



490 Westridge Parkway, McDonough, Georgia



INDUSTRIAL TRUST

# 2020-2021 CORPORATE RESPONSIBILITY REPORT



490 Westridge Parkway, McDonough, Georgia

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**“ WE ARE PROUD TO  
PUBLICIZE OUR GOALS,  
INITIATIVES, AND  
ACCOMPLISHMENTS,  
WHICH ARE CONSISTENT  
WITH OUR TRANSPARENCY  
AND ENGAGEMENT WITH  
STAKEHOLDERS. ”**

### ABOUT THIS REPORT

This is LXP Industrial Trust’s (“LXP”) first Corporate Responsibility Report and presents Environmental, Social, Governance, and Resilience (“ESG+R”) initiatives and progress for the 2020 and 2021 calendar years. All figures in the SASB Disclosures are as of December 31, 2020, for all properties at least 20% owned during calendar year 2020, unless otherwise noted. This report was prepared in accordance with the Sustainability Accounting Standards Board (“SASB”) Real Estate Standards.

**FOR QUESTIONS REGARDING THIS REPORT, PLEASE CONTACT [ESG@LXP.COM](mailto:ESG@LXP.COM).**



# A LETTER FROM OUR CEO



In 2021, we made significant progress in building a best-in-class ESG+R platform. ESG+R is crucial to the future of LXP and is integrated throughout our investment process and operations. Our first Corporate Responsibility Report is built on years of effort from our dedicated employees. We are proud to publicize our goals, initiatives, and accomplishments, which are consistent with our transparency and engagement with stakeholders. We hope this report allows stakeholders to gain a better understanding of our values and how corporate responsibility is an integral part of our foundation.

One of our proudest achievements is our first-place ranking for the U.S. Industrial Listed Peer Group in our inaugural 2021 GRESB® Assessment. Additionally, we increased the number of green building certifications in our portfolio to 20, including obtaining the second highest BREEAM rating for an industrial property in the US. Our investment

opportunities undergo a third-party environmental assessment, the results of which are analyzed as part of the due diligence process. We also added sustainability provisions to 26 leases in 2021 alone. These accomplishments reflect our dedication to environmental causes, and we look forward to expanding our ESG+R program.

Our employees are one of our greatest assets, and they have been instrumental in making ESG+R a company-wide priority. We are focused on creating an inclusive culture at LXP, and our Diversity, Equity and Inclusion (“DEI”) Committee leads the charge to ensure we are doing our part to educate and support our employees. We also focus externally through charitable initiatives and volunteer work. We continue to maintain industry-leading corporate governance and achieve high rankings by shareholder advisory firms. Thank you for taking the time to learn more about LXP’s ESG+R platform.

## NOTE FROM SVP & DIRECTOR OF ESG & CORPORATE OPERATIONS

It has been six months since I was formally appointed to lead LXP’s ESG+R program, and I am so encouraged by what we have achieved in that short time. I have high expectations for the development and progression of our corporate responsibility platform as we strive to make a positive impact for our employees, communities, environment, and stakeholders.



