESG Risk Rating Ranking

UNIVERSE	RANK	PERCENTILE
	(1 <sup>st</sup> = lowest risk)	(1 <sup>st</sup> = lowest risk)
Global Universe	612/1092	56th
Real Estate INDUSTRY	226/368	62nd
REITs SUBINDUSTRY	127/177	71st

## Peers Table

Peers (Market cap \$0.9 - \$1.0bn)

Peers (Market cap \$0.9 - \$1.0bn)	Exposure	Management	ESG Risk Rating
1. Mercialys SA	5.1 Medium	65.4 Strong	1.8 Negligible
2. Equites Property Fund Ltd	5.4 Medium	52.4 Strong	2.6 Low
3. Dream Residential REIT	6.0 Medium	35.7 Average	3.9 Low
4. Logikor Europe Ltd.	5.7 Medium	28.4 Average	4.1 Medium
5. Apartment Investment & Management Co.	6.9 Medium	0.0 Weak	6.9 High

# Dream Residential REIT

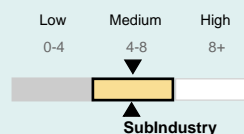
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## ESG Risk Analysis

Exposure refers to the extent to which a company is exposed to different material ESG Issues. The exposure score takes into consideration subindustry and company-specific factors such as its business model.

### ESG Risk Exposure

**6.0**  
Medium



Climate change has been a growing issue, as wildfires and floods have had a destructive impact on the real estate industry in Canada over the past few years. Property operators like DR REIT face increasing pressure to reduce the environmental impacts of their buildings in order to appeal to environmentally conscious tenants. This is further amplified by the fact that a majority of the company's properties are located in metropolitan areas, where awareness and demand for sustainable buildings is high.

The company's exposure to ESG Integration -Financials issues is medium and similar to the subindustry exposure.

### Exposure Analysis

Subindustry Issue Exposure	6.0
Issue Beta	x <b>1.00</b>
Company Issue Exposure	6.0

### Beta Indicators

### Beta Signal

Environmental Impact of	0.00
Social Impact of Products	0.00
Carbon Impact of Products	0.00
Society - Human Rights	0.00
Operating Performance	0.00
Solvency	0.00
Financial Flexibility	0.00
Asset Performance	0.00
Headquarters Location	0.00
Sales Location	0.00
Regional Water Stress	0.00
Green Building Portfolio	0.00
Qualitative Overlay	0.00
Subindustry Correction Factor	0.00
Exceptional Event Adjustment	0.00
<b>Total Beta Signal</b>	<b>0.00</b>
Baseline	+1.00
<b>Overall Beta</b>	<b>1.00</b>

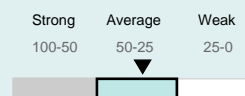
# Dream Residential REIT

REITs Canada

Management refers to how well a company is managing its relevant ESG issues. The management score assesses the robustness of a company's ESG programs, practices, and policies.

## ESG Risk Management

**35.7**  
Average



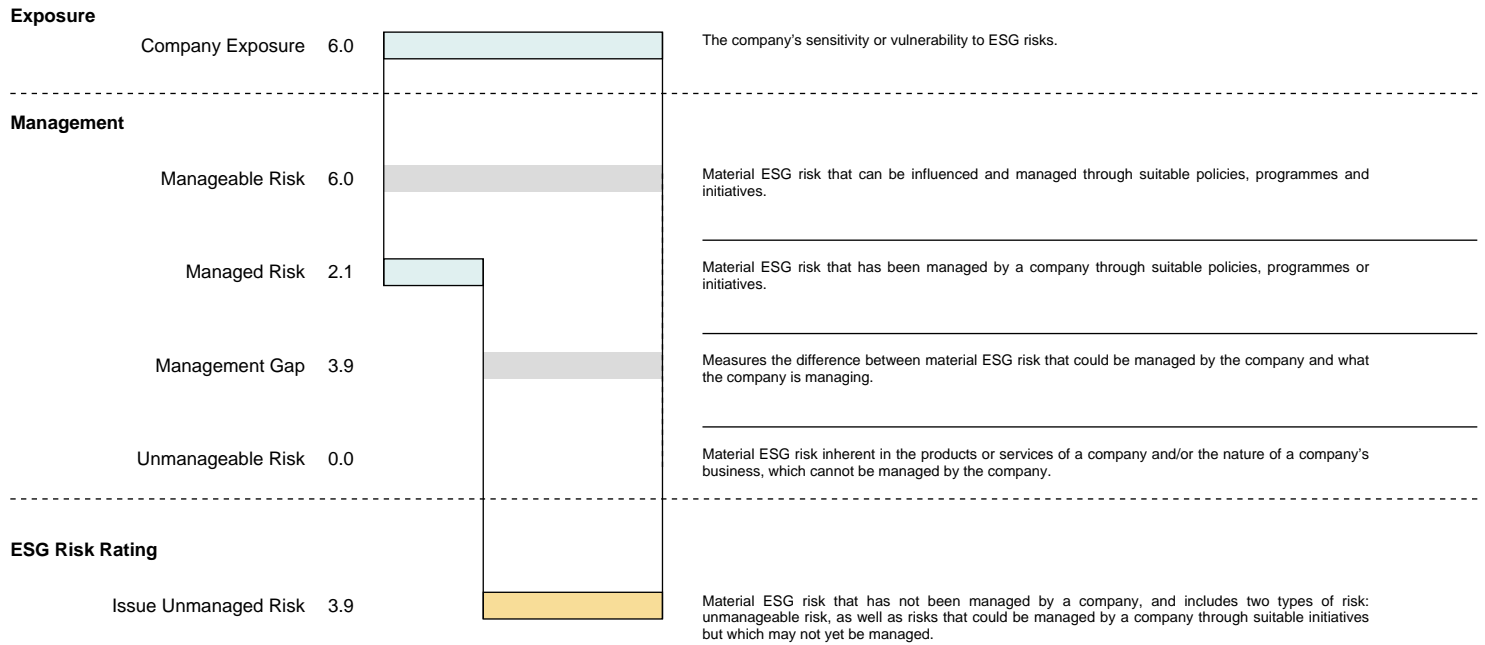
Within the environmental policy, managing climate change issues are a key factor shaping the group-wide policy and programmes decisions. Together with the environmental management system, transition risks are addressed via due diligence processes during the property acquisition process. Additional measures include making capital improvements to existing sites and using third-party climate data simulations to assess physical risks at all its properties. Policies also show commitment to implement water management programmes and risk management measures, such as identifying leaks and reducing landscape irrigation usages. However, there is no reporting on the proportion of the property portfolio that have received green building certifications nor disclosure of scope 1-3 greenhouse emissions in its business, which is an area of improvement to meet best practices set by its peers. In our view, the company's management of the issue is average.

