

2019 Environmental, Social and Governance Report



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Table of Contents

Letter from CEO & President	2	Social	12
Our Sustainability Policy	3	Our Culture	12
Our ESG Strategy 2019 Sustainability Targets	3	Plant a Tree Day Feature	13
Materiality Assessment 2020 Targets	4	Our Employees	13
2019 Highlights & Achievements	5	Engagement, Training & Development	13
United Nation's Sustainable Development Goals	6	Employee Survey Results	13
Environment	7	Performance Management & Compensation	14
Energy	7	Awards & Recognition	14
Greenhouse Gas Emissions & Emissions Matter	7	Employee Benefits	14
Investing in Energy Efficiencies	8	Our Residents	15
LED Lighting	8	Annual Resident Survey	15
Water Conservation	8	Health, Well-Being & Safety	15
Solar	8	Our Communities	16
Geothermal	8	Supply Chain Responsibility	16
Recycling & Waste Management	9	Governance	17
Acquisitions	9	Board Structure	17
Renovating to Maximize Efficiencies	9	Independence	17
Development	10	Ethics	17
Electric Vehicle Chargers & Sustainable Transportation	10	Diversity & Inclusion	17
Renewable Resources	10	Gender Diversity	17
Sub-Metered Water	10	Risk Management & Cyber Security	17
Changing the Landscape	10	Stakeholder Engagement	17
Featured Communities Saginaw Park & Frontier	11	About this Report	18
		Global Reporting Initiative Content Index	18



Letter from the President & CEO

We are pleased to present Killam's 2019 Environmental, Social and Governance (ESG) Report. We believe sustainability is a vital component to Killam's long-term success.

2019 was an excellent year for Killam on many fronts. We not only had strong operating and financial performance, we were also successful in enhancing our enterprise risk management program and moving forward with new ESG initiatives. Killam has always taken its responsibility regarding corporate citizenship seriously, and our core values reflect 20 years of commitment to these environmental, social and governance issues.

Killam's Board of Trustees and governance processes are another key to our success. Our eight non-executive trustees bring significant real estate, corporate finance, government relations and management expertise to Killam. Our Governance & ESG Committee has oversight and reviews our ESG program, as well as monitors Killam's performance towards its ESG goals.

We are dedicated to reducing our environmental impact and lowering our carbon footprint by improving the efficiency of our current buildings and developing energy-efficient apartments. We recently completed our third year of a five-year, \$25-million energy program, and our investments have already led to significant reductions in water consumption and greenhouse gas (GHG) emissions. In 2019, we completed our first development project that incorporated geothermal heating. We currently have four developments under construction that incorporate technologies that maximize energy and water efficiencies, including geothermal or solar heating, innovative building insulation solutions and water sub-metering. Investing in energy initiatives reduces our carbon footprint and leads to higher operating margins and earnings.

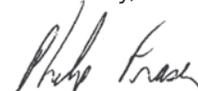
We are building stronger communities. We have passionate employees who dedicate their time and energy to a multitude of causes and charities. Killam increased its employees' participation in its paid community volunteer day program and supported our employees spending over 550 hours volunteering at a variety of charitable organizations, some of which we highlight in this report. We understand affordability concerns across the country and are part of the solution; we provide more than 750 subsidized affordable housing units. In addition, we donate furnished suites to hospitals across our markets and contribute financially to an array of community organizations.

In 2019, we participated in the Global Real Estate Sustainability Benchmark (GRESB) rating, a well-known global ESG benchmark for real assets which measures performance against sustainability benchmarks including energy use, GHG emissions, water and waste, performance improvement programs and community engagement. We are pleased with our initial submission and are pursuing even more improvements that we will share with you in mid-2020.

Sustainability remains a priority at Killam. We are proud of our achievements within the ESG space. We are committed to creating and maintaining sustainable communities that benefit all stakeholders.

We are aware of the increasing importance of ESG to all stakeholders and we plan to be a leader in sustainability. This report highlights our commitment to ESG issues. We thank you for taking the time to read more about our ESG accomplishments and plans.

Yours truly,



Philip Fraser

President & CEO



Our Sustainability Policy

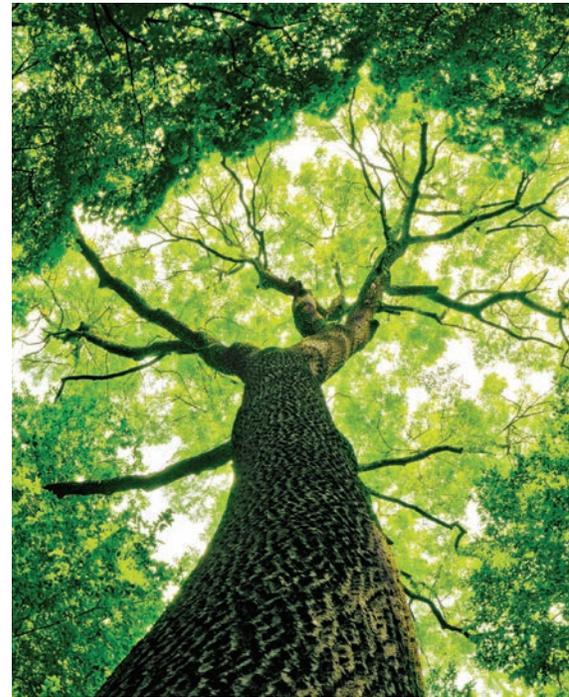
Killam is a leader in ESG practices within the Canadian multi-residential real estate sector, and our sustainability policy emphasizes our commitment. The policy applies to all Killam employees. It is recommended by the Governance and ESG Committee and approved by the Board of Trustees. The following is Killam's commitment to ESG, included in the ESG policy:

- Invest in new technology and initiatives to increase sustainability and lower our carbon footprint across the portfolio with a focus on reducing waste as well as energy and water consumption.
- Support and invest in our employees through training and development opportunities and provide access to a safe and positive workplace.
- Provide outstanding customer service and a sense of community at our properties.
- Support community initiatives in the communities in which we operate, with an emphasis on affordable housing.
- Establish and implement robust governance policies and practices.
- Report annually on our ESG programs, new initiatives and performance against targets.
- Review our annual ESG benchmark ratings (from various industry bodies) and target areas for improvement each year.

Our ESG Strategy

Killam launched an internal ESG Oversight Committee in early 2019 to provide guidance and ensure the integration of ESG into Killam's strategic objectives. This committee consists of a select interdisciplinary group representing multiple departments across the REIT. This committee is responsible for our ESG strategy and championing the ESG initiatives throughout the year. In addition, management regularly reports progress against ESG targets to the Board's Governance and ESG Committee.