## ABOUT LXP

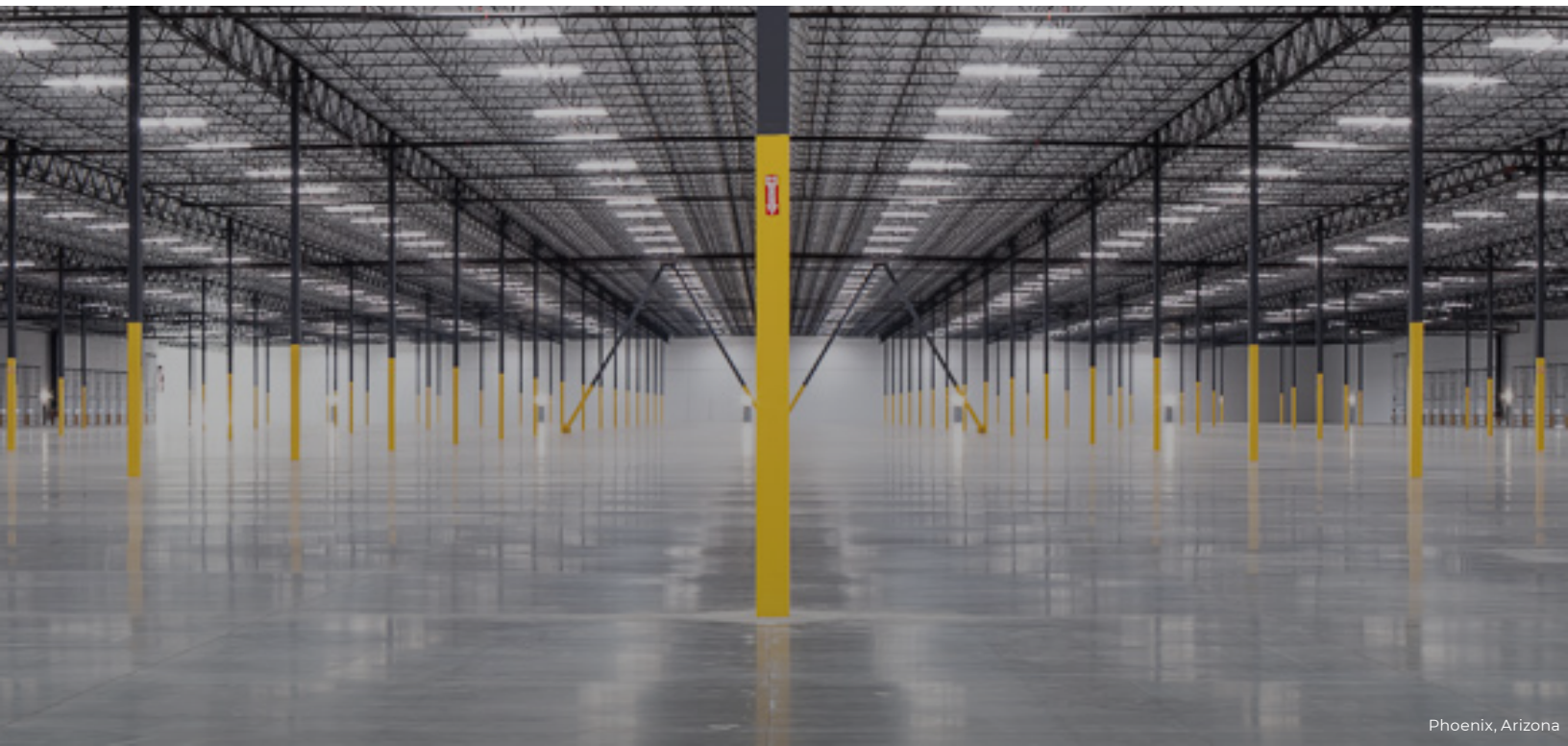
LXP Industrial Trust (“LXP”) is a publicly traded real estate investment trust (REIT) focused on single-tenant industrial real estate investments across the United States, with a focus on the Sunbelt and lower Midwest. LXP expands its industrial portfolio through acquisitions, development projects, build-to-suit and sale/leaseback transactions.



## ESG+R OBJECTIVES

At LXP, we seek to create a sustainable environmental, social, governance, and resilience (“ESG+R”) platform that enhances both our company and shareholder value. We stand committed to supporting our shareholders, employees, tenants, suppliers, creditors, and communities as we execute on our ESG+R objectives and initiatives.

The ESG+R objectives on the following pages are integrated throughout our investment process and contribute to our ongoing long-term success on behalf of our shareholders.





## ENVIRONMENTAL

Developing strategies that reduce our environmental impact and operational costs is a critical component of our ESG+R program. When feasible, we will implement base building upgrades and provide tenants with improvement allowance funds to complete sustainability efforts.

### OBJECTIVES:

- Track and monitor landlord-paid utilities and track tenant utility data wherever possible
- Strategically implement green building certifications to highlight sustainability initiatives
- Annually review and evaluate sustainability opportunities to increase efficiency and reduce costs
- Evaluate the opportunity to increase renewable energy (e.g. solar) across the portfolio

### TARGETS:

# 25%

**reduction in GHG  
emissions over  
10 years**  
(2.5% annually)

# 25%

**reduction in energy  
consumption over  
10 years**  
(2.5% annually)

# 15%

**reduction in water  
consumption over  
10 years**  
(1.5% annually)

# 40%

**diversion  
rate within  
10 years**

## SOCIAL

We believe that actively engaging with stakeholders is critical to our business and ESG+R efforts, providing valuable insight to inform strategy, attract and retain top talent, and strengthen tenant relationships.