Management Indicators	Raw Score	Weight	Weighted Score
Green Building Memberships	100	5.0%	5.0
Physical Climate Risk Management	100	17.5%	17.5
Water Management Programmes	50	5.0%	2.5
Water Risk Management	33	2.5%	0.8
Customer Eco-Efficiency Programmes	25	7.5%	1.9
GHG Risk Management	25	2.5%	0.6
Green Buildings Investments	25	17.5%	4.4
Share of Green Buildings	20	15.0%	3.0
Real Estate LCA	0	12.5%	0.0
Sustainable Products & Services	0	15.0%	0.0
Carbon Impact of Products	Category 0	0%	0.0
Environmental Impact of Products	Category 0	0%	0.0
Social Impact of Products	Category 0	0%	0.0
Society - Human Rights	Category 0	0%	0.0
<b>Weighted Sum</b>			<b>35.7</b>

# Dream Residential REIT

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## Risk Decomposition



# Dream Residential REIT

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## Issue

Contribution 19.1 %



## Product Governance

Product Governance focuses on how companies manage responsibilities to their clients. Emphasis is put on quality management systems, marketing practices, fair billing and post-sales responsibility.

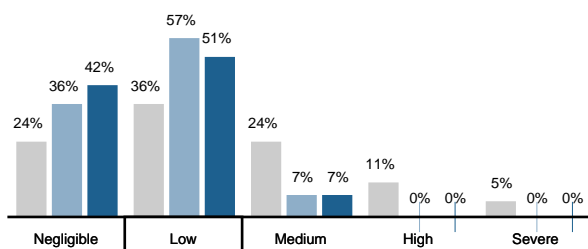
## ESG Risk Rating

# 2.9

# Low Risk



## ESG Risk Rating Distribution



## ESG Risk Rating Ranking

UNIVERSE	RANK (1 <sup>st</sup> = lowest risk)	PERCENTILE (1 <sup>st</sup> = lowest risk)
Global Universe	1692/3916	44th
Real Estate INDUSTRY	235/352	67th
REITs SUBINDUSTRY	121/177	68th

## Peers Table

Peers (Market cap \$0.9 - \$1.0bn)	Exposure	Management	ESG Risk Rating
1. Equites Property Fund Ltd	3.8 Low	70.0 Strong	1.1 Negligible
2. Mercialys SA	4.0 Medium	70.0 Strong	1.2 Negligible
3. Apartment Investment & Management Co.	4.2 Medium	40.0 Average	2.5 Low
4. Logikor Europe Ltd.	3.8 Low	27.5 Average	2.8 Low
5. Dream Residential REIT	4.0 Medium	27.5 Average	2.9 Low

# Dream Residential REIT

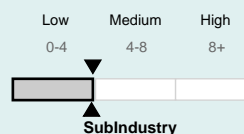
REITs Canada

## ESG Risk Analysis

Exposure refers to the extent to which a company is exposed to different material ESG Issues. The exposure score takes into consideration subindustry and company-specific factors such as its business model.

## ESG Risk Exposure

**4.0**  
Medium



Housing demand in major metro areas in Canada have driven urbanization as well as demand for proximity near employment and transportation hubs over unit size. However, as the COVID-19 pandemic persists and remote work continues to be the norm, tenants are increasingly seeking homes to accommodate both personal and professional use, as well as proximity to recreational uses. This not only poses challenges for commercial properties, but also for existing housing stock, as residential REITs like DR REIT may see less interest in their buildings if their units do not cater to these requirements.

The company's exposure to Product Governance issues is medium and similar to the subindustry exposure.

### Exposure Analysis

Subindustry Issue Exposure	4.0
Issue Beta	x <b>1.00</b>
Company Issue Exposure	4.0

### Beta Indicators

### Beta Signal

Marketing Practices	0.00
Quality and Safety	0.00
Operating Performance	0.00
Solvency	0.00
Financial Flexibility	0.00
Asset Performance	0.00
Headquarters Location	0.00
Sales Location	0.00
Qualitative Overlay	0.00
Subindustry Correction Factor	0.00
Exceptional Event Adjustment	0.00
Total Beta Signal	0.00
Baseline	+1.00
Overall Beta	<b>1.00</b>

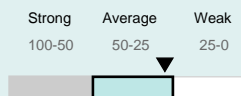
# Dream Residential REIT

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Management refers to how well a company is managing its relevant ESG issues. The management score assesses the robustness of a company's ESG programs, practices, and policies.

## ESG Risk Management

**27.5**  
Average



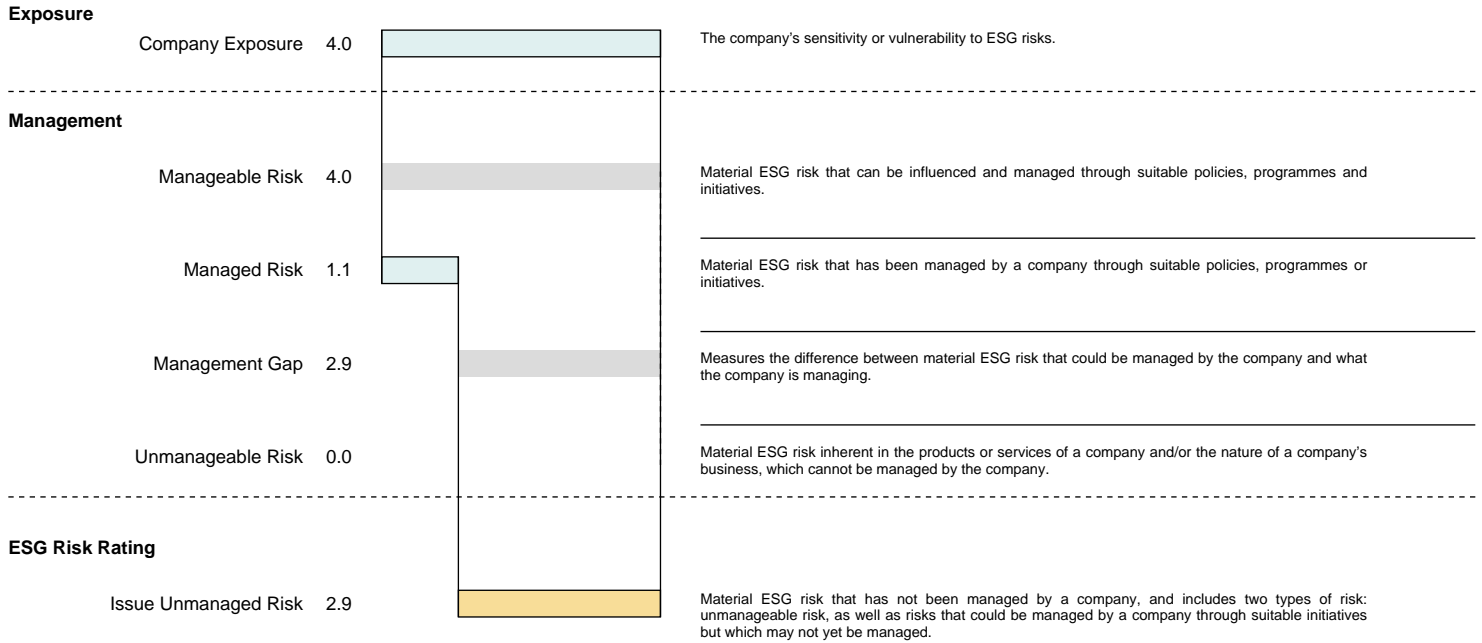
The company reports state that it is committed to engaging and educating residents on measures related to resource conservation. But beyond this measure, the company does not provide its own comprehensive disclosure on matters that directly impact the tenant experience. For example, a C-suite executive or board committee has not been appointed to oversee safety-related programmes or policies. Also, there is no information on implementing regular safety assessments of its properties, no regular employee training on site safety issues, and there is no reporting on how tenants can voice their concerns about their properties with management. Furthermore, it is not stated whether tenants are surveyed on a regular basis on satisfaction metrics, which is another opportunity for improvement to match global peers' performance. In our view, the company's management of the issue is average.

