



KILROY REALTY CORPORATION

SUSTAINABILITY POLICIES

Effective Date – April 17, 2013

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ENERGY MANAGEMENT PLAN

Kilroy Realty Corporation is committed to ongoing energy management and commissioning of its buildings, systematically optimizing the building and its ancillary systems. Our goal is a 10% reduction in energy use by 2015 from 2010 levels. The building's energy information is monitored continuously via ENERGY STAR, where the energy, water, and gas usage information is uploaded every month. Unexplained (for example, by increased occupancy or unexpected temperature fluctuations) increases in energy uses are be addressed promptly by the property management and engineering teams. The ENERGY STAR tool is also used to evaluate progress towards the portfolio's energy performance goals.

Goals

Our goal is a 10% reduction in energy use by 2015 over 2010 performance. As such, the yearly goal is to decrease energy use by 2% annually.

Action Plan

In addition to continuous monitoring of energy usage information in ENERGY STAR, every 5 years each building will engage in retrocommissioning. These commissioning projects consist of these elements: planning, system testing, performance verification, corrective action response, ongoing measurement, and documentation. The CxA shall coordinate with the facilities manager, building operations staff, and engineer on scheduling, and integrate commissioning activities into the overall project schedule, per the LEED-EBOM Reference Guide.

Systems to be Commissioned

The following systems, including all components and controls, are to be commissioned on an ongoing basis:

1. Heating system and distribution
2. Cooling system equipment and distribution
3. Air-handling and fan-coil units and air distribution system
4. Ventilation and exhaust systems

5. HVAC controls
6. Lighting controls
7. Electrical submetering systems
8. Domestic hot water system.

Ongoing Commissioning Services

The following services define the scope of work for ongoing commissioning projects: Fully develop a detailed, ongoing commissioning program detailing the plan for system testing, performance verification, corrective action, and ongoing measurement. Include periodic, manual functional testing as part of the plan, in addition to a review of BAS trending.

1. Provide a plan for sensors and test equipment calibration.
2. List all building equipment relevant to the commissioning process, by system or component type.
3. Formulate an ongoing commissioning cycle based on this building equipment list.
4. Specify the frequency of performance testing for each item.
5. Provide roles and responsibilities, activities, and the schedule required to complete the ongoing commissioning of the facility.
6. Include a detailed schedule for completing the overall commissioning cycle, not to exceed 24 months in duration.
7. Identify procedures for responding to deviations from expected or preferred performance parameters.
8. Estimate a budget for each phase or task outlined in the commissioning cycle.

9. Revise, as needed, the building operating plan based on any changes in occupancy schedules, equipment run-time schedules, design set points, lighting levels, or building automation system programming.
10. Update, as necessary, the equipment specifications, operating manuals, and as-built control drawings after significant modifications or additions.

While performing these duties, consider the following for smooth, ongoing-commissioning operations:

1. The CxA shall conduct a review of documentation related to commissioned systems.
2. The CxA shall conduct a scoping meeting with the team members.
3. Additional and ongoing meetings will be required to plan, scope, coordinate, and resolve problems.

Evaluation of Progress

Progress is evaluated via constant monitoring of changes in usage via ENERGY STAR. Yearly, the building will undergo ENERGY STAR certification, and the PE hired for this work will make clear the progress the building has made over the previous year in terms of energy efficiency performance.

Review/Reassessment Process

Team shall review results from the PE for the ENERGY STAR certification, and, as applicable, the results from the ongoing commissioning report, to review building needs and revise goals. Projects identified in the retrocommissioning process that will pay themselves back in three years or less will be given priority in the next budget cycle. Progress is reviewed continuously, and there is a formal evaluation annually of performance and needed upgrades.