Our approach is also underlined by our Core Values of *Build Community* and *Do the Right Thing*. Killam works proactively and diligently to monitor and reduce our environmental footprint, to ensure effective and ethical governance and to invest in ways that stimulate sustainable economic growth. We incorporate sustainable practices in our operating, developing, investing and corporate activities.



Performance Against 2019 Targets

In our 2018 ESG report, we highlighted our targets for 2019.

ENERGY CONSUMPTION

Goal: Invest \$5 million in energy-efficiency initiatives.

Performance: Invested \$5 million in energy projects with a payback of 5.6 years.

GREENHOUSE GAS EMISSIONS

Goal: Reduce GHG by 3%.

Performance: In 2019, Killam's GHG intensity decreased by 2.1%, measured on a KgCO₂e/SF basis⁽¹⁾.

RATING PARTICIPATION

Goal: Participate in initial GRESB rating.

Performance: Completed initial GRESB assessment and actioned areas of improvement.

SOCIAL INITIATIVES

Goal: Invest in social initiatives, focusing both on our people and our communities.

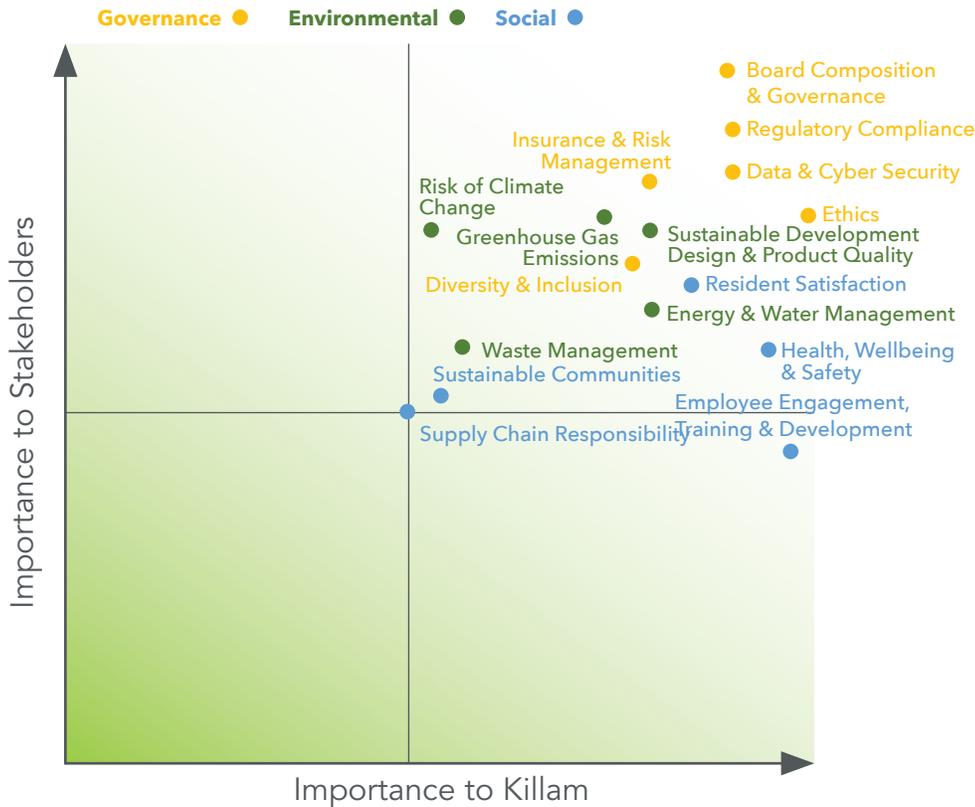
Performance: Hosted dozens of resident and community events across Killam's portfolio.

(1) In early 2019, Killam changed the way it measures GHG, to be more aligned with industry norms. See "Emissions Matter" on page 22.

Materiality Assessment

In 2019, Killam conducted an ESG materiality assessment to identify, assess and prioritize the ESG topics most significant to our organization, our employees and our external stakeholders, which include residents, investors, analysts, trustees, peers and communities. Through this process, we gained understanding of our greatest ESG impacts, opportunities and risks.

The top right-hand quadrant of the following matrix shows the ESG factors that are most important to Killam. This report focuses on the topics that are of highest importance and most relevant to internal and external stakeholders.



This assessment guides our sustainability improvement activities and annual reporting process. It is also a key procedure that is required for compliance with the GRI sustainability reporting standards (GRI Standards) and allows us to deliver a more comprehensive ESG report. We will ensure the most material issues are addressed in this report, providing better insight into our ESG performance.

2020 Targets

Killam's ESG Oversight Committee has confirmed the following as primary targets for 2020:

<p>ENERGY CONSUMPTION</p> <p>Goal: Invest \$7 million in energy-efficiency initiatives including 1,000 kW of new solar panel installations.</p>	<p>RATING PARTICIPATION</p> <p>Goal: Increase Killam's GRESB rating by 15 points.</p>	<p>SOCIAL INITIATIVES</p> <p>Goal: Increase employee volunteer days by 25%.</p> <p>Goal: Improve the asset level ESG scorecard ratings.</p>
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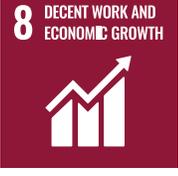
2019 Highlights and Achievements

 <p>Engaged leaders across the REIT to form an ESG oversight committee to provide guidance and ensure the integration of ESG into Killam's strategic objectives.</p>	 <p>Donated over \$300,000 in cash and in-kind gifts to support organizations across Canada.</p>
 <p>Completed an independent 2018 greenhouse gas consumption review to ensure accurate baseline and benchmarking.</p>	 <p>Submitted initial GRESB assessment. GRESB validates, scores and benchmarks ESG performance data for real estate entities.</p>
 <p>Created a sustainability scorecard for all property managers to promote and measure initiatives across the portfolio.</p>	 <p>Completed a materiality assessment of Killam's largest risk factors that will guide Killam's sustainable development improvement activities.</p>
 <p>Implemented additional environmental policies and due diligence procedures.</p>	 <p>Hosted dozens of resident and community events across the portfolio.</p>
 <p>Redesigned our urban landscaping plan to become more sustainable and hosted our first tree planting day.</p>	 <p>Achieved 88% resident satisfaction rating in annual resident survey.</p>
 <p>Supported affordable housing with more than 750 subsidized units through community partnerships.</p>	 <p>Increased employee communication and engagement, including hosting Killam's first Killam Day.</p>

United Nation's Sustainable Development Goals (SDGs)

In September 2015, Canada and all other 192 United Nations Member States adopted the 2030 Agenda for Sustainable Development at the UN General Assembly. This initiative is a global call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity by 2030. This 2030 Agenda is broken down into 17 global goals that countries, organizations, businesses and individuals alike are working towards.