Management Indicators	Raw Score	Weight	Weighted Score
Occupier Satisfaction Surveys	50	40.0%	20.0
Product and Service Safety	25	30.0%	7.5
Sustainable Products & Services	0	30.0%	0.0
Marketing Practices	Category 0	0%	0.0
Quality and Safety	Category 0	0%	0.0
<b>Weighted Sum</b>			<b>27.5</b>

# Dream Residential REIT

REITs Canada

## Risk Decomposition



# Dream Residential REIT

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## Issue

Contribution 15.5 %



## Human Capital

Human Capital focuses on the management of risks related to scarcity of skilled labour as well as labour relations, such as non-discrimination, working hours and minimum wages.

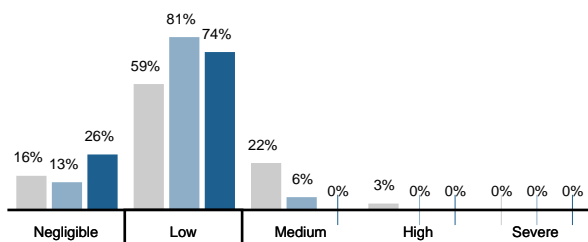
## ESG Risk Rating

# 2.4

# Low Risk



## ESG Risk Rating Distribution



## ESG Risk Rating Ranking

UNIVERSE	RANK (1 <sup>st</sup> = lowest risk)	PERCENTILE (1 <sup>st</sup> = lowest risk)
Global Universe	1192/4580	27th
Real Estate INDUSTRY	85/327	26th
REITs SUBINDUSTRY	62/136	45th

## Peers Table

Peers (Market cap \$0.9 - \$1.0bn)

	Exposure	Management	ESG Risk Rating
1. Mercialys SA	4.0 Medium	67.5 Strong	1.4 Negligible
2. Equites Property Fund Ltd	3.8 Low	53.5 Strong	1.9 Negligible
3. Dream Residential REIT	4.0 Medium	43.3 Average	2.4 Low
4. Apartment Investment & Management Co.	4.0 Medium	23.4 Weak	3.1 Low
5. Logicor Europe Ltd.	4.0 Medium	19.0 Weak	3.3 Low

# Dream Residential REIT

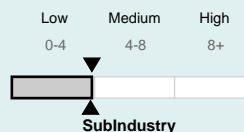
REITs Canada

## ESG Risk Analysis

Exposure refers to the extent to which a company is exposed to different material ESG Issues. The exposure score takes into consideration subindustry and company-specific factors such as its business model.

### ESG Risk Exposure

**4.0**  
Medium



REITs are tasked with managing and maintaining properties in optimal shape in order to consistently generate returns for its shareholders. For operators like DR REIT, top talent is required to sustain this growth, as the company operates residential properties in high-demand and high-profile neighbourhoods in major Canadian metropolitan markets. Having employees who can deliver on excellent customer servicing is vital to maintaining tenant trust.

The company's exposure to Human Capital issues is medium and similar to the subindustry exposure.

#### Exposure Analysis

Subindustry Issue Exposure	4.0
Issue Beta	x <b>1.00</b>
Company Issue Exposure	4.0

#### Beta Indicators

#### Beta Signal

Labour Relations	0.00
Operating Performance	0.00
Solvency	0.00
Financial Flexibility	0.00
Asset Performance	0.00
Qualitative Overlay	0.00
Subindustry Correction Factor	0.00
Exceptional Event Adjustment	0.00
<b>Total Beta Signal</b>	<b>0.00</b>
Baseline	+1.00
<b>Overall Beta</b>	<b>1.00</b>

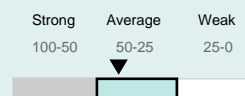
# Dream Residential REIT

REITs Canada


Management refers to how well a company is managing its relevant ESG issues. The management score assesses the robustness of a company's ESG programs, practices, and policies.

## ESG Risk Management

**43.3**  
Average



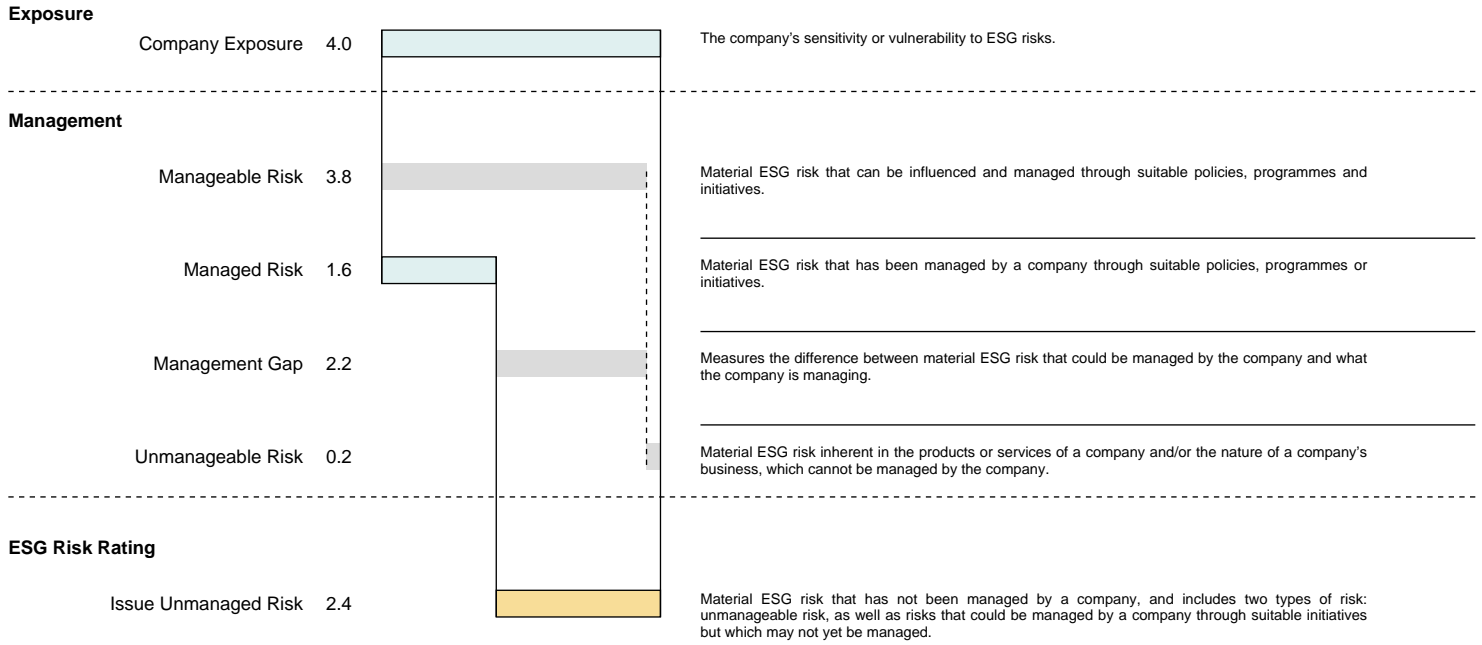
The employee initiatives management is reviewed by the diversity, inclusion and advancement team, which consists of board members and employees from different levels and regions. Stating a commitment to upholding equal opportunities and inclusivity, the company offers workshops and training session for employees to advance their skills, along with financial support for full-time employees to grow their career through professional memberships and additional education. However, programmes and policies do not disclose any gender pay equity programmes or commitments, nor is there reporting on how often diversity auditing or training related to diversity takes place. These issues may make it difficult to recruit and retain top talent and indicate areas for further improvement, which in turn may pose challenges to maintaining strong tenant satisfaction. In our view, the company's management of the issue is average.