GHG MANAGEMENT PLAN

Our energy, water and waste reduction policies are in place to reduce the Greenhouse Gas Emissions of our buildings, and our goal is a 20% reduction in our direct GHG emissions by 2020 from 2010 levels. However, in recognition of the fact that the majority of our buildings' emissions are generated by the automobile trips of our tenants, each building in the KRC portfolio should endeavor to do the following:

- 1) Install electric vehicle charging stations at tenant request
- 2) Stripe 5% of parking for carpools/vanpools and 3% of parking for low-emitting and fuel efficient vehicles
- 3) Launch a carpool matching program, such as one managed by www.carpoolworld.com, to help tenants arrange carpools
- 4) Encourage use of alternative transportation through programs such as the Business Transit Access--Employer Annual Pass program (BTAP)

WATER MANAGEMENT PLAN

Exterior Use

In order to achieve landscaping water reductions greater than 50%, the following strategies are best practices for our portfolio:

1. Plantings: Plants selected for non-turf areas should be mostly drought-tolerant native species and range from low to medium water consumption. Turf grass should be avoided. A good example of an acceptable alternative is a bluegrass hybrid species that minimizes the overall ET rate and limits water consumption while retaining resilience during dry periods. Landscape beds should be densely planted with a mixed variety of native and ornamental plants to satisfy the project's aesthetic needs. Areas other than landscaping beds and turf areas should be planted with low-maintenance native species that will require minimal or no water upon establishment.
2. Irrigation Technology and Design: The landscaped areas should use a high-efficiency irrigation system that is zoned for watering needs. Irrigation zones are based on plant types, microclimate, water use, and sun exposure. Properties should consider installing an ET controller that optimizes watering levels. Areas of turf grass should use high-efficiency rotor-type sprinklers and the landscape beds should use drip irrigation. For the natural areas, temporary surface drip irrigation lines should be installed and removed within one year or upon establishment, whichever occurs first. In order to minimize moisture loss from the soil, all shrub areas should be mulched.

Interior Use

All buildings should install wherever possible:

1. .5 gpm faucet aerators. Buildings that have had .5 gpm faucet aerators are encouraged to retrofit to .35 gpm faucet aerators
2. Waterless urinals in locations where Kilroy is maintaining the janitorial services, and pint flush urinals where tenants are maintaining the janitorial services.
3. Either 1.28 gpf toilets or dual-flush toilets

WASTE MANAGEMENT PLAN

SOLID WASTE MANAGEMENT

SECTION 1: POLICY SCOPE

This policy applies to the collection, sorting, diversion, and disposal of ongoing consumables, durable goods, and building materials associated with facility alterations and additions accrued in the operations of all of our facilities and that are within the building and site management's control.

This policy will apply to, but is not limited to, the following types of materials:

- Ongoing Consumables, including but not limited to:
 - Paper
 - Cardboard
 - Glass
 - Plastic
 - Metals
 - Landscape waste
 - Batteries
- Mercury-containing lamps
- Durable Goods, including but not limited to:
 - Electronic equipment
 - Furniture
- Building Materials used in facility alterations and additions, including but not limited to:
 - Building components and structures (wall studs, insulation, doors, windows)
 - Panels
 - Attached finishings (drywall, trim, ceiling panels)
 - Carpet and other flooring material
 - Adhesives
 - Sealants
 - Paints and coatings

SECTION 2: POLICY GOALS

To manage solid waste in a manner that will:

- protect the environment and public health

- conserve natural resources
- minimize landfilling and/or incineration and reduce toxicity

SECTION 3: PERFORMANCE METRIC

The successful implementation of this policy will be measured by the ongoing recycling rate achieved. The recycling rate is derived by comparing the amount of consumables diverted from the landfill to those consumables sent to the landfill over a given time period. The policy's initial performance metric will be to achieve the reuse, recycling and/or composting of:

- At least 50% of the ongoing consumable waste stream (by weight or volume)
- At least 80% of discarded batteries
- 100% of all mercury-containing lamps within the building and site management's control
- At least 75% of the durable goods waste stream (by weight, volume, or replacement value)
- At least 70% of waste (by volume) generated by facility alterations and additions

SECTION 4: PERFORMANCE EVALUATION

The party(s) responsible under Section (5) shall periodically evaluate the success of this policy's implementation. This may include providing a report on an annual basis to senior management. Whenever possible, the annual reports should include an evaluation of the performance, safety, cost and environmental/public health benefits achieved through source reduction, reuse, and recycling. Reports should also relate the progress in meeting our stated objectives as set forth under Sections (2) and (3). Monthly reports, including waste recycling and/or disposal receipts, must be provided by the waste haulers/vendors to allow for ongoing documentation, monitoring and assessment of the program results.