Killam has assessed these goals and we have aligned our corporate sustainability targets with the United Nation's SDGs. Although the vast majority of the SDGs can be supported by our business and employees, we believe we can make a difference and impact the following four goals with these action items:

United Nation's Sustainable Development Goals	Killam's Goals
 <p>7 AFFORDABLE AND CLEAN ENERGY</p>	<p>Ensure access to affordable, reliable and modern energy services.</p> <p>Install 1,000 kW of solar installations in 2020.</p> <p>Invest in geothermal heating and cooling systems in new developments.</p>
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<p>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.</p> <p>Increase employee satisfaction survey respondents by 5 points, to ensure all employees have an opportunity to express their views on any and all areas, in order to help guide improvement at Killam.</p>
 <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>	<p>Make cities and human settlements inclusive, safe, resilient and sustainable.</p> <p>Complete three developments in the next three years with geothermal heating and cooling, low flow toilets and LED lighting.</p> <p>Ensure all properties provide adequate and safe housing, upgrading 400-500 suites in 2020 to be more energy efficient and sustainable.</p> <p>Invest \$5-7 million in energy-efficient upgrades in 2020.</p> <p>Invest \$70-75 million in capital projects for 2020 aimed at sustaining and improving Killam's portfolio.</p>
 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<p>Ensure sustainable production and consumption patterns.</p> <p>Annually monitor, analyze and verify water and energy consumption, along with greenhouse gas emissions with targeted reductions.</p>

ENVIRONMENT

Energy

At Killam, we use resources in a responsible manner to preserve and protect the environment. Integrating sustainable opportunities into our processes and decisions is the right thing to do and results in operating cost savings.

Greenhouse Gas Emissions and Climate Change

Operating a multi-residential portfolio of more than 16,000 apartment units across Canada requires a significant amount of energy, and consequently greenhouse gas emissions. These emissions contribute to the global climate crisis we face today, as well as the dangerous shifts in the world’s climate and extreme weather conditions. The burning of fossil fuels like coal, oil and gas for electricity, heat and transportation is the primary source of human-generated emissions.

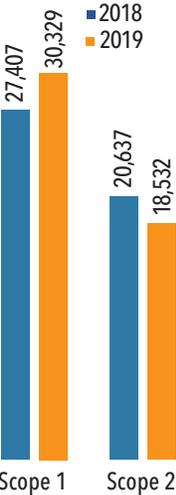
Killam strives to seek operational efficiencies to reduce resource consumption and dependence on fossil fuels, therefore reducing our carbon footprint. Changing the way we develop and operate our portfolio is our part of helping to combat global warming.

Emissions Matter

Our team has been tracking Killam’s GHG emissions since 2016. Since commencing a five-year, \$25 million energy-efficiency program in 2016, we have internally tracked our GHG intensity and realized a 15% reduction over the first three years (2016-2018). This measure accounted for water consumption as well as energy intensity.

In the past year we took this a step further by engaging an independent party to review our greenhouse gas emissions data for 2018 and 2019. This was to ensure accurate baseline and benchmarking for future years. Killam has measured its footprint and reported scope 1 and scope 2 greenhouse gas emissions below:

Killam-managed GHG Emissions (tCO2e)



Killam’s GHG emission sources include: electricity, natural gas, propane, oil and steam.

Scope 1 includes all direct emissions, and scope 2 includes indirect emissions.

Note: Killam has excluded scope 3 emissions, which take into account all other indirect emissions, including tenant-controlled utilities. Killam has committed to measure scope 1 and 2, in compliance with ISO 14064-1. Scope 1 includes all direct emissions generated and managed by Killam, including building fuel consumption and fleet vehicles. Scope 2 includes indirect emissions, purchased steam and electricity paid for by Killam. All scope 1, 2 and 3 GHG inventory excludes refrigerant leakage, upstream and downstream activities associated with our business operations, new developments and off-site waste management.



For the past four years, calculating the energy our portfolio consumes has been important to Killam. This data helps support our efficiency initiatives to better manage our properties and make them more resource efficient, and it aligns with the United Nation’s SDG 7: Affordable and Clean Energy that we are working towards.



Investing in Energy Efficiencies

Killam has a long history of investing in energy efficiencies. When natural gas was first introduced to the market in Atlantic Canada in 2004, Killam was an early adopter. We converted over 98% of the portfolio in Nova Scotia and New Brunswick from oil burning boilers to cleaner natural gas within six years. This rapid adoption and conversion to natural gas has led to significant GHG reductions; over 50,000 tons of GHG reductions have been achieved in the last 15 years from smart fuel switching. Eliminating the use and storage of oil on-site has also greatly diminished Killam's environmental risk associated with older properties.

Killam will continue to build on its successes to make buildings more sustainable and resilient to the impacts of climate change. Killam's green future is on track given the advanced building technologies we are planning and piloting now. As Killam grows through new development and acquisitions, we challenge ourselves to ensure our impact on the environment is minimized. Our portfolio of more than 200 properties provides opportunities to invest in projects that improve the long-term sustainability of our assets, while generating average annual returns of over 15%.

With a minimum of \$5 million dedicated annually to energy-efficiency projects, we invest a significant amount of our overall capital budget in gaining operating efficiencies, lowering operating costs and reducing our impact on the environment.



LED Lighting

In 2017-2019 Killam identified, designed and retrofitted 100% of its portfolio with LED lighting. With over 5 million kilowatt-hours being saved annually, buildings are not only consuming less electricity, Killam has seen improved lighting levels and reduced maintenance costs with the LED program.



Water Conservation

Killam's properties use 2 million cubic meters of water each year and we strive to reduce water consumption across our portfolio. To align with the United Nation's *SDG 12: Responsible Consumption and Production*, we are implementing solutions in both common areas and apartment units to help conservation efforts.

Killam has completed the installation of low-flow toilets in more than 11,350 units in our portfolio. Since the program started in 2015, over 700,000 cubic meters of water have been saved by Killam and our residents. As well, newer developments such as Saginaw Park and Frontier, which opened in 2018 and 2019, are sub-metering water usage at the resident level.



