



CHARTwell[®]
retirement residences

environmental | social | governance

ESG REPORT

“ Our goal is to earn the trust of our stakeholders by making a positive difference in the lives of our residents, their families, our employees and the communities we operate in. For everyone at Chartwell, this desire for continuous improvement is part of a shared commitment to **Making People’s Lives BETTER.** ”

VLAD VOLODARSKI
Chief Executive Officer



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A Responsible Business Culture

WE IDENTIFY AND RESPOND TO EXISTING AND EMERGING SUSTAINABILITY ISSUES THAT PRESENT RISKS AND OPPORTUNITIES FOR OUR BUSINESS SEGMENTS AND STAKEHOLDERS.



CHARTWELL'S SUSTAINABLE BUSINESS STRATEGY

We believe that the long-term success of Chartwell and the world around us are fundamentally connected. By paying careful attention to the areas where we feel we can have the biggest impact – Our People, Corporate Responsibility, Privacy & Data Security, Environmental Stewardship and Corporate Governance – we create value for our residents, employees, communities and planet, while delivering growing value for our unitholders.

CHARTWELL'S ESG APPROACH

ENVIRONMENTAL

We support the global transition to a low-carbon economy through our own sustainable operations and evaluate the impact of our business decisions on the environment.



SOCIAL

We are focused on diversity and inclusion in our workforce. We prioritize safety, continuing education and development for our people.



GOVERNANCE

We remain committed to high standards of governance.



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Our People

CHARTWELL IS COMMITTED TO A FULLY INCLUSIVE CULTURE AND EQUITY IN ALL TALENT HIRING AND MANAGEMENT DECISIONS. WE PRIORITIZE SAFETY, CONTINUING EDUCATION AND DEVELOPMENT FOR OUR PEOPLE.



DIVERSITY

82% of Chartwell's employees and 52% of Chartwell's senior management are women.



EMPLOYEE ENGAGEMENT

In 2019, Chartwell's employee engagement score increased to 48% "Highly Engaged" (this does not include employees who were merely "engaged"). Chartwell's target is to increase our employees' "Highly Engaged" score to 55% by 2023.



LABOUR RIGHTS

Out of 15,200 employees, approximately 80% are represented by labour unions.

CHARTWELL IS COMMITTED TO PUTTING PEOPLE FIRST

Chartwell believes that its employees make a difference in the lives of its residents every day. Chartwell values the dedication, commitment and professionalism of our 15,200 employees across Canada, and is committed to attracting and retaining the best employees in the seniors living sector by providing a rewarding and fulfilling work environment.

01. DIVERSITY OF OUR EMPLOYEES

As reflected by Chartwell’s Diversity and Inclusion Policy, Chartwell’s success is built on a diverse, respectful and inclusive workplace. We seek employees with skills and experience to enhance our performance and who enhance our work environment, who are committed to upholding our values and who believe a workplace should be welcoming and inclusive for everyone. We encourage diversity in our workforce because we understand that different backgrounds, abilities and perspectives will help keep us innovative and dynamic. Chartwell’s commitment to diversity and inclusivity means a commitment to hiring those people whose skills and abilities contribute the most to the success of the organization and who reflect the communities in which we live and work. Chartwell’s Diversity and Inclusion Policy can be found here: <http://chartwell.com/diversity>.

Position	Total # of Active Employees	Gender	
		Male	Female
Corporate – Senior Directors and Above	58	48.3%	51.7%
Corporate – Directors and Below	519	40.8%	59.2%
Residences - Managers	1,393	26.4%	73.6%
Residences – Other Staff	13,379	15.8%	84.2%
Total:	15,349		

02. EMPLOYEE ENGAGEMENT

Understanding how our people feel about Chartwell is vital. It helps us ensure we are providing the right support to achieve their potential and to serve our residents well. We believe that only highly engaged employees will deliver the exceptional resident experiences that drive high resident satisfaction scores. We capture the views of our people on a range of topics, such as our strategy, culture and working environment, through a 24 question annual employee survey. Results are presented to the Senior Executive Committee and the Board of Directors. This allows us to act based on the feedback.