Management Indicators	Raw Score	Weight	Weighted Score
Diversity Programmes	75	25.0%	18.8
Discrimination Policy	50	15.0%	7.5
Human Capital Development	50	30.0%	15.0
Employee Turnover Rate	20	5.0%	1.0
Freedom of Association Policy	20	5.0%	1.0
Collective Bargaining Agreements	0	2.5%	0.0
Employee Training	0	2.5%	0.0
Gender Pay Disclosure	0	5.0%	0.0
Gender Pay Equality Programme	0	10.0%	0.0
 Labour Relations	<b>Category 0</b>	0%	0.0
<b>Weighted Sum</b>			<b>43.3</b>

# Dream Residential REIT

REITs Canada

## Risk Decomposition



# Dream Residential REIT

REITs Canada

## Issue

Contribution 13.2 %

## Business Ethics

Business Ethics focuses on the management of ethical considerations applicable to most or all sectors, such as taxation and accounting, anti-competitive practices and intellectual property issues.

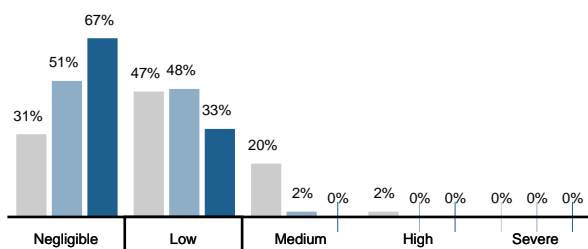
## ESG Risk Rating

# 2.0

# Low Risk



## ESG Risk Rating Distribution



## ESG Risk Rating Ranking

UNIVERSE	RANK	PERCENTILE
	(1 <sup>st</sup> = lowest risk)	(1 <sup>st</sup> = lowest risk)
Global Universe	1370/4444	31st
Real Estate INDUSTRY	147/289	51st
REITs SUBINDUSTRY	119/177	67th

## Peers Table

Peers (Market cap \$0.9 - \$1.0bn)	Exposure	Management	ESG Risk Rating
1. Mercialis SA	3.0 Low	86.3 Strong	0.5 Negligible
2. Apartment Investment & Management Co.	3.0 Low	41.3 Average	1.8 Negligible
3. Dream Residential REIT	4.0 Medium	52.5 Strong	2.0 Low
4. Equites Property Fund Ltd	3.8 Low	46.2 Average	2.1 Low
5. Logikor Europe Ltd.	3.0 Low	26.3 Average	2.3 Low

# Dream Residential REIT

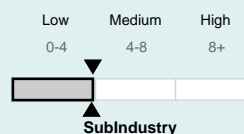
REITs Canada

## ESG Risk Analysis

Exposure refers to the extent to which a company is exposed to different material ESG Issues. The exposure score takes into consideration subindustry and company-specific factors such as its business model.

### ESG Risk Exposure

**4.0**  
Medium



REITs are gaining a stronger presence in investment markets and are likely to receive more attention from both investors and regulators. Therefore, it is increasingly important that these companies provide reliable and trustworthy services. Failure to manage Business Ethics issues, which include conflicts of interest, fee structures, bribery and corruption, and tax and accounting practices, can have dramatic downside impacts on a company's reputation as well as knock-on effects on financial performance. REITs occasionally outsource the management of the trust's properties to an external party for a fee based on total assets under management. The potential for abuse in management fees exists when the external manager is affiliated with the REIT sponsor, either as a related entity within the same corporate family tree, or when the manager shares controlling investors with the REIT sponsor. While REIT unitholders generally approve fee arrangements, sponsors tend to dominate REIT boards and reduce transparency of decisions, leaving unitholders at a disadvantage. In addition to conflicts of interest issues between trustee and REIT manager and poor transparency on management fees, REITs may be involved in accounting irregularities. As witnessed in the previous cases, REITs that may be implicated in accounting fraud may witness significant negative impacts on market value and may be forced with executive level changes, and in turn this can lead to operational instability. Misrepresentation of financial information exposes a company to legal action from investors, regulatory investigations and reputational damage. Regulatory scrutiny on accounting issues is also high, increasing the potential for non-compliance costs and fines. Best practice includes sound ethical and governance standards, robust due diligence systems and compliance training for employees.

The company's exposure to Business Ethics issues is medium and similar to the subindustry exposure.

### Exposure Analysis

Subindustry Issue Exposure	4.0
Issue Beta	x <b>1.00</b>
Company Issue Exposure	4.0

### Beta Indicators

### Beta Signal

Accounting and Taxation	0.00
Anti-Competitive Practices	0.00
Bribery and Corruption	0.00
Business Ethics	0.00
Lobbying and Public Policy	0.00
Sanctions	0.00
Operating Performance	0.00
Solvency	0.00
Financial Flexibility	0.00
Asset Performance	0.00
Qualitative Overlay	0.00
Subindustry Correction Factor	0.00
Exceptional Event Adjustment	0.00

# Dream Residential REIT

REITs Canada

## ESG Risk Analysis

Exposure refers to the extent to which a company is exposed to different material ESG Issues. Our exposure score takes into consideration subindustry and company-specific factors such as its business model.

Beta Indicators	Beta Signal
Total Beta Signal	0.00
Baseline	+1.00
Overall Beta	<b>1.00</b>

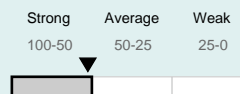
# Dream Residential REIT

REITs Canada

Management refers to how well a company is managing its relevant ESG issues. The management score assesses the robustness of a company's ESG programs, practices, and policies.