Solar

Killam has operational solar thermal heating systems at four properties. These systems together save approximately 2,800 gigajoules (GJ) of natural gas usage to heat domestic hot water.

In 2020, Killam expects to invest up to \$3 million in a minimum of 1,000 kW of new solar projects. This will produce an estimated annual 1.1 gigawatts of power (that's enough energy to offset 5 million kilometers driven by an average passenger vehicle!). As the cost of solar continues to decline, Killam expects to implement solar at more properties. As not all properties are suitable for on-site solar or have limited roof area to meet energy needs, we are exploring purchasing off-site renewable electricity.



Geothermal

Killam is committed to increasing its investment in geothermal heating and cooling. In London, Ontario, Killam's 180 Mill Street property has a geothermal heating and cooling system that takes water from an underground stream, which is then pumped through a heat exchanger to individual heat pumps in each apartment unit. Phase one of a new 840-unit development, Frontier, opened in June 2019 in Ottawa, and also incorporates geothermal heating and cooling. Killam has two developments currently under construction (phase two of the 840-unit Ottawa development and a 128-unit apartment The Kay, in Mississauga) and both have geothermal heating and cooling systems installed.



Recycling and Waste Management

We seek to continuously improve and maintain our buildings, with a focus on reducing waste, energy and water consumption. To achieve this, we have been finding practical solutions that make the highest impact in reducing the environmental footprint. Recycling, composting and waste management programs are available at the majority of our properties, and a concentrated effort is being made by our employees and our residents to reduce waste that ends up in landfills.



Acquisitions

During our acquisition due diligence process, Killam analyzes and considers a potential asset's features and its ability to contribute to sustainability and the long-term value of our stakeholders. We consider the potential acquisition's location, density, amenities, as well as the safety features of the property. As part of our due diligence, we also consider opportunities to make the building "greener" through capital investments in lower energy and water usage.

Renovating to Maximize Efficiencies

Killam has an extensive suite renovation program that allows it to improve energy efficiency and sustainability throughout the apartment portfolio, while delivering upgraded amenities to our residents.

We want to improve and maintain our buildings with a focus on reducing water, energy and waste. In addition to LED lighting and low-flow toilet installations on the majority of our portfolio, there is a demand for upgraded units across our portfolio.

With an apartment upgrade, we improve unit performance and comfort by installing the following:

- Energy Star kitchen appliances
- Energy-efficient lighting
- Luxury vinyl plank flooring (water resistant)
- Programmable thermostats
- Low-odor paint
- Low-flow faucets, shower heads and toilets



Carbon Neutral Flooring

In 2019, Killam purchased 22,260 square meters of carbon neutral flooring, resulting in the retirement of 230 tCO₂, which is equivalent to 901,575 km of car travel.



Development

Our more than \$280 million in new developments have been designed and built using strategies aimed at improving performance across important metrics, including energy savings, water efficiency, the stewardship of resources and a sensitivity to the environmental impact. We focus our development activity in urban cores and in highly walkable suburban sub-markets. We use technology and renewable resources whenever feasible with the intent to create green and sustainable homes for our residents. From LED lighting and motion sensing technology to geothermal heating and in-suite green switches, energy conservation and a low carbon footprint are important components of our development designs.

Renewable Resources

Killam is committed to increasing its investment in geothermal heating and cooling. Phase one of a new 840-unit development, Frontier, opened in June 2019 in Ottawa, and incorporates geothermal heating and cooling. Killam has two developments currently under construction (phase two of the 840-unit Ottawa development and a 128-unit apartment The Kay, in Mississauga) and both have geothermal heating and cooling systems installed.

Solar PV systems are another option Killam's development team considers in the design of our buildings. In 2019, Killam installed a solar PV 100 kW system on its current 78-unit Shorefront development in Charlottetown, which will be completed in mid-2020. We are committed to pursuing renewable resources as the primary heating and cooling source for all new developments.



Electric Vehicle Chargers and Sustainable Transportation

Killam has seven properties with on-site electric vehicle (EV) charging stations for residents. All new developments being built by Killam will incorporate EV chargers. In addition to supporting electrification of transportation, Killam is developing in urbanized environments that support direct access to public transportation. An example of this is the new Frontier development in Ottawa, which is adjacent to the city's newly expanded light-rail transit network.

Sub-Metered Water

Killam now incorporates separately metered water consumption with all its new developments. Starting with two developments completed in 2018 and 2019, residents are responsible for their water usage. This reduces Killam's exposure to water costs and promotes conservative water use by residents.



Changing the Landscape

Killam is changing focus from traditional methods of grassed areas to a more eco-friendly substitute.

During the spring of 2020, Killam is rolling out a pilot project involving the over-seeding of 20+ properties with white clover (*Trifolium repens*). White clover has many benefits as an alternative to traditional grass, both aesthetically and environmentally.

- White clover stays lush and green throughout the summer with little or no irrigation.
- It grows just 2"-8" in height, requiring less frequent mowing, which will decrease Killam's carbon footprint.
- The clover flower heads attract and provide pollen for beneficial insects.
- Clover is nitrogen fixing, with no need for additional fertilization or herbicides, as it naturally out-competes other weeds.
- It is tolerant of a range of soil qualities and is immune to pet waste and road salt.

Killam plans to implement eco-friendly clover lawns across Killam's coast to coast portfolio in the near future.

Featured Communities | Frontier & Saginaw Park



Saginaw Park

At Killam's Saginaw Park development, opened in 2018, shifting the water consumption to our residents has become a significant conservation effort. We have seen a 25% reduction in water consumption over a 12-month period compared to an adjacent and identical development that is not sub-metered, Saginaw Gardens.

Frontier

Frontier is a 228-unit, 23-storey development in the Gloucester neighborhood of Canada's capital city, Ottawa. This building is the first of a four-phase, 840-unit development that is built with innovation for sustainable performance and a thoughtful design that residents are proud to call home.

With energy performance a top priority, this building has a high-efficiency vertical well geothermal HVAC system. Geothermal heating and cooling are considered the world's greenest and most energy-efficient heating method. At Frontier, geothermal eliminates the need for outdoor cooling equipment, significantly reduces carbon emissions and saves on electricity consumption in the building. The building envelope was also designed with optimal window glazing and insulation. The water and hydro are separately metered to each unit, which will typically result in a reduction of water consumption by 25% over units where the water is not accounted for.

Frontier opened in June 2019 and is now fully leased. We expect to save over 100 tons of carbon emissions annually, over 600,000 gallons of fresh water and over 310,000 kWh of electricity.