### OBJECTIVES:

- Routinely engage with our tenants to understand leasing and operational needs at our assets and provide tools and resources to promote sustainable tenant operations
- Coordinate with tenants and property managers on health and well-being focused initiatives
- Assess our tenant satisfaction and feedback through annual tenant surveys
- Provide our employees with annual trainings, industry updates and access to tools and resources related to ESG+R
- Provide health and well-being resources focused on physical, emotional, and financial health for our employees
- Track and highlight our diversity and inclusion metrics of all employees, our board, and executive management team annually to celebrate our diversity throughout the company
- Support the communities in which we live and work through philanthropic events, and support local charities through volunteer events



## GOVERNANCE

Transparency with our stakeholders is essential. We pride ourselves on providing our stakeholders with regular reports and detailed disclosures on our operational and financial health and ESG+R efforts.

### OBJECTIVES:

- Strive to implement best governance practices, mindful of the concerns of our shareholders
  - This includes Code of Business Conduct, enterprise risk assessments, whistle blower policy, and management succession planning
- Increase our ESG+R transparency and disclosure through reporting to frameworks, such as GRESB, and providing regular ESG+R updates to shareholders and other stakeholders
- Monitor compliance with applicable benchmarking and disclosure legislation, including utility data reporting, audit and retro-commissioning requirements and GHG emission laws
- Evaluate various industry groups that promote our alignment with recognized industry ESG+R frameworks



## RESILIENCE

We believe that our resilience to climate change-related physical and transition risks is critical to our long-term success.

### OBJECTIVES:

- Align our resilience program with the Task Force on Climate-Related Financial Disclosures ("TCFD") Framework
- Evaluate physical and transition climate-related risks as part of our acquisition due diligence process
- Utilize climate analytics metrics to (1) identify physical risk exposure across the portfolio, (2) identify high risk assets and (3) implement mitigation measures and emergency preparedness plans
- Assess transition risks and opportunities arising from the shift to a low-carbon economy, including market, reputation, policy, legal, and technology