In 2019, 48% of our employees reported to be highly engaged, up from 47% in 2018. Our objectives are to have 49% highly engaged employees in 2020 and 55% by 2023.

03. SAFETY IN OUR OPERATIONS

Chartwell is fully committed to providing a safe working environment. We believe in the principle of ‘safety first’. We foster an environment with ongoing integration of safety into all activities to eliminate illness and injuries. To achieve this, Chartwell has established well-defined safety, health and environmental policies and procedures and ongoing training. Chartwell’s corporate Occupational Health and Safety team supports residences and corporate staff to integrate safety as a priority in all of our operations.

Chartwell provides workplace injury insurance to all of our staff. This affords an additional protection to all of our employees in the unfortunate event that they experience a workplace injury.

04. RESPECTING OUR EMPLOYEES' RIGHT TO UNIONIZE

Chartwell maintains a good working relationship with unions representing staff at our residences. Chartwell's support of freedom of association and the right to collective bargaining is evidenced by the level of unionization in our residences, which includes 220 bargaining units, 173 collective agreements and an 80% unionization rate of our employees.

05. LEARNING AND DEVELOPMENT

Providing learning and development opportunities for our employees is core to Chartwell's culture. Chartwell provides new hire training and ongoing education for key residence and corporate roles, as well as targeted training on specific topics on an ongoing basis. The majority of delivery is through scheduled learning events such as instructor-led classroom sessions or webinars.

All residence employees complete required training in order to understand the core values of Chartwell, to better understand their role and function in the residence, to perform their specific assignments in a competent and confident manner and to meet or exceed required compliance to provincial regulations.

Chartwell's learning and development initiatives include:

- **Gateways.** This program provides newly-hired or promoted General Managers and Administrators of residences with an introduction to Chartwell's Vision, Mission, Values, and the importance of accountability for results. Participants are provided with an overview of the programs and support available to them from the corporate office.
- **Annual Leadership Conference.** Residence General Managers and Administrators and corporate leaders are provided with leadership education, recognition and delivery of directional messages annually.
- **Residence Managers Conferences.** This bi-annual conference provides residence managers with directional messages, leadership skill development, discipline specific training and recognition.
- **Regional Meetings.** These semi-annual meetings are held for our directors of regional operations and sales, our residence general managers and administrators, and others, for information sharing and the development of discipline-specific skills.
- **Succession Planning.** Succession plans are in place and updated annually for all director-level positions and up. Development plans are in place and updated semi-annually for all corporate and residence leaders through performance management cycles.
- **Aspiring Leaders Program.** The Aspiring Leaders Program (ALP) is a leadership development program designed for those employees who have the potential to become a General Manager or Administrator in the near term. The ALP program enables participants to grow their leadership capabilities and gain the operational knowledge they need to become a successful leader of a Chartwell residence.
- **Lunch & Learns.** Topics of interest for personal and professional development are offered four times per year to our corporate employees.

Corporate Responsibility

CREATING SOCIETAL IMPACT HAS BEEN CORE TO CHARTWELL SINCE OUR FOUNDING MORE THAN 16 YEARS AGO.



CORPORATE GIVING

Since 2015, Chartwell has raised \$832,000 for Wish of a Lifetime Canada, resulting in over 125 wishes being granted to deserving Canadian seniors.



RESIDENT SATISFACTION

In 2019, resident satisfaction scores increased to 63% “Very Satisfied” from 58% in 2018 (this does not include residents who were merely “satisfied”). Chartwell’s target for 2023 is to increase our residents’ “Highly Satisfied” score to 67%.



REPUTABLE VENDORS

Chartwell’s Vendor Code of Conduct sets minimum standards for its national and significant suppliers.

CHARTWELL IS COMMITTED TO GOOD CORPORATE CITIZENSHIP THAT BENEFITS THE COMMUNITIES IN WHICH WE LIVE, WORK, AND PLAY

Chartwell believes in building and sustaining strong community relationships and incorporating ethical practices into Chartwell’s sourcing and purchasing. Chartwell is proud of its charitable giving partnerships and community initiatives, which are directed toward projects that support seniors in meaningful ways.