SOCIAL

Our Culture

Killam has a strong, vibrant culture supported by our five Core Values. We actively embrace these values each day in the way we do business.

At Killam, we believe that communication and connection are essential in fostering a strong culture. We ensure our executives and senior managers connect with every member of the Killam team through a variety of staff events, social occasions and training opportunities. In 2019, every region received multiple visits from head office staff and shared several connections with our senior team. Taking this a step further, in 2019 we celebrated our first "Killam Day" where simultaneous events took place at seven different locations across the country, each event attended by a senior manager from our corporate team and a local management representative. Making use of technology, our senior executive team hosted a live broadcast from Halifax, where they responded live to video questions about the organization posed by employees across the country. This event allowed for candid responses to employees' important questions and introduced our entire team to our management philosophies, and in many cases to each other, all while participating in an event in their home community.





Killam's Plant a Tree Day

Killam employees and residents took part in tree planting events in Halifax and St. John's on National Tree Day in September 2019. The events included guest speakers who discussed the benefits of trees in our cities and the importance of urban wilderness areas. As we continue our urban landscape initiatives and plant more trees, we are contributing to the United Nations Sustainable Development Goal #15: *Life of Land*, which seeks to "Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss."

Our Employees

Engagement, Training & Development

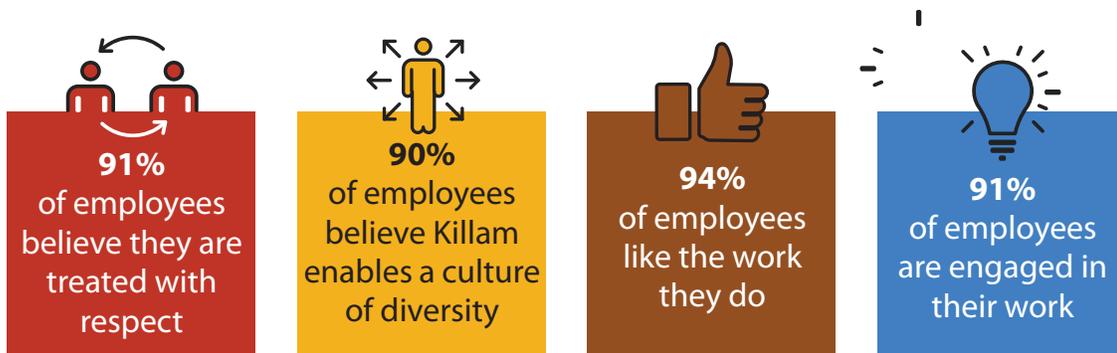
Killam's success is attributable to the hard work and dedication of our people. Our more than 700 employees exemplify Killam's Core Values and are the key to resident satisfaction.

Killam supports its employees at work and in their communities in many ways:

- Killam invests in employee education, leadership development and coaching programs and provides financial assistance for learning.
- Killam's employee unit purchase plan rewards employees with a 50% investment match after two years of service.
- Scholarships are available to children and grandchildren of Killam employees who pursue post-secondary education.
- Quarterly newsletters, team summits and senior management property visits foster an engaged workforce.
- Killam's Employee and Family Assistance Program provides counseling and support for employees and their family members experiencing depression, anxiety, stress, grief and other common issues.

Killam's annual engagement survey is completed by an independent organization and has provided insight into employee satisfaction and engagement levels for more than 10 years. In 2019, we were pleased to see strong results again. The comprehensive data provided is invaluable in making improvements to continuously enhance employee engagement.

Employee Survey Results*



* 2019 Narrative Research, Independent Employee Survey

Performance Management & Compensation

Killam is committed to delivering competitive compensation for its employees, along with considerable benefits, training and education opportunities to foster career advancement. The majority of Killam employees are measured quarterly on targets that are directly linked to our corporate goals for the year, ensuring that compensation and results are clearly linked. This practice increases both Killam's ability to meet our strategic targets and the commitment of our employees to our corporate success.

Quarterly scorecard reports for property managers and site employees are part of our regular performance management feedback program. The program includes annual, quarterly and probationary review programs, all offered through our user-friendly interactive employee portal. Performance management includes career development and long-term goal discussions. In 2019, we continued our participation in a 360° review process, where leaders received one-on-one executive coaching. Our performance and compensation plans are reviewed annually, ensuring they align with market influences and internal requirements.

Killam's success in providing career advancement opportunities is measured through our internal promotion rates, recorded and reported internally on an annual basis. In 2020, Killam saw more than twenty permanent employees progress into senior professional or managerial roles.

Awards and Recognition

We are proud to have been recognized by several external groups through the receipt of workplace awards. In 2019, Killam received several honours (featured to the right), based on a combination of survey results, cultural assessments and further employee feedback.

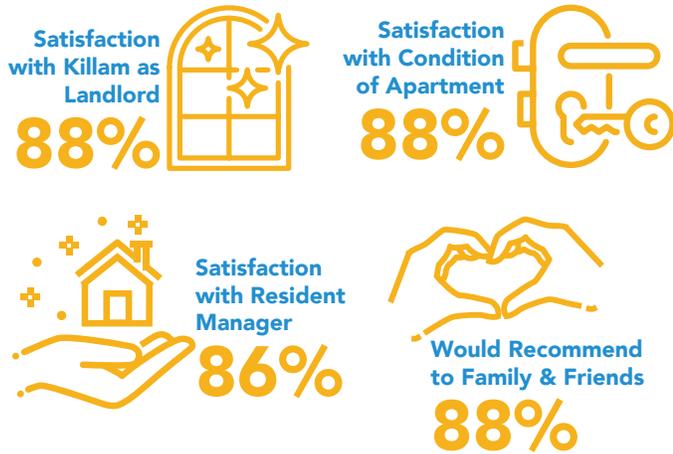


Employee Benefits

- FLEXIBLE BENEFITS PLANS
- EMPLOYEE & FAMILY ASSISTANCE PROGRAM
- PAID VOLUNTEER TIME
- PAID TIME OFF (VACATION & PERSONAL)
- PAID SICK LEAVE
- ANNUAL INCENTIVE PLAN
- EMPLOYEE UNIT PURCHASE PLAN
- PROFESSIONAL ASSOCIATION REIMBURSEMENT
- REFERRAL BONUSES
- SHORT-TERM AND LONG-TERM DISABILITY COVERAGE
- SUMMER HOURS
- SCHOLARSHIPS
- TUITION REIMBURSEMENT
- DISCOUNT ON KILLAM APARTMENT RENTS
- KILLAM PERKS (DISCOUNTS AT PARTNERS)
- PARENTAL LEAVE PAY



Annual Resident Survey⁽¹⁾



Our Residents

Killam provides outstanding customer service and fosters a sense of community at its properties. We survey residents annually to measure our success in meeting expectations and to identify areas for improvement. In 2019, we received a satisfaction rating of 88%⁽²⁾ compared to the national average of 75%⁽³⁾.