## ESG Risk Management

**52.5**  
Strong



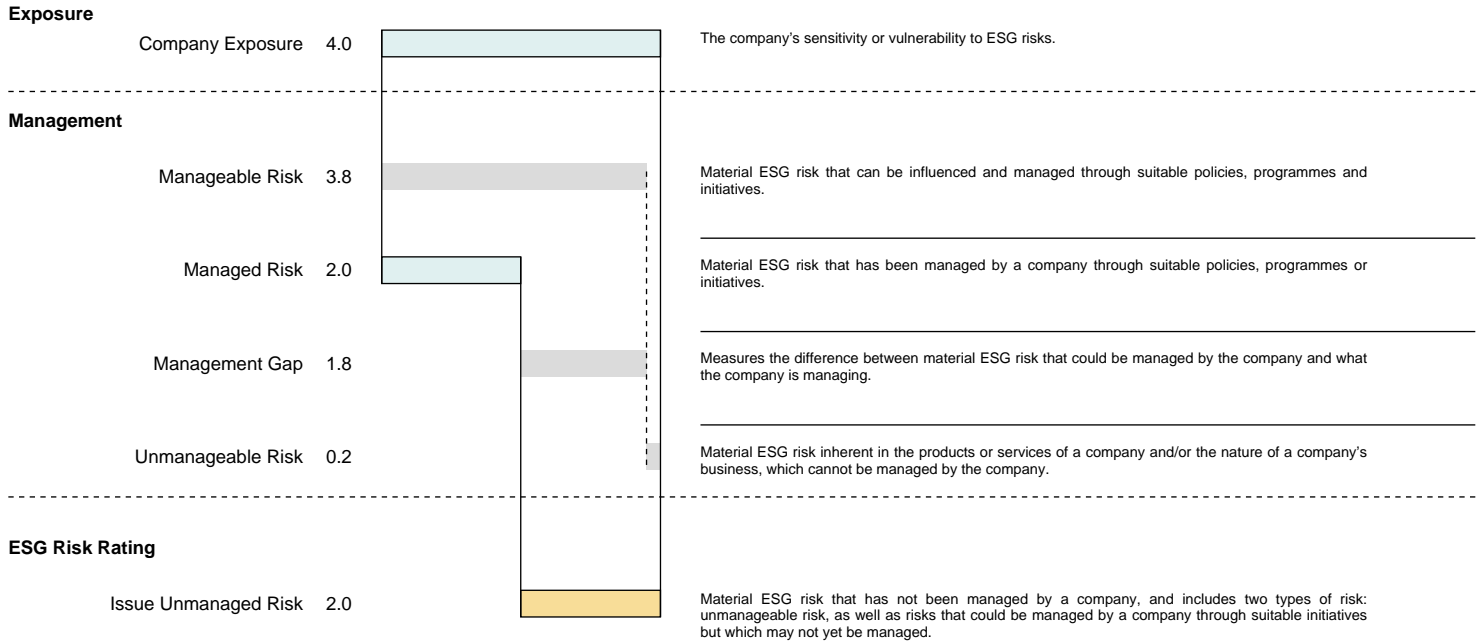
In our view, the company's management of the issue is above average.

Management Indicators	Raw Score	Weight	Weighted Score
Lobbying and Political Expenses	100	5.0%	5.0
Whistleblower Programmes	75	25.0%	18.8
Bribery & Corruption Programmes	50	25.0%	12.5
Business Ethics Programme	50	20.0%	10.0
Bribery & Corruption Policy	25	15.0%	3.8
Political Involvement Policy	25	10.0%	2.5
Accounting and Taxation	Category 0	0%	0.0
Anti-Competitive Practices	Category 0	0%	0.0
Bribery and Corruption	Category 0	0%	0.0
Business Ethics	Category 0	0%	0.0
Lobbying and Public Policy	Category 0	0%	0.0
Sanctions	Category 0	0%	0.0
<b>Weighted Sum</b>			<b>52.5</b>

# Dream Residential REIT

REITs Canada

## Risk Decomposition



# Appendix



## Management Details



### Corporate Governance

#### Board/Management Quality & Integrity

69 Leader

Raw Score



Our analysis of the quality and integrity of the company's board and management indicates the following key areas of focus for Dream Residential REIT:

- One or more non-executive directors have relevant industry experience as a public or private company executive and one or more non-executive directors have relevant industry experience as a public company outside director.
- No directors are linked to governance controversies at other companies and no directors are linked to performance failures at other companies.
- RPTs are approved by disinterested/independent directors or committee members only and the company discloses RPTs (or confirms there were no RPTs) in the most recent annual reporting.

Overall, Dream Residential REIT positions itself as a Leader with regard to its Board/Management Quality & Integrity compared to peers.

#### Indicators

#### Score

Board Experience	80
Governance Controversies	50
Shareholder Engagement and Responsiveness	50
Director Track Record	80
Board Capture	70
Related Party Transactions	80
Director Stock Ownership	50
Executive/Board Misconduct	50
Business Practices Controversies	50

#### Board Structure

73 Outperformer

Raw Score



In reviewing the company's structural board features, we note the following for Dream Residential REIT:

- The company has a majority standard for election of directors and the company has a resignation policy for directors failing to receive a majority of votes.
- Less than one quarter of the board has 10 or more years of tenure and there is no market standard regarding long-tenured directors.
- Women constitute one-third or more of the board's membership and the company has disclosed a formulaic or non-material diversity policy for its board membership.

Overall, Dream Residential REIT positions itself as an Outperformer with regard to its Board Structure compared to peers.

#### Indicators

#### Score

Board Leadership	70
Board Tenure	80
Board Independence	40
Nominating Committee Effectiveness	60
Director Disclosure	80
Voting Structures	100
Directors not Elected by Shareholders	60
Risk Oversight	70
Board Diversity	80

#### Ownership & Shareholder Rights

55 Average Performer

Raw Score



Dream Residential REIT's Ownership & Shareholder rights regime includes the following key areas of focus:

- There are differential voting rights within a single class of stock.
- There is no significant shareholder with more than 15% of voting power and there is no dominant shareholder.
- A supermajority is required for charter/bylaw amendments, according to market regulations and a supermajority is required for approval of merger transactions, according to market regulations.

Overall, Dream Residential REIT positions itself as an Average Performer with regard to its Ownership & Shareholder Rights compared to peers.

#### Indicators

#### Score

Director Appointment & Removal	70
Proportionality - One Share/One Vote	20
Ownership Structure	50
Capital Issuance Risks	60
Shareholder Action	60
Poison Pill & Takeover Defences	80
Supermajority Provisions	50

# Appendix



## Management Details

### Remuneration

**35** Average Performer

Raw Score



Our analysis of executive compensation practices at Dream Residential REIT points to the following:

- There is no disclosure of performance metrics or basis for the STI.
  - Shareholders have no vote on (prospective) remuneration policy and shareholders have no vote on the remuneration report or retrospective pay decisions.
  - CEO remuneration amounts are not disclosed and remuneration amounts are not disclosed for executives other than the CEO.
- Overall, Dream Residential REIT positions itself as an Average Performer with regard to its Remuneration compared to peers.

Indicators	Score
Remuneration Disclosure	0
CEO Termination Scenarios	80
Internal Pay Equity	50
Clawback Policy	70
Remuneration Committee Effectiveness	60
Say on Pay	0
Pay Controversies	50
STI Performance Metrics	0
LTI Performance Metrics	20
Pay Magnitude	50
Pay for Performance	50
Pay for Failure	60

### Audit & Financial Reporting

**46** Average Performer

Raw Score



In reviewing the company's Audit & Financial reporting features, we note the following for Dream Residential REIT:

- There is no disclosure regarding rotation or re-tender of the audit mandate and there is no market requirement to periodically re-tender or rotate the audit mandate.
- There is no disclosure regarding audit committee meetings and there are no independent members of the audit committee with financial expertise.
- There is insufficient disclosure regarding audit fees.

Overall, Dream Residential REIT positions itself as an Average Performer with regard to its Audit & Financial Reporting compared to peers.