01. GIVING BACK TO OUR COMMUNITIES

We are committed to being a responsible corporate leader in our communities. We deliver on this promise by engaging in philanthropic activities that support Chartwell's values, fostering strong community relationships and enhancing employee satisfaction and engagement.

We participate in several programs through which we can impact our communities, including:

- Chartwell launched a charitable partnership with Wish of a Lifetime Canada at the end of 2015. Since that time, Chartwell has raised \$832,000 for Wish of a Lifetime Canada and through our partnership over 125 wishes have been granted to deserving Canadian seniors, including Chartwell and non-Chartwell residents. We know that wish fulfilment can have tremendous positive outcomes on a senior's health, purpose and sense of value. Chartwell was instrumental in creating this charitable organization in Canada after seeing the positive impact a sister organization was making in the United States. Wishes granted in Canada can be found at: <https://chartwell.com/en/about-us/wish-of-a-lifetime-canada>.
- Chartwell has partnered with the Kidney Care Foundation to donate its older vehicles to support this organization. To date, Chartwell has donated 30 vehicles.
- Chartwell has partnered with Diabetes Canada to promote Clothesline, a dedicated Chartwell 1-800 # phone line for seniors who are downsizing to schedule a free pickup and the donation of unwanted clothing and small household items.
- Chartwell is an industry partner of Age-Well, an organization dedicated to the creation of technologies and services that benefit older adults and caregivers.

02. RESIDENT SATISFACTION

Chartwell's greatest responsibility is the care and service we provide to our residents. With the support of trained and dedicated staff in our retirement and long-term care residences, Chartwell offers seniors a safe and fulfilling lifestyle that provides them a socially engaging and supportive environment. Chartwell recognizes the individuality of its residents and works to ensure that its programs are flexible, adaptive and tailored to their specific needs.

In 2019, 63% of our residents reported to be very satisfied. Our target is 64% very satisfied in our retirement residences for 2020 and 67% very satisfied residents by 2023. In furtherance of this goal, we launched two major new training programs in 2019:

- "The Chartwell Experience" fosters the culture and practices required to "deliver a resident experience that is personalized, memorable and feels like home, where family and friends feel welcome and respected." All Chartwell Retirement Residences employees are making the commitment of delivering exceptional resident service their priority.
- In long-term care, "Imagine: Living Life to Your Potential" encourages meaningful relationships, capturing the hearts, minds and creativity of our people and demonstrating a better, more life-affirming way to engage our residents.

In addition, offered in all our homes across Canada, Chartwell's Life Enrichment program LiveNow is designed to engage the mind, body and spirit of all Chartwell residents and is part of our continued emphasis on improving the resident experience. The program focuses on building connections and engaging people with meaningful experiences. Through our Moments That Matter program, Chartwell residents are encouraged to share a special moment they have been dreaming about with staff who try to make it happen. Feedback shows that fulfilling these small, but important, moments has a positive impact on a senior's life and wellbeing.

03. VENDOR CODE OF CONDUCT AND ETHICS

Chartwell adopted a Vendor Code of Conduct and Ethics (the "Vendor Code") to formalize its expectations regarding the standards its national and significant suppliers are required to uphold as a prerequisite for engaging in a commercial relationship with Chartwell. The Vendor Code was implemented to improve visibility and direct engagement with vendors on ethical, social and environmental issues. It requires vendors to provide a safe environment and reasonable working hours and wages for their employees, prohibits forced and child labour, reprisals or discrimination, and covers other topics including, but not limited to conflicts of interest, confidentiality and quality of products. National and significant vendors are required to adhere to the letter, and spirit of the Vendor Code and are required to certify compliance with the Vendor Code every three years. Chartwell's Vendor Code can be found at: <https://chartwell.com/vendors/>.

Privacy & Data Security

CHARTWELL HAS IMPLEMENTED STRONG CONTROLS OVER DATA PRIVACY AND SECURITY MEASURES TO MITIGATE MATERIAL RISKS FOR ITS INVESTORS, RESIDENTS, EMPLOYEES AND VENDORS.



CYBERSECURITY

Chartwell utilizes technologies, procedures and training to protect the safety and security of our systems and assets, and the integrity of our data and the data entrusted to us by our residents, employees and partners.



PRIVACY & CONFIDENTIALITY

Chartwell actively monitors and manages security and privacy risks and seeks to mitigate them through enterprise-wide programs, industry best practices and threat and vulnerability assessments and responses.



RECORD RETENTION

Chartwell's Record Management, Retention Policy and Procedures facilitate the effective governance of its records throughout their life-cycles and is the cornerstone of good information management ensuring regulatory compliance and management of costs and risks.

AT CHARTWELL, AWARENESS REGARDING DATA SECURITY AND PRIVACY IS INTEGRATED INTO THE FUNDAMENTALS OF OUR BUSINESS

Operating in an increasingly sophisticated and hostile security and privacy environment, Chartwell continuously invests in education, awareness programs and technical controls to help prevent, detect and react to any threats and vulnerabilities.

01. CHARTWELL'S MANAGEMENT OF CYBER RISKS

Chartwell's cyber strategy is designed to deliver against three objectives: protect the business, comply with applicable laws and regulations, and support the growth of the business. Although Chartwell has not experienced any material financial losses relating to technology failures, cyber-attacks or security breaches, we remain vigilant. We are strengthening our controls to help protect against advanced malware, data leakage, infiltration of payment systems and denial of service attacks as well as enhancing our ability to detect and respond to cyber-attacks by continually evaluating the threat environment for the most prevalent attack types and their potential outcomes in order to determine the most effective controls. Chartwell's Information Security and Risk Management policies outline the organizational controls we have in place to protect information. Our security measures include:

- Secure firewalls to help prevent unauthorized external access to Chartwell's internal systems;
- Around-the-clock monitoring to maintain the quality of Chartwell's systems and proactively identify unusual customer account activity;
- Penetration tests simulating cyber-attacks to check for exploitable vulnerabilities;
- Encryption of all portable devices; and
- Centralized control of all devices.

In addition, Chartwell employees are a critical line of defence against threats to data security and privacy. As a result, an important part of our defence strategy is ensuring our employees remain cyber-aware and know how to report incidents.

02. SAFEGUARDING PERSONAL INFORMATION

Chartwell is committed to respecting and protecting the privacy and confidentiality of the personal information that our residents and employees entrust to us. We comply with all legal and regulatory requirements related to privacy in the four Canadian provinces in which we operate.

Chartwell's Privacy Policy outlines our commitment to our customers and the 10 key privacy principles we embrace. The Privacy Policy also outlines the channels through which our customers can make and escalate privacy complaints. Our Privacy Officer oversees a privacy risk governance program, which sets out Chartwell's policies and procedures for identifying, measuring, managing, mitigating and reporting privacy risk. All incidents involving suspected or actual breaches of privacy are reported to the Privacy Officer, who then manages Chartwell's response. Chartwell's Privacy Policy can be found at: <https://chartwell.com/privacy>.

03. DOCUMENT RETENTION POLICY: SYSTEMATIC REVIEW, RETENTION, AND DESTRUCTION OF DOCUMENTS

Data minimization is a powerful data security measure. Retaining the least amount of personal information necessary in order for an organization to function means that there is less that Chartwell needs to protect, and less opportunity for information to be lost or stolen.

To that end, in 2019, Chartwell conducted a data audit to uncover the points in Chartwell's business where records are created and stored, and a corresponding Records Retention Policy and Schedule has been established to outline how Chartwell expects its employees to manage company data from creation through destruction.

Chartwell's Records Retention Policy and Schedule prescribes the duration that Chartwell's records are to be retained, considering the contractual, legal or regulatory requirements as well as the need to preserve documents for historical reference. Records that are no longer required, or have satisfied their required periods of retention, are destroyed securely and confidentially.

Environmental Stewardship

CHARTWELL'S PROACTIVE ENGAGEMENT WITH EMPLOYEES, RESIDENTS, VENDORS, INVESTORS AND ENVIRONMENTAL GROUPS INFORMS ITS SUSTAINABILITY POLICIES AND PRACTICES.



THE CHARTWELL HUB

Chartwell's new corporate office was built to high sustainability and low energy consumption standards and includes numerous 'green' features including locally sourced materials and products, high efficiency heating and cooling systems and reduced usage of building materials.



ENERGY-EFFICIENT RETROFITS

Through a national retrofit initiative, existing buildings are continuously being retrofitted with energy efficient systems, equipment and materials such as, but not limited to, LED lighting, high efficiency boilers and Low-E windows.



PAPER CONSUMPTION

Chartwell has transitioned from paper to electronic board and management presentations and reports.

CHARTWELL'S ENVIRONMENTAL FOOTPRINT

Our environmental efforts are rooted in our sense of accountability for our actions, both to our stakeholders and society as a whole. We are committed to continuously improving the environmental sustainability of our business, to reducing the impact of our operations, and to using resources and materials thoughtfully.

01. CHARTWELL'S HEADQUARTERS

Completed in January 2020, Chartwell's new 135,000 square foot corporate office features the following environmentally friendly features:

- View Dynamic glass which tints in the sunlight, reducing glare, eliminating the need for blinds, increasing the exposure of our employees to natural sunlight, and greatly reducing heat-transfer;
- Bubble deck technology, made from recycled materials, within concrete slabs in certain areas of the building reduced the amount of concrete transported and used in construction by 318 tons;
- Charging stations for electric vehicles and covered parking for bicycles to encourage the use of more environmentally-friendly forms of transportation;
- Under-floor heating and cooling system to reduce energy usage and provide fresher air to employees; and
- a green roof.

Further, Chartwell is operating the Chartwell Hub in an environmentally friendly way by:

- Eliminating bottled water in favour of filtered tap water which will result in savings of over 10,000 plastic water bottles annually;
- Eliminating single-use plastics wherever possible, including in the cafeteria, by installing a soda fountain instead of bottled or canned pop and by using non-disposable dishware and flatware wherever possible;
- Streamlining the operation of printers and copiers in order to change user habits in favour of less paper consumption; and
- Using eco-friendly cleaning products.

Since 2018, all Board and management reports have been distributed in digital format, eliminating the need to print thousands of pages per year.

02. DEVELOPING AND RENOVATING TO MAXIMIZE EFFICIENCIES

Chartwell continuously seeks to improve and maintain our buildings, with a focus on reducing energy consumption. To achieve this, we have been finding practical solutions for our properties that make the highest impact in reducing our environmental footprint. Our portfolio of 200 properties provides opportunities to invest in projects that improve the long-term sustainability of our assets, while generating respectable annual returns.

Chartwell has conducted lighting audits of all of our properties and has invested in LED lighting retrofits on those properties where the impact would be greatest. As a result, buildings are consuming less electricity and Chartwell has seen improved lighting levels for its residents and reduced maintenance costs due to this LED program.

LED Lighting Upgrade Projects:

	2017	2018	2019	2020 (Budget)
Investment (\$) ¹	\$2,300,000	\$1,800,000	\$1,900,000	\$1,000,000
Number of Projects <small>¹ Based on 100% ownership</small>	36	27	22	15

Chartwell also made significant strides in the environmental friendliness of our residences with a view to reducing heating costs and lowering our impact on the environment. Large-scale boiler room overhauls using high-efficiency heating and pumping equipment have been implemented in many of our properties. As equipment fails or is replaced at end of life cycle, we select energy efficient equipment. As an example, new condensing boilers operate approximately 20%-25% more efficiently than old atmospheric boilers.

03. SUPPORTING RENEWABLE ENERGY TO REDUCE CARBON EMISSIONS

Chartwell continues to reduce our carbon emissions by cutting our energy consumption, being more efficient in our buildings, working with our strategic partners and focusing on our renewable procurement strategy:

- In British Columbia, 98.2% of Chartwell's electricity usage is derived from renewable resources.
- In Alberta, 16.0% of Chartwell's electricity usage is derived from renewable resources.
- In Ontario, 94.7% of Chartwell's electricity usage is derived from renewable or clean resources.
- In Quebec, 99.8% of Chartwell's electricity usage is derived from renewable resources.

04. ENVIRONMENTAL POLICY

Chartwell's Environmental Policy addresses all facets of Chartwell's business, including the operation of our corporate offices and residences, the buying and selling of properties, and the development of new construction projects. The Environmental Policy can be found at: <https://chartwell.com/environment>.

Corporate Governance

THE CHARTWELL BOARD IS BUILT ON A FOUNDATION OF SOUND GOVERNANCE PRACTICES AND COMMITMENT TO ITS UNITHOLDERS.



BOARD RENEWAL

Chartwell is committed to a robust Board evaluation process which ensures the Board renews itself appropriately and balances the benefits of experience with the need for new perspectives.



DIVERSITY

Chartwell has maintained a strong record of recruiting and retaining the best talent, including women, in leadership positions, with women occupying 50% of the executive officer roles at Chartwell and with three of our seven independent board members being women.



#3 IN CANADA

Chartwell has been recognized in the Globe and Mail's 2019 Board Games publication, which rates corporate boards based on governance criteria, as being the third best governed issuer and as the best governed real estate company and health care company in Canada.

RESPONSIBLE GOVERNANCE AND INTEGRITY UNDERPIN CHARTWELL'S BUSINESS AND ARE INTEGRAL TO OUR VISION

Chartwell is committed to sound corporate governance practices that include accountability, transparency and integrity in all facets of our operations. These practices are overseen by the Board and senior executive team, who strive to adhere to the highest levels of ethics and oversight.

01. BOARD RENEWAL – ATTRACTING & RETAINING THE BEST TALENT

Chartwell is committed to a robust Board evaluation process which ensures the Board renews itself appropriately and balances the benefits of experience with the need for new perspectives. Pursuant to Chartwell's Renewal and Diversity Policy, annually the Board identifies the key characteristics – skills, experience, knowledge, backgrounds, diversity (with a focus on the inclusion of women) and other personal attributes – desired of Directors and of the Board as a whole to best add value. In addition, the Board is committed, through the strong leadership of its Chair, to make changes to its composition to replace Directors who retire or unexpectedly resign to reflect changes in Chartwell's desired skills and attributes for a Director, to address changes to the internal and external business environment and to reflect the results of the regular Director evaluation process.

02. CHARTWELL'S COMMITMENT TO A DIVERSE BOARD AND MANAGEMENT TEAM

At the time of Chartwell's initial public offering in 2003, all of Chartwell's Directors were men. Sixty percent of new Directors that have been elected to the Board since then are women. The composition of the Board has evolved from no women Directors in 2003 to women representing 43% of independent Directors.

Chartwell's commitment to diversity also includes minority groups, business experience, functional expertise, stakeholder expectations, culture and geography. When identifying suitable candidates for appointment to the Board, Chartwell considers candidates on merit against objective criteria having due regard to the benefits of diversity and the needs of the Board. The Board has historically engaged third party executive search firms to identify candidates for appointment to the Board and any search firm engaged is specifically directed to include women candidates.

The table below shows the number and percentages of women in leadership roles at Chartwell:

Independent Directors	Executive Officers	Senior Vice-Presidents	Vice Presidents	Total Leadership Roles at Chartwell
43% (3 of 7)	50% (2 of 4)	75% (6 of 8)	46% (11 of 24)	50% (22 of 44)

Diversity, and the representation of women in particular, plays a key role in our recruitment and succession planning processes.

Chartwell believes that Board diversity is important to the organization's success and has established a target of maintaining at least one-third of its Directors as women.

03. GLOBE AND MAIL'S BOARD GAMES – TOP REAL ESTATE COMPANY & HEALTH CARE COMPANY

For the 18th year in a row, Report on Business has rated the work of Canada's corporate boards using a rigorous set of governance criteria designed to go far beyond minimum mandatory rules imposed by regulators. In 2019, markers at the David and Sharon Johnston Centre for Corporate Governance Innovation at University of Toronto examined the boards of directors of 224 companies and trusts in the S&P/TSX Composite Index to assess the quality of their governance practices.

In 2019, Chartwell was ranked the third best governed issuer in Canada and the top real estate company and health care company in Canada.



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