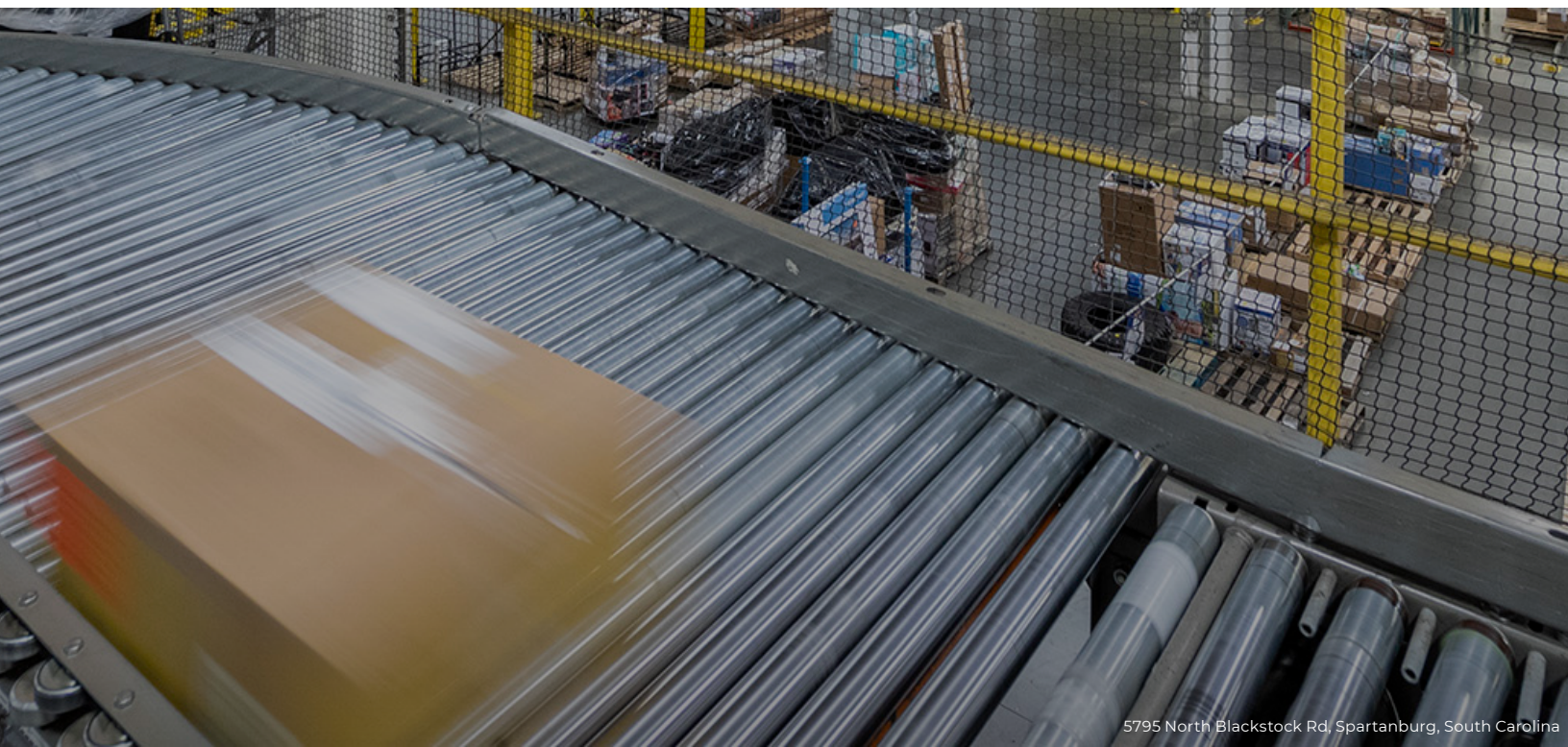




## 2020 SASB REAL ESTATE DISCLOSURES

The Sustainability Accounting Standards Board (SASB) Foundation was formed to establish industry-specific standards for disclosing material information to investors. The SASB Standards identify topics that are most relevant to an organization's financial performance and resilience.

This is the first year that LXP has used the SASB Standards to disclose environmental, social, governance, and resilience data to its stakeholders. The following SASB disclosures portray LXP's portfolio performance for the year 2020, and all reported figures are as of December 31, 2020.





# ACTIVITY METRICS

SASB CODE	ACCOUNTING METRIC	UNIT	LXP RESPONSE
IF-RE-000.A	Number of assets, by property subsector	Number	Industrial: 122   Office: 50   Other: 1 173 ASSETS TOTAL
IF-RE-000.B	Leasable floor area, by property subsector	Square feet (SF)	Industrial: 55,362,274 GFA Office: 6,959,649 GFA Other: 31,180 GFA 62,353,103 GFA TOTAL
IF-RE-000.C	Percentage of indirectly managed assets, by property subsector	Percentage (%) by floor area	Industrial: 100% Indirectly Managed Office: 85% Indirectly Managed Other: 100% Indirectly Managed 173 ASSETS TOTAL
IF-RE-000.D	Average occupancy rate, by property subsector	Percentage (%)	Industrial: 97.7%   Office: 19.9%   Other: 100% Office occupancy in 2020 was greatly impacted by COVID.

Portfolio data includes all properties at least 20% owned in calendar year 2020. Due to triple net nature of portfolio, occupancy amounts are estimates.





# ENERGY MANAGEMENT

## SASB CODE: IF-RE-130a.5

**ACCOUNTING METRIC:** Description of how building energy management considerations are integrated into property investment analysis and operational strategy

### LXP RESPONSE:

LXP strategically implements energy management strategies to reduce its environmental impact. During acquisition due diligence, properties are evaluated for ESG+R factors, including energy and green building certification eligibility, LED and efficient lighting, and renewable energy.

LXP established energy and greenhouse gas emissions reduction targets of 2.5% annually in line with the Paris Climate Accord. LXP works to achieve its energy reduction goals by benchmarking landlord-paid energy usage and, when possible, obtaining aggregate (landlord and tenant) energy usage in the U.S. EPA's ENERGY STAR Portfolio Manager platform.

LXP continually monitors opportunities for LED lighting retrofits or solar installation to increase energy efficiency and reduce operating costs. LXP engaged a third-party solar consultant to evaluate solar opportunities across the portfolio and purchased 221 MWh of Renewable Energy Certificates (RECs) to reduce its 2020 carbon emissions.