SECTION 5: RESPONSIBLE PARTY

The Property Managers shall implement this policy in coordination with other appropriate organization personnel, including but not limited to, Facility Managers, janitorial staff and any contracted waste haulers. The Property Manager shall coordinate training, education and outreach programs throughout the organization, with the aim of promoting and maintaining the goals of this policy.

SECTION 6: PROCEDURES AND STRATEGIES

The following table lists recyclable wastes at the building site, their disposal method and handling procedures.

Source/Consumables	Disposal Method	Handling Procedure
Glass, Plastic, Metals, Paper/Newspapers, Cardboard (commingled)	Building occupants dispose of these recyclables in commingled recycling containers in each room or on each floor.	Amount of total commingled recycling is tracked and taken away by hauler on a regular basis (same schedule as current waste pickup) for recycling.
Mercury-containing Lamps	Custodial staff collects fluorescent lamps and stores the unbroken lamps for disposal.	Taken away by an authorized hauler for safe disposal, in accordance with local regulations on disposal of products containing mercury.
Batteries	Building occupants deliver batteries to a specially-designated collection point for disposal in the lobby of the building.	The building engineering team takes the batteries to the Marin Sanitary Service San Rafael hazardous waste collection site when the container of batteries is full.
Durable Goods (Electronic Waste and Furniture)	Building management sets up a drop off area periodically and provides a secure collection area to store durable goods that have reached the end of their life within the building but still have value and may be donated/re-used.	Amounts are tracked and taken away by an authorized hauler or re-use center on a regular basis for recycling.
Building Materials	Building management coordinates with contractors to collect construction waste for re-use/recycling.	Amounts are tracked and taken away by an authorized hauler at the end of the demolition/construction period for recycling.

SUSTAINABLE PURCHASING

SECTION 1: POLICY SCOPE

This policy applies to the sustainable purchasing at Kilroy Realty Corporation's office buildings and that are within the building and site management's control.

This policy applies to sustainable purchasing of the following types of products:

- Ongoing Consumables.
- Durable goods
- Building materials used in facility alterations and additions
- Mercury-containing lamps

Food and beverages are not included in the scope of this policy.

SECTION 2: POLICY GOALS

To purchase ongoing consumables in a manner that will:

- protect the environment and public health
- conserve natural resources
- minimize waste, including landfilling and incineration, and reduce toxicity

SECTION 3: PERFORMANCE METRIC

Sustainable Purchasing of Ongoing Consumables

The term "ongoing consumables" refers to low-cost-per-unit materials that are regularly used and replaced through the course of daily business operations. These products may include, but are not limited to: printing and copying paper, notebooks, envelopes, business cards, sticky notes, paper clips, toner cartridges, and batteries. Our goal is that at least 60% of the cost of goods purchased will comply with one or more of the following criteria:

- Contains at least 10% post-consumer and/or 20% post-industrial material
- Contains at least 50% rapidly renewable material (e.g., bamboo, cotton, cork, wool)
- Contains at least 50% materials harvested and extracted and processed within 500 miles of the facility
- Consists of at least 50% Forest Stewardship Council (FSC)-certified paper products
- Rechargeable batteries

We acknowledge the value of purchasing sustainable products and requires that vendor(s) support that effort when appropriate and/or possible. We request that vendor(s) notify us of recycled content and reduced packaging options or alternative products that would comply with the above specifications. Nothing contained in this policy shall be construed as requiring us to procure products that do not perform adequately for their intended use, exclude adequate competition, or are not available at a reasonable price in a reasonable period of time.

Sustainable Purchasing of Durable Goods

The term “durable goods” refers to higher-cost-per-unit materials that are replaced infrequently and/