Providing exceptional customer service to our prospective tenants and residents is key to ensuring Killam is their sustainable choice of residence, today and tomorrow. In 2019, we advanced our leasing experience to include more online capabilities and shortened our response time to maintenance service requests.

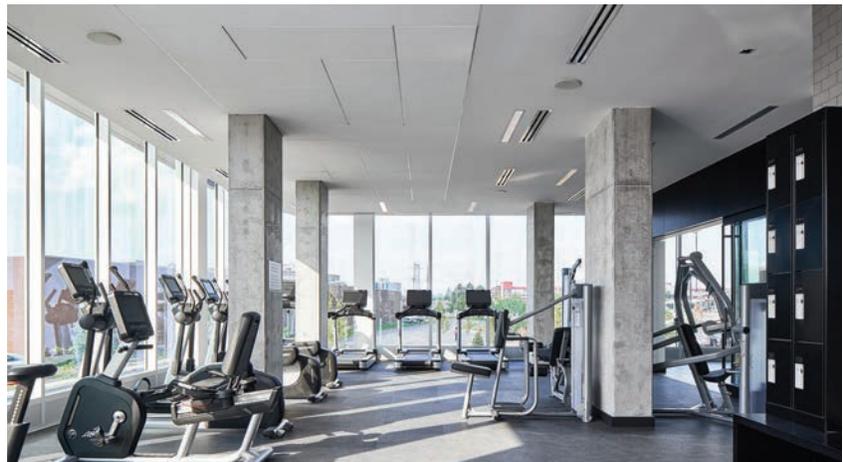
Creating a sense of community is a priority at Killam. Below are examples of programs, events and amenities that contribute to resident engagement:

- Holiday gatherings, community barbecues, meet and greets, pizza parties and movie nights.
- Investment in community gardens, playgrounds, fitness rooms, recreational facilities, as well as waterfront and pool upgrades at seasonal resorts.
- Killam's online resident portal, along with a mobile app version, and corporate website, including the online live chat option, has expanded communication options for existing and prospective residents.

Health, Well-Being and Safety

The health and safety of our residents is of the utmost importance to Killam. All our on-site staff have mandatory fire and life safety training. Formal fire plans and monthly inspections at every building to identify and address safety concerns are a part of our routine at Killam. In 2019, Killam rolled out a cloud-based risk management software solution as a part of our increased risk management program. This solution allows mobile reporting and increases data analytics associated with risk related incidents.

We monitor indoor air quality, avoid harsh cleaning products, provide smoke-free common areas and use low- to no-odor paints. Additionally, we promote a healthier lifestyle for our residents with high-quality amenities, such as fitness rooms, lounges and social rooms.



(1) Results from 2019 Narrative Research Resident Survey

(2) Results from 2018 CRA Independent Resident Survey

(3) 2018 Avison Young National Multi-Residential Tenant Survey

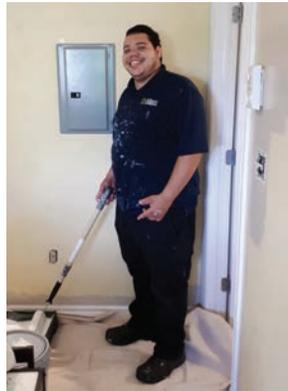
Our Communities

Killam employees are active community members. Killam grants paid leave each year for employees to volunteer with a charity of their choice. Many employees take advantage of this day to give back to organizations in their communities.

Killam has a Community Involvement Committee that monitors all aspects of the Trust's community involvement and charitable efforts on an ongoing basis.

Providing affordable units, along with donating units to hospitals, has always been important to Killam. Below are Killam's key community initiatives in 2019:

- Partnered with non-profit housing agencies such as Housing First, Nova Scotia Health Authority - Mental Health Division, Shelter Nova Scotia, YWCA and Phoenix. These relationships, along with partnerships with multiple provincial government housing boards, provide more than 750 subsidized units to previously under-housed individuals.
- Donated nine fully furnished units to hospitals across our portfolio, providing comfortable accommodation to families as they support loved ones through treatment.
- Provided financial assistance to organizations that offer shelter and support to individuals and families.
- Donated \$110,000 to the United Jewish Appeals (Holocaust Survivor Door-to-Door Program), which members of Killam's Board of Trustees personally pledge \$10,000 each annually to an organization of a Trustee's choice. Since beginning this annual donation program in 2010, Killam's Trustees have donated more than \$1 million to organizations across Canada.
- Provided assistance to residents who had fallen on hard times and needed financial support through Killam's Resident Relief Program. Qualifying residents can receive up to six months of reduced rent.



Giving back is an important part of being a responsible corporate citizen. A core value of Killam is Do the Right Thing, and part of that is investing in our communities through various programs and initiatives.

Supply Chain Responsibility

Supply chain management is becoming increasingly important. Killam's major suppliers include skilled trades suppliers for maintenance and major renovations in our buildings, and material suppliers for building materials, cleaning supplies and first aid supplies. Killam fosters relationships with suppliers that commit to green environmental policies, as well as those that have a history of strong ethical and social practices. Killam has a mandatory vendor checklist that is signed by the vendor prior to commencing work. This checklist includes proof of both workers compensation and liability insurance, as well as disclosure of any health and safety infractions, fines and documentation of proper safety training. In 2020, Killam will review this checklist to include mandatory waste management procedures for all material vendors.



Governance

Board Structure

Killam believes that effective corporate governance is critical to our continued and long-term success and will help to maximize unitholder value. The Trustees strongly believe that their commitment to sound governance practices is in the best interest of the Trust and its unitholders and contributes to effective and efficient decision making.

The Board carries out its responsibilities with the support of several Board committees. The Governance and ESG Committee is responsible for the oversight of Killam's ESG mandate and initiatives. For more information on Killam's Board Committees, visit <https://killamreit.com/investor-relations/corporate-governance>.

Independence

Killam's Board of Trustees is currently comprised of ten Trustees, six of whom are considered to be independent. Killam believes that separating the position of Chair of the Board and the position of the CEO is key in effectively providing independent Board oversight and in holding management accountable to the Board for the Trust's operations. Killam has an independent, non-executive Chair of the Board, and all Board committee members are independent. It is the Board's policy for non-management Trustees to hold regularly scheduled meetings without the attendance of management of the Trust (in-camera meetings). Time is specifically reserved for in-camera meetings at the beginning and/or end of the Board, Audit, Compensation and Governance & ESG Committee meetings.