LXP strategically implements green building certifications across the portfolio, although particular certifications are difficult to achieve due to its industrial, triple-net nature. LXP has been successful implementing BREEAM USA In-Use certifications at several industrial properties, with six properties achieving certification in 2021. LXP is committed to pursuing ENERGY STAR Certification for eligible properties; four properties are in process of pursuing 2021 ENERGY STAR Certification.



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SASB CODE	ACCOUNTING METRIC	UNIT	LXP RESPONSE
IF-RE-130a.1	Energy consumption data coverage as a percentage of total floor area, by property subsector	Percentage (%) by GFA (SF)	Industrial: 3.9% Office: 17.3% Other: 0%
	<p>Relevant factors that influence whole building energy coverage include:</p> <ul style="list-style-type: none"> <li>Tenant privacy and triple net property types: Due to its industrial nature, the LXP portfolio is 98% indirectly managed, meaning the owner does not have access to utility bills to track and needs tenant authorization to receive data. LXP tracks landlord-paid utility data and tenant data as available.</li> <li>Geographical markets and administrative barriers: the majority of the LXP properties are located in areas across the U.S. that currently do not have energy benchmarking ordinances and therefore, do not have utility companies that are required to provide data.</li> <li>LXP has implemented a tenant outreach initiative to increase the coverage of utility data tracked across the portfolio.</li> </ul>		
IF-RE-130a.2	Total energy consumed by portfolio area with data coverage, by property type	Gigajoules (GJ)	Industrial: 26,733 GJ Office: 81,892 GJ
	Percentage grid electricity, by property type	Percentage (%)	Industrial: 73.7% Office: 94.8%
	Percentage renewable, by property type	Percentage (%)	Industrial: 0.6% Office: 0.8%
IF-RE-130a.3	Like-for-like percentage change in energy consumption for the portfolio area with data coverage, by property subsector	Percentage (%)	Industrial: -10.7% Office: -13.5%
IF-RE-130a.4	Percentage of eligible portfolio that has an energy rating, by property subsector	Percentage (%) by floor area	Industrial: 4.9% Office: 19.8%
	Percentage of eligible portfolio that is certified to ENERGY STAR, by property subsector	Percentage (%) by floor area	Industrial: 0% Office: 2%
	<p>To receive ENERGY STAR Certification, aggregate (both landlord and tenant) energy data must be benchmarked in ENERGY STAR Portfolio Manager, and the building must achieve a score of 75 or higher to be eligible for certification. Due to the triple net industrial nature of LXP's portfolio, tenant utilities are typically paid directly to the utility companies. Therefore, LXP must rely on the tenant to willingly provide their energy consumption data so that buildings can receive an ENERGY STAR score and then pursue certification if eligible.</p> <p>As mentioned above, LXP has implemented a tenant outreach initiative to increase the coverage of utility data; therefore, increasing the number of buildings eligible for an ENERGY STAR score and certification. LXP strives to pursue ENERGY STAR certification for all eligible buildings.</p>		



# WATER MANAGEMENT

## SASB CODE: IF-RE-140a.4

**ACCOUNTING METRIC:** Description of water management risks and discussion of strategies and practices to mitigate those risks

### LXP RESPONSE:

Water management risks occur across the portfolio in environmental, financial, and regulatory constraints. LXP uses a climate analytics software to analyze the portfolio for properties that are located in areas of high water stress.

To calculate a property's "Water Stress" category score, the software considers the following subcategories: current baseline water stress, current interannual variability, future water demand and supply, and water supply and demand change.

LXP uses the software to determine high-risk properties; knowing which locations are prone to water management risks allows us to implement water conservation and protection measures. Additionally, city and state regulations, such as benchmarking ordinances and performance requirements, are expanding quickly across the US to require the monitoring and reduction of water consumption.

LXP tracks and monitors its portfolio's water usage in ENERGY STAR Portfolio Manager. LXP uses quarterly reports to identify properties which have a high water use intensity and evaluate projects to reduce water usage. Possible initiatives include installing low flow

fixtures and leak detection systems, conducting water audits, and incorporating sustainable landscaping features. Sustainable landscaping options involve drip irrigation, irrigation timers, xeriscaping, and native landscaping. Additionally, LXP distributes tenant sustainability guides to educate tenants on water use reduction initiatives.