Indicators	Score
Audit Committee Structure	70
Audit Committee Effectiveness	40
Auditor Fees	50
Audit Rotation Policy	0
Auditor Change	50
Reporting Irregularities	50

### Stakeholder Governance

**41** Average Performer

Raw Score



In reviewing the company's practices regarding ESG stakeholder governance, points of attention for Dream Residential REIT are: ESG Governance, ESG Performance Targets and Environmental Policy.

- ESG Governance: A board member or a board committee is responsible for overseeing ESG issues
- ESG Performance Targets: The remuneration policy is not disclosed
- Environmental Policy: The company has a very strong policy

Indicators	Score
ESG Governance	100
Environmental Policy	100
Whistleblower Programmes	75
Tax Disclosure	0
Discrimination Policy	50
Scope of Social Supplier Standards	25
GHG Reduction Programme	25
Green Procurement Policy	60
ESG Reporting Standards	0
Verification of ESG Reporting	0
Global Compact Signatory	0
ESG Performance Targets	0
Political Involvement Policy	25
Lobbying and Political Expenses	100
Bribery & Corruption Policy	25

# Appendix

## Exposure Details



### ESG Integration - Financials

#### EA.E.17 - Environmental Impact of Products

0.00  
Beta Signal

The company is not involved in any controversies of this type.

#### EA.E.32 - Social Impact of Products

0.00  
Beta Signal

The company is not involved in any controversies of this type.

#### EA.E.46 - Carbon Impact of Products

0.00  
Beta Signal

The company is not involved in any controversies of this type.

#### EA.E.48 - Society - Human Rights

0.00  
Beta Signal

The company is not involved in any controversies of this type.

#### EA.F.1 - Operating Performance

0.00  
Beta Signal

Data for this company is not yet available.

#### EA.F.2 - Solvency

0.00  
Beta Signal

Data for this company is not yet available.

#### EA.F.3 - Financial Flexibility

0.00  
Beta Signal

Data for this company is not yet available.

#### EA.F.4 - Asset Performance

0.00  
Beta Signal

Data for this company is not yet available.

#### EA.G.1 - Headquarters Location

0.00  
Beta Signal

Data for this company is not yet available.

#### EA.G.3 - Sales Location

0.00  
Beta Signal

Data for this company is not yet available.

# Appendix



## Exposure Details

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### EA.G.5 - Regional Water Stress

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0.00  
Beta Signal

Data for this company is not yet available.

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### EA.P.6 - Green Building Portfolio

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0.00  
Beta Signal

The company's proportion of green buildings investment indicates average exposure to this issue.

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### EA.S.1 - Qualitative Overlay

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0.00  
Beta Signal

The analyst did not apply a qualitative overlay.

---

### EA.S.2 - Subindustry Correction Factor

---

0.00  
Beta Signal

---

### EA.S.3 - Exceptional Event Adjustment

---

0.00  
Beta Signal

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# Appendix



## Management Details

### E.1.2.7.1 - Water Risk Management

33	2.50%	0.8
Raw Score	Weight	Weighted Score

The company has a weak programme

**Criteria**

- Detailed reporting on risks posed by water scarcity or their absence
- Integration of water scarcity into regular risk assessments and business strategy
- Managerial or board level responsibility for addressing risks posed by water scarcity
- Participation in relevant multistakeholder or industry initiatives
- Recognition of the risks posed by water scarcity or the absence of such risks
- Reporting on contextualized water metrics

**Sources**

The company provided feedback on 02 February 2022

### E.1.3.4 - Water Management Programmes

50	5.00%	2.5
Raw Score	Weight	Weighted Score

The company has an adequate programme

**Criteria**

- Initiatives to reduce fresh water use
- Managerial responsibility for water use
- Policy commitment to reduce water use
- Water reduction targets and deadlines
- Water use monitoring and measurement
- Water use reporting

**Sources**

Prior to research start the company sent documents on 19 January 2022  
 The company provided feedback on 02 February 2022

### E.1.6.1 - GHG Risk Management

25	2.50%	0.6
Raw Score	Weight	Weighted Score

The company has a weak risk management programme

**Criteria**

- Board level responsibility for climate-related transition risk
- Climate-related responsibilities to management level positions or committees
- Description of the impact of climate change related transition risks including downside risks and opportunities on business strategy and financial planning
- Description of the resilience of the strategy, taking into account different climate scenarios -qualitatively relating to previously disclosed transition risks and opportunities
- Description of the resilience of the strategy, taking into account different climate scenarios -utilising quantitative scenario analysis -relating to previously disclosed transition risks and opportunities
- Management embeds and integrates transition risk into wider business processes and procedures
- Organisational responsibility for climate-related transition risk
- Prioritisation of adaptation and mitigation plans and measures associated with transition risks, with integration into business and financial planning including Capex spent and/or R
- Recognition and description of climate change related transition risks including downside risks and opportunities identified by the organisation over the short, medium and long term
- There is no reporting available yet, but the company does have a commitment to report on any of the above over the next three years

**Sources**

Prior to research start the company sent documents on 19 January 2022

### E.1.6.2 - Physical Climate Risk Management

100	17.50%	17.5
Raw Score	Weight	Weighted Score

The company has a strong programme

**Criteria**

- Detailed reporting on physical climate change risk drivers
- Initiatives to manage or adapt to physical climate change risks
- Integration of physical climate change into regular risk assessments and business strategy
- Managerial or board level responsibility for climate change risks
- Recognition of the physical risks related to climate change

**Sources**

Prior to research start the company sent documents on 19 January 2022

# Appendix



## Management Details

### E.3.1.1 - Sustainable Products & Services

0	15.00%	0.0
Raw Score	Weight	Weighted Score
There is no evidence of the company offering any sustainability-related products or services		

### E.3.1.12 - Real Estate LCA

0	12.50%	0.0
Raw Score	Weight	Weighted Score
It is not disclosed whether the company applies LCA to any of its new real estate projects		

### E.3.1.13 - Green Buildings Investments

25	17.50%	4.4
Raw Score	Weight	Weighted Score
The company has some activities to increase investments in sustainable buildings		

**Sources**

Prior to research start the company sent documents on 19 January 2022

### E.3.1.14 - Share of Green Buildings

20	15.00%	3.0
Raw Score	Weight	Weighted Score
There is evidence that the company invests part of its portfolio in sustainable buildings but their relative share is not disclosed		

**Sources**

The company provided feedback on 02 February 2022

### S.3.1.11 - Customer Eco-Efficiency Programmes

25	7.50%	1.9
Raw Score	Weight	Weighted Score
The company has some activities but no formal programme		

**Sources**

The company provided feedback on 02 February 2022

### G.1.3.4 - Green Building Memberships

100	5.00%	5.0
Raw Score	Weight	Weighted Score
The company is a member of key industry initiatives		

**Sources**

The company provided feedback on 02 February 2022

# Appendix

## Exposure Details

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### Product Governance

#### EA.E.24 - Marketing Practices

0.00  
Beta Signal

The company is not involved in any controversies of this type.

#### EA.E.28 - Quality and Safety

0.00  
Beta Signal

The company is not involved in any controversies of this type.

#### EA.F.1 - Operating Performance

0.00  
Beta Signal

Data for this company is not yet available.