We hold ourselves to a high level of corporate social responsibility and our code of ethics is the foundation of how we do business.

Ethics

Killam is a good corporate citizen and maintains a high standard of integrity in conducting business. Killam's Code of Business Conduct and Ethics (the Code) establishes a framework of guidelines and principles to oversee and foster ethical behaviour in all business activities.

The principles in the Code are intended to:

- Establish ethical and fair practice in all business relationships, dealings and activities.
- Ensure compliance with all laws, regulations and Killam policies.
- Facilitate a safe working environment with respect for people and a commitment to diversity, equal opportunity and freedom from exposure to improper conduct and discrimination.

- Maintain professional integrity in all business dealings.
- Protect Killam's assets, ensuring only proper use for Killam's benefit.
- Safeguard the use of confidential information and maintain proper reporting procedures.
- Provide additional, practical insight into applying Killam's Core Values, specifically Do the Right Thing, to Killam's everyday operations.

Diversity and Inclusion

Killam is committed to providing a supportive and inclusive workplace for all employees. Employees are encouraged to develop their full potential and use their unique talents, maximizing the efficiency of our team. Killam recognizes the benefits which arise from employee diversity, including a strengthened corporate culture, improved employee retention, access to different perspectives and ideas and the benefit of all available talent.

Killam is an equal opportunity employer. All decisions regarding recruitment, hiring, promotion, compensation, employee development and all other terms and conditions of employment are made without regard to race, nationality or ethnic origin, colour, religion, age, sex, sexual orientation, gender orientation, marital status, civil status, physical or mental disability or any other protected ground, as set out in Killam's Code of Business Conduct and Ethics and applicable human rights legislation.

Killam's commitment to a diverse and inclusive workplace is apparent in the following initiatives, policies and practices:

- Killam has both employee and Board of Trustees diversity policies to promote inclusiveness, diversity and leadership opportunities.
- Two of ten Board positions and seven of twelve senior management positions are occupied by females. The Board has a target of at least three females by 2020.
- Killam's commitment to diversity is evident in our employee policies, handbooks, documents and employee portal. More importantly, respect and fair treatment are an essential part of our culture.
- Respectful workplace training is provided to employees on a regular basis.
- Any discriminatory practices or behaviours in the workplace are not tolerated and are addressed immediately.

Gender Diversity | Female Composition



49% OF ALL EMPLOYEES



20% OF BOARD OF TRUSTEES



58% OF EXECUTIVE



53% OF MANAGERS & PROFESSIONALS

Risk Management & Cyber Security

Killam's risk management program ensures we assess our largest risks as well as stay informed on emerging issues. The safety of Killam's residents and staff are a top priority. On a quarterly basis, Killam's Risk Management Committee, including senior representatives from all departments, addresses initiatives to improve the safety and security of our properties.

Initiatives implemented in 2019 included the rollout of an enhanced property safety inspection program, expanded resident and employee education, communication programs on risk mitigation and the piloting of a firestopping product. During 2019, Killam also rolled out a cloud-based risk management software solution to expand mobile reporting and increased data analytics associated with risk-related incidents. In addition, weekly and monthly property inspections by Killam's property management team identify and address risk mitigation.

Cyber security is a risk facing all organizations and one Killam takes seriously. The protection of Killam's data is the foundation of our cyber security program, and ensures resident and all proprietary data remain safe and secure. We work to reduce our cyber threat exposure, and have continued to enhance our cyber capabilities in the past year by migrating all data to cloud-based solutions with high-quality partners.

Educating our employees in cybersecurity is of the utmost importance, and we have deployed software that simulates phishing emails. Mandatory training is required if employees fail the random simulations. At Killam, we have email firewalls as front-line defence for email security, multi-factor authentication for all employees to access all corporate emails and data, and cloud to cloud back-up and recovery systems. We continue to develop our cyber defence through continued investment in cyber technologies and driving the education and awareness of our residents and employees.

Stakeholder Engagement

We are committed to engaging with all our stakeholders on ESG issues. In developing Killam's materiality matrix, we assessed and identified the most significant stakeholder groups. Killam engages with its stakeholders in the following ways:

Residents - We annually survey our residents and use the feedback to action and focus on issues of importance.

Employees - We annually survey our employees for feedback on a variety of topics including compensations and benefits, career opportunities and advancement, diversity and inclusion, as well as safety and comfort in their workplace.

Investors - We regularly meet with investors at conferences, private meetings and on property tours to discuss a variety of topics including operations, strategy, corporate governance and sustainability.

Communities - We are active participants in the communities in which we operate and regularly engage in dialogue with local groups on community activities, as well as receive feedback on our development projects.

In addition to effective stakeholder engagement, we respond to investor and ESG-related emails and inquiries on an ongoing basis. Any inquiries or comments can be directed through our VP, Investor Relations & Sustainability: Nancy Alexander, nalexander@killamreit.com.

About this Report

Killam's ESG report covers sustainability and ESG activities for the 2019 fiscal year. Both 2018 and 2019 greenhouse gas emissions data has been independently reviewed for scope 1 and 2 emissions.

This report has been prepared in accordance with Global Reporting Initiative Standards: Core Option. For reference, a GRI content index is attached. This report has not been assured.

For relevant supplemental financial performance results, please refer to <https://killamreit.com/investor-relations/financial-reports> or <https://sedar.com>. For additional governance-related documents, please refer to <https://killamreit.com/investor-relations/corporate-governance>.

Global Reporting Initiative Content Index

This GRI Content Index references the GFI Standards, and where applicable, the real estate section disclosures.