In 2020, LXP established and disclosed a water consumption reduction target of 15% over 10 years, or 1.5% annually. These targets are intensity based. From 2019 to 2020, LXP's portfolio saw a substantial reduction in water usage (-44% for industrial properties and -32% for office properties), though this value isn't normalized by occupancy and is likely affected by COVID.

LXP works to improve sustainability in all facets of its operations, and water management practices will happen in conjunction with efforts to reduce energy consumption and greenhouse gas emissions.



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1550 Highway 302, Byhalia Mississippi

SASB CODE	ACCOUNTING METRIC	UNIT	LXP RESPONSE
IF-RE-140a.1	Water withdrawal data coverage as a percentage of total floor area, by property subsector	Percentage (%) by floor area	Industrial: 3.9% Office: 18.7%
	<p>Relevant factors that influence whole building energy coverage include:</p> <ul style="list-style-type: none"> <li>· Tenant privacy and triple net property types: due to its industrial nature, the portfolio is 98% tenant controlled, meaning the owner does not have access to utility bills to track and needs tenant authorization to receive data.</li> <li>· Geographical markets and administrative barriers: most properties are located in areas without aggregate water benchmarking and audit ordinances; therefore, the majority of utility providers do not have connection capabilities to ENERGY STAR Portfolio Manager and don't provide aggregate water data to owners upon request.</li> </ul>		
	Water withdrawal data coverage as a percentage of floor area in regions with High or Extremely High Baseline Water Stress, by property subsector	Percentage (%) by floor area	Industrial: 0.9% Office: 29.4%
IF-RE-140a.2	Total water withdrawn by portfolio area with data coverage by property subsector	Thousand cubic meters (m <sup>3</sup> )	Industrial: 59,019 m3 Office: 60,403 m3
	Percentage in regions with High or Extremely High Baseline Water Stress by property subsector	Percentage (%)	Industrial: 3.3% Office: 65%
IF-RE-140a.3	Like-for-like percentage change in water withdrawn for portfolio area with data coverage, by property subsector	Percentage (%)	Industrial: -43.6% Office: -32%



# MANAGEMENT OF TENANT SUSTAINABILITY IMPACTS

## SASB CODE: IF-RE-410a.3

**ACCOUNTING METRIC:** Discussion of approach to measuring, incentivizing, and improving sustainability impacts of tenants

## LXP RESPONSE:

LXP actively engages its tenants, providing valuable insight to promote sustainable tenant operations at the property level. LXP distributes resources to its property teams annually which give recommendations for sustainability projects and fit-out guides to circulate to tenants. Annual satisfaction surveys allow tenants to provide feedback and track sustainability features at the property. The surveys ask tenants about their willingness to share utility data and participate in green building certifications.

LXP works with tenants and property teams to benchmark and monitor tenant-paid utility data wherever available. LXP is also evaluating IOT meters, which will measure aggregate utility usage automatically. Green lease language has been incorporated into the LXP standard lease forms and has been implemented into 26 leases in 2021.

SASB CODE	ACCOUNTING METRIC	UNIT	LXP RESPONSE
IF-RE-410a.1	(1) Percentage of new leases that contain a cost recovery clause for resource efficiency related capital improvements and (2) associated leased floor area, by property subsector	Percentage (%) by floor area, Square feet (SF)	<p>0%/0 SF as of 12/31/2020</p> <p>LXP developed green lease language and incorporated it into their standard tenant lease forms in 2021. LXP's green leases include a cost recovery clause for resource efficiency related capital improvements.</p>
IF-RE-410a.2	Percentage of tenants that are separately metered or submetered for grid electricity consumption, by property subsector	Percentage (%) by floor area	<p>Industrial: 100%</p> <p>Office: 83%</p> <p>Other: 100%</p>
	Due to the triple net, industrial nature of the portfolio, most tenants pay the utility companies directly for their utility consumption. LXP relies on the tenants to share utility usage so that it can be tracked in ENERGY STAR Portfolio Manager. The new green lease language, implemented in 2021, has a clause which allows the landlord to install submeters to track consumption data.		
	Percentage of tenants that are separately metered or submetered for water withdrawals, by property subsector	Percentage (%) by floor area	<p>Industrial: 97%</p> <p>Office: 83%</p> <p>Other: 100%</p>

# MANAGEMENT OF CLIMATE CHANGE ADAPTION

## SASB CODE: IF-RE-450a.2

**ACCOUNTING METRIC:** As part of its Resilience Program, which is being developed to align with the Task Force on Climate-Related Financial Disclosures (TCFD) Framework, LXP assesses its portfolio and organizational risk to climate change-related impacts.