#### EA.F.2 - Solvency

0.00  
Beta Signal

Data for this company is not yet available.

#### EA.F.3 - Financial Flexibility

0.00  
Beta Signal

Data for this company is not yet available.

#### EA.F.4 - Asset Performance

0.00  
Beta Signal

Data for this company is not yet available.

#### EA.G.1 - Headquarters Location

0.00  
Beta Signal

Data for this company is not yet available.

#### EA.G.3 - Sales Location

0.00  
Beta Signal

Data for this company is not yet available.

#### EA.S.1 - Qualitative Overlay

0.00  
Beta Signal

The analyst did not apply a qualitative overlay.

#### EA.S.2 - Subindustry Correction Factor

0.00  
Beta Signal

# Appendix



## Exposure Details

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### EA.S.3 - Exceptional Event Adjustment

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0.00

Beta Signal

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# Appendix



## Management Details

### E.3.1.1 - Sustainable Products & Services

Raw Score	Weight	Weighted Score
0	30.00%	0.0

There is no evidence of the company offering any sustainability-related products or services

### S.3.1.9.1 - Product and Service Safety Programme

Raw Score	Weight	Weighted Score
25	30.00%	7.5

The company has a weak programme

**Criteria**

- Incident investigation and corrective action
- Managerial responsibility for product/service safety
- Monitoring of product/service safety performance
- Policy commitment to ensure product/service safety
- Product/service objectives or targets
- Product/service safety risk assessment
- Public reporting on product/service safety issues
- Regular employee training on product/service safety
- Regular external product/service safety audits
- Regularly tested emergency response procedures to ensure product/service safety

**Sources**

Prior to research start the company sent documents on 19 January 2022  
 The company provided feedback on 04 February 2022 (2)

### S.3.1.10 - Occupier Satisfaction Surveys

Raw Score	Weight	Weighted Score
50	40.00%	20.0

There have been occupier satisfaction surveys in the past but they are not conducted systematically


**Sources**

The company provided feedback on 03 February 2022

# Appendix

 **Exposure Details**

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 **Human Capital**

**EA.E.22 - Labour Relations**

0.00  
Beta Signal

The company is not involved in any controversies of this type.

**EA.F.1 - Operating Performance**

0.00  
Beta Signal

Data for this company is not yet available.

**EA.F.2 - Solvency**

0.00  
Beta Signal

Data for this company is not yet available.

**EA.F.3 - Financial Flexibility**

0.00  
Beta Signal

Data for this company is not yet available.

**EA.F.4 - Asset Performance**

0.00  
Beta Signal

Data for this company is not yet available.

**EA.S.1 - Qualitative Overlay**

0.00  
Beta Signal

The analyst did not apply a qualitative overlay.

**EA.S.2 - Subindustry Correction Factor**

0.00  
Beta Signal

**EA.S.3 - Exceptional Event Adjustment**

0.00  
Beta Signal

# Appendix



## Management Details

### S.1.1 - Freedom of Association Policy

Raw Score	Weight	Weighted Score
20	5.00%	1.0

There is no evidence of a formal policy but the company has a general statement addressing this issue

**Sources**

Prior to research start the company sent documents on 19 January 2022

### S.1.2 - Discrimination Policy

Raw Score	Weight	Weighted Score
50	15.00%	7.5

The company has an adequate policy

**Criteria**

- Commitment to ensure equal opportunity
- List of the types of discrimination the company is committed to eliminate
- Reference to the ILO conventions

**Sources**

Prior to research start the company sent documents on 19 January 2022

### S.1.3 - Diversity Programmes

Raw Score	Weight	Weighted Score
75	25.00%	18.8

The company has a strong programme

**Criteria**

- Diversity monitoring or audits
- Employee affinity groups, diversity councils, or networking groups
- Initiatives supporting a diverse workforce
- Initiatives to recruit from diverse talent
- Managerial or board level responsibility for diversity initiatives
- Mentorship programmes
- The company has a programme that applies to less than 50% of operations
- Training and guidance regarding diversity

**Sources**

Prior to research start the company sent documents on 19 January 2022  
 The company provided feedback on 02 February 2022  
 The company provided feedback on 04 February 2022 (2)

### S.1.3.1 - Gender Pay Equality Programme

Raw Score	Weight	Weighted Score
0	10.00%	0.0

Based on available evidence, the company does not have a programme

**Criteria**

- Commitment to gender pay equality
- Global gender pay gap audit or compensation review
- Initiatives to close the gender pay gap
- Monitoring and measurement
- Quantitative targets and deadlines

### S.1.3.2 - Gender Pay Disclosure

Raw Score	Weight	Weighted Score
0	5.00%	0.0

Based on available evidence, the company does not disclose related information

**Criteria**

- Disclosure of ratio of basic salary and remuneration of women to men for specific employment categories (level or function)
- Disclosure of the company's global mean (average) raw gender pay gap
- Disclosure of the company's global median raw gender pay gap

### S.1.4 - Collective Bargaining Agreements

Raw Score	Weight	Weighted Score
0	2.50%	0.0

Based on available evidence, the company's employees are not covered by collective bargaining agreements

# Appendix



## Management Details

### S.1.5 - Employee Turnover Rate

20	5.00%	1.0
Raw Score	Weight	Weighted Score

The company does not disclose data about employee turnover rates

### S.1.5.2 - Human Capital Development

50	30.00%	15.0
Raw Score	Weight	Weighted Score

The company has an adequate programme

**Criteria**

- Formal mechanisms to promote an open feedback culture
- Initiatives for talent development
- Initiatives for talent recruitment
- Initiatives for talent retention
- Quantitative targets related to human capital development
- Regular formal performance reviews for all permanent employees aligned with career development
- Reporting on human capital development metrics
- Reporting on human capital risk assessment

**Sources**

Prior to research start the company sent documents on 19 January 2022  
 The company provided feedback on 03 February 2022  
 The company provided feedback on 04 February 2022 (2)

### S.1.6.1 - Employee Training

0	2.50%	0.0
Raw Score	Weight	Weighted Score

Employees receive less than 5 days of training annually

**Sources**

The company provided feedback on 04 February 2022 (2)

# Appendix

## Exposure Details



### Business Ethics

#### EA.E.2 - Accounting and Taxation

0.00  
Beta Signal

The company is not involved in any controversies of this type.

#### EA.E.4 - Anti-Competitive Practices

0.00  
Beta Signal

The company is not involved in any controversies of this type.

#### EA.E.6 - Bribery and Corruption

0.00  
Beta Signal

The company is not involved in any controversies of this type.

#### EA.E.7 - Business Ethics

0.00  
Beta Signal

The company is not involved in any controversies of this type.

#### EA.E.23 - Lobbying and Public Policy

0.00  
Beta Signal

The company is not involved in any controversies of this type.

#### EA.E.30 - Sanctions

0.00  
Beta Signal

The company is not involved in any controversies of this type.

#### EA.F.1 - Operating Performance

0.00  
Beta Signal

Data for this company is not yet available.

#### EA.F.2 - Solvency

0.00  
Beta Signal

Data for this company is not yet available.

#### EA.F.3 - Financial Flexibility

0.00  
Beta Signal

Data for this company is not yet available.

#### EA.F.4 - Asset Performance

0.00  
Beta Signal

Data for this company is not yet available.

# Appendix



## Exposure Details

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### EA.S.1 - Qualitative Overlay

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0.00  
Beta Signal

---

The analyst did not apply a qualitative overlay.

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### EA.S.2 - Subindustry Correction Factor

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0.00  
Beta Signal

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### EA.S.3 - Exceptional Event Adjustment

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0.00  
Beta Signal

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# Appendix



## Management Details

### G.1.1 - Bribery & Corruption Policy

25	15.00%	3.8
Raw Score	Weight	Weighted Score

The company has a weak policy or a general statement addressing the issue

**Criteria**

- Definition and prohibition of facilitation payments
- Definition of bribery or corruption
- Definition of conflicts of interest and commitment to minimize these
- Guidelines of what is considered acceptable behaviour
- Prohibition of bribery
- There is no evidence of a formal policy but the company has a general statement addressing the issue

**Sources**

On Monday, January 31, 2022, Sustainalytics sent Dream Residential REIT the Sustainalytics ESG Feedback Report

Prior to research start the company sent documents on 19 January 2022

The company provided feedback on 02 February 2022

The company provided feedback on 03 February 2022

The company provided feedback on 04 February 2022

The company provided feedback on 04 February 2022 (2)

### G.1.1.1 - Bribery & Corruption Programmes

50	25.00%	12.5
Raw Score	Weight	Weighted Score

The company has an adequate programme

**Criteria**

- Annual signoff of the policy on bribery and corruption by employees
- Internal monitoring system to detect corruption
- Managerial responsibility for bribery and corruption
- Mechanisms for employees to consult on ethical issues
- Operating guidelines addressing record keeping, approval procedures and appropriate behaviour
- Regular bribery and corruption risk assessments
- Regular training on bribery and corruption

**Sources**

Prior to research start the company sent documents on 19 January 2022

### G.1.2 - Whistleblower Programmes

75	25.00%	18.8
Raw Score	Weight	Weighted Score

The company has a strong programme

**Criteria**

- An independent, reporting hotline available 24/7
- Available in local languages
- Available to suppliers, customers and other third parties
- Disclosure on the number of reports received, the types of misconduct and measures taken
- Non-retaliation policy
- Possibility for anonymous reporting and reports are treated confidentially
- Proactively communicated to employees
- Structures in place to process whistleblower reports

**Sources**

Prior to research start the company sent documents on 19 January 2022

### G.1.2.1 - Business Ethics Programme

50	20.00%	10.0
Raw Score	Weight	Weighted Score

The company has an adequate programme

**Criteria**

- Annual training of employees on the Code of Conduct
- Board responsibility for business ethics issues
- Commitment to address major business ethics risks
- Ethical risk assessments
- Incident investigation and corrective actions
- Managerial responsibility for business ethics
- Measures to deter non-compliance and reduce exposure to unethical opportunities
- Operating guidelines

**Sources**

Prior to research start the company sent documents on 19 January 2022

# Appendix



## Management Details

### G.3.1 - Political Involvement Policy

25	10.00%	2.5
Raw Score	Weight	Weighted Score

The company has a weak policy

**Criteria**

- Approved by senior management
- Commits the company to disclose political donations and/or lobbying expenditures
- Partially prohibits political involvement
- Prohibits political involvement of any kind on the company's behalf

**Sources**

Prior to research start the company sent documents on 19 January 2022

### G.3.2 - Lobbying and Political Expenses

100	5.00%	5.0
Raw Score	Weight	Weighted Score

The company states that it does not make political contributions or political spending

**Sources**

OpenSecrets, [www.opensecrets.org](http://www.opensecrets.org); accessed 19 January 2022

# Dream Residential REIT

REITs Canada

## GLOSSARY OF TERMS

### Beta (Beta, $\beta$ )






A factor that assesses the degree to which a company's exposure deviates from its **subindustry's** exposure on a **material ESG issue**. It is used to derive a company-specific issue exposure score for a material ESG issue. It ranges from 0 to 10, with 0 indicating no exposure, 1 indicating the subindustry average, and 10 indicating exposure that is ten times the subindustry average.

### Corporate Governance Pillar

A pillar provides a signal about a company's management of a specific Corporate Governance issue.

### ESG Risk Category

Companies' **ESG Risk Rating scores** are assigned to five ESG risk categories in the **ESG Risk Rating**:

-  **Negligible risk:** enterprise value is considered to have a negligible risk of material financial impacts driven by ESG factors
-  **Low risk:** enterprise value is considered to have a low risk of material financial impacts driven by ESG factors
-  **Medium risk:** enterprise value is considered to have a medium risk of material financial impacts driven by ESG factors
-  **High risk:** enterprise value is considered to have a high risk of material financial impacts driven by ESG factors
-  **Severe risk:** enterprise value is considered to have a severe risk of material financial impacts driven by ESG factors

Note that because ESG risks materialize at an unknown time in the future and depend on a variety of unpredictable conditions, no predictions on financial or share price impacts, or on the time horizon of such impacts, are intended or implied by these risk categories.

### ESG Risk Rating Score (Unmanaged Risk Score)

The company's final score in the **ESG Risk Rating**; it applies the concept of **risk decomposition** to derive the level of **unmanaged risk** for a company.

### Event Category

Sustainalytics categorizes events that have resulted in negative ESG impacts into five event categories: Category 1 (low impact); Category 2 (moderate impact); Category 3 (significant impact); Category 4 (high impact); and Category 5 (severe impact).

### Event Indicator

An indicator that provides a signal about a potential failure of management through involvement in controversies.

### Excess Exposure

The difference between the company's **exposure** and its **subindustry** exposure.

### Exposure

A company or **subindustry's** sensitivity or vulnerability to ESG risks.

### Idiosyncratic Issue

An issue that was not deemed material at the **subindustry** level during the **consultation process** but becomes a **material ESG issue** for a company based on the occurrence of a Category 4 or 5 event.

### Manageable Risk

Material ESG risk that can be influenced and managed through suitable policies, programmes and initiatives.

### Managed Risk

Material ESG Risk that has been managed by a company through suitable policies, programmes and initiatives.

### Management

A company's handling of ESG risks.

### Management Gap

Refers to the difference between what a company has managed and what a company could possibly manage. It indicates how far the company's performance is from best practice.

### Management Indicator

An indicator that provides a signal about a company's management of an ESG issue through policies, programmes or quantitative performance.

### Material ESG Issue

A core building block of the **ESG Risk Rating**. An ESG issue is considered to be material within the rating if it is likely to have a significant effect on the enterprise value of a typical company within a given **subindustry**.

### Subindustry

Subindustries are defined as part of Sustainalytics' own classification system.

### Unmanageable Risk

Material ESG Risk inherent from the intrinsic nature of the products or services of a company and/or the nature of a company's business, which cannot be managed by the company if the company continues to offer the same type of products or services and remains in the same line of business.

### Unmanaged Risk

Material ESG risk that has not been managed by a company, and includes two types of risk: **unmanageable risk**, as well as risks that could be managed by a company through suitable initiatives, but which may not yet be managed (**management gap**).

# Dream Residential REIT

REITs Canada

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