GRI Reporting Disclosure

Organizational Profile

GRI Indicator	Description	Explanation/Section
102-1	The name of the organization	Killam Apartment REIT ("Killam")
102-2	Activities, brands, products and services	Killam is a growth-oriented Canadian real estate investment trust owning, operating and developing apartments and manufactured home communities. Killam owns a \$3.3 billion real estate portfolio located in Atlantic Canada, Ontario, Alberta and British Columbia.
102-3	Location of headquarters	Killam's corporate head office is located in Halifax, Nova Scotia, with property management offices in all our major regions.
102-4	Location of operations	Killam's operations are within Canada, for details on Killam's specific operating regions see About Killam p. 2
102-5	Ownership and legal form	Killam is an open-ended real estate investment trust ("REIT") formed under the laws of the Province of Ontario pursuant to an amended and restated declaration of trust dated November 27, 2015 (the "Declaration of Trust"). The Declaration of Trust is available on SEDAR at www.sedar.com .
102-6	Markets served	2019 Annual Report - About Killam, p. 2
102-7	Scale of the organization	As of December 31, 2019, Killam had approximately \$3.3 billion in portfolio assets and approximately 660 employees across seven provinces within Canada. 2019 Annual Report - About Killam, p. 2 and Financial and Operating Highlights, p. 4 Our Employees, p. 28
102-8	Information of employees and other workers	

Employees by Gender

	Number	Percentage
Female	317	47.9%
Male	345	52.1%
Total	662	100.0%

Percentage of Performance Reviews Completed

Female Employees	95%
Male Employees	96%
Senior Management	100%
Resident Managers	97%
Maintenance Staff	100%
Other	91%
Overall Employees	95%

Employees by Employment Type

	Full Time	Part Time	Total
Female	244	73	317
Male	251	94	345
Total	495	167	662

Employees by Employment Contract

	Permanent	Temporary	Total
Female	306	11	317
Male	317	28	345
Total	623	39	662

102-9	Supply chain	Supply Chain Responsibility, p. 31
102-10	Significant changes to the organization and its supply chain	Killam did not undergo any significant changes to the organization or its supply chain in 2019.
102-11	Precautionary principle or approach	We are not currently reporting on this GRI indicator. Killam has extensive risk management practices in place regarding the safety of its tenants, however Killam recognizes an opportunity to apply the precautionary approach to assess Killam's impact on the environment and implement environment risk management practices into operational planning.
102-12	External initiatives	United Nations Sustainable Development Goals ("SDGs") p. 21 Global Real Estate Sustainability Benchmark ("GRESB") Killam completed its initial GRESB assessment during 2019 and plans to continue to report sustainability practices through GRESB submissions annually.
102-13	Membership of associations	Real Property Association of Canada ("REALPac") Investment Property Owners Association of Nova Scotia ("IPOANS") Canadian Federation Apartment Association ("CFAA") Federation of Rental Housing Providers in Ontario ("FRPO") Greater Toronto Apartment Association ("GTAA")

Strategy

102-14	Statement from senior decision-maker	Letter from the President & CEO, p. 17
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Ethics and integrity

102-16	Values, principals, standards, and norms of behaviour	Our Culture, p. 27 Ethics, p. 32
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Governance

102-18	Governance structure	Governance, p. 32 https://killamreit.com/investor-relations/corporate-governance
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Stakeholder engagement

102-40	List of stakeholder groups	Stakeholder Engagement, p. 33
102-41	Collective bargaining agreements	non-unionized; 0%
102-42	Identifying and selecting stakeholders	Stakeholder Engagement, p. 33
102-43	Approach to stakeholder engagement	Stakeholder Engagement, p. 33
102-44	Key topics and concerns raised	Nothing material to note.

Reporting practice

102-45	Entities included in the consolidated financial statements	Killam Apartment REIT and its principal subsidiaries as listed in Killam's Annual Information Form on sedar.com
102-46	Defining report content and topic boundaries	Materiality Assessment, p. 19
102-47	List of material topics	Materiality Assessment, p. 19
102-48	Restatements of information	None
102-49	Changes in reporting	None
102-50	Reporting period	All information in the report covers the year ended December 31, 2019, unless otherwise stated.

102-51	Date of most recent report	This is the first report prepared in accordance with GRI Standards. Killam's 2018 ESG Report provides comparable information to 2019, but was not prepared in accordance with GRI Standards.
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	Nancy Alexander, Vice President of Investor Relations & Sustainability; nalexander@killamreit.com
102-54	Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the GRI Standards: Core Option
102-55	GRI content index	GRI Context Index, p. 34
102-56	External assurance	None

Economic Performance

201	Management approach disclosure	2019 Annual Report, Management Discussion and Analysis: Key Performance Indicators p. 42 and Summary of 2019 Results and Operations, p. 43
201-1	Direct economic value generated and distributed	2019 Annual Report, Management Discussion and Analysis: Financial and Operational Highlights, p. 43 and Distributions to Unitholders, p. 69

Energy

302	Management approach disclosure	Investing in Energy Efficiencies, p. 23
302-3	Energy Intensity	Emissions Matter, p. 22

Water and effluents

303	Management approach disclosure	Water Conservation, p. 23
303-5	Water Consumption	Water Conservation, p. 23

Emissions

305	Management approach disclosure	Emissions Matter, p. 22
305-1	Direct (Scope 1) GHG Emissions	Emissions Matter, p. 22
305-2	Energy indirect (Scope 2) GHG Emissions	Emissions Matter, p. 22
305-4	GHG emissions intensity	See Energy Intensity (302-3) disclosure above and Emissions Matter, p. 22

Occupational Health & Safety

403	Management approach disclosure	Health, Well-Being and Safety, p. 30
403-1	Occupational health and safety management system	Health, Well-Being and Safety, p. 30
403-5	Worker training on occupational health and safety	Health, Well-Being and Safety, p. 30

Training and Education

404 Management approach disclosure Engagement, Training & Development, p. 28

404-3	Percentage of employees receiving regular performance and career development reviews	<u>Percentage of Performance Reviews Completed</u>	
		Female Employees	95%
		Male Employees	96%
		Senior Management	100%
		Resident Managers	97%
		Maintenance Staff	100%
		Other	91%
Overall Employees		95%	

Diversity and Equal Opportunity

405 Management approach disclosure Diversity and Inclusion, p. 32

405-1	Diversity of governance bodies and employees	<u>Board of Trustees</u>	<u>Overall</u>	<u>Under 30</u>	<u>30-50</u>	<u>Over 50</u>
		Female	20%	0%	50%	50%
		Male	80%	0%	0%	100%

<u>Age by Category</u>	<u>Senior Management</u>	<u>Resident Manager</u>	<u>Maintenance</u>	<u>Overall Employees</u>
Under 30	0%	6%	9%	10%
30-50	45%	33%	38%	38%
Over 50	55%	61%	53%	52%

<u>Gender by Category</u>	<u>Senior Management</u>	<u>Resident Manager</u>	<u>Maintenance</u>	<u>Overall Employees</u>
Female	55%	48%	3%	49%
Male	45%	52%	97%	51%

Customer Privacy

418 Management approach disclosure Risk Management & Cyber Security, p. 33

418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data Killam did not identify or receive any substantiated complaints in 2019.



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