## LXP RESPONSE:



LXP utilizes a climate analytics software metrics to identify potential physical risk exposure from climate change across the portfolio. The software helps identify high-risk assets and uses this information to implement mitigation measures such as evaluating additional flood or storm insurance, installing low-flow fixtures or LED lighting to reduce utility usage, and implementing emergency preparedness plans. The software identified the following number of assets as High or Red Flag risks:

- **Earthquakes: 1 asset**
- **Floods: 25 assets**
- **Heat stress: 93 assets**
- **Hurricanes & Typhoons: 18 assets**
- **Sea-Level Rise: 1 asset**
- **Water Stress: 60 assets**
- **Wildfire: 25 assets**

Additionally, LXP evaluates risks occurring from the transition to a low-carbon economy. Transition risks include policy, legal, technology, market, and reputation risk. LXP analyzes increasing benchmarking disclosure, audit, performance mandates, and emissions limits regulations across the U.S. LXP's third-party ESG+R consultant evaluates transition risk during due diligence in our ESG+R acquisition assessments, including a review of required actions associated with regulatory risks.

Annual compliance is tracked and monitored across the LXP portfolio. LXP aims to identify and minimize any associated potential financial impacts on the LXP portfolio.

SASB CODE	ACCOUNTING METRIC	UNIT	LXP RESPONSE
IF-RE-450a.1	Area of properties located in 100-year flood zones, by property subsector	Quantitative, Square feet (SF)	Office: 155,925 GFA Industrial: 4,119,269 GFA





**LXP COMMUNITY AND ENGAGEMENT  
AND DIVERSITY, EQUITY, AND INCLUSION**





# COMMUNITY ENGAGEMENT

LXP recognizes the importance of our role in the local communities where our employees live and work and where LXP operates. In 2021, we conducted a virtual food drive in support of the North Texas Food Bank, allowing employees to give back to one of our local communities.

LXP provides its employees with paid time off to donate their time and talents for community causes. LXP looks forward to resuming group in-person volunteer opportunities as a company in 2022.

## DIVERSITY, EQUITY, AND INCLUSION

LXP is committed to promoting diversity, equity and inclusion in its company and industry. In 2020, LXP established a DEI committee with a mission to actively promote diversity, equity and inclusion among LXP's current and future stakeholders. LXP's DEI committee supports programs and initiatives to enhance and encourage inclusive values, behaviors, and norms.

LXP's DEI committee led the effort to adopt inclusive candidate sourcing methods, address unconscious interview bias, and standardize the candidate evaluation process, which has directly increased the diversity of new hires. LXP also successfully launched a 2021 DEI summer internship program, which it plans to continue in 2022.

LXP provides ongoing unconscious bias and allyship training and supports employee-led programs to showcase and celebrate the unique heritages and traditions of its employees. In 2021, LXP signed on to support the UN Women's Empowerment Principles and the CEO Action for Diversity and Inclusion. LXP also reported to the Bloomberg Gender-Equality Index for the first time in 2021. Through its DEI committee, LXP continues to look for opportunities to advance DEI goals. ([Link to policy.](#))







549 Wingo Road, Byhalia, Mississippi

## DISCLAIMER

This report contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which involve known and unknown risks, uncertainties or other factors not under LXP control which may cause actual results, performance or achievements of LXP to be materially different from the results, performance, or other expectations implied by these forward-looking statements.

These factors include, but are not limited to, those factors and risks detailed in LXP's filings with the Securities and Exchange Commission. Except as required by law, LXP undertakes no obligation to (1) publicly release the results of any revisions to those forward-looking statements which may be made to reflect events or circumstances after the occurrence of unanticipated events or (2) update or supplement forward-looking statements that become untrue because of subsequent events. Accordingly, there is no assurance that LXP's expectations will be realized. Portfolio data includes all properties at least 20% owned in calendar year 2020. Due to triple net nature of portfolio, occupancy amounts are estimates.



INDUSTRIAL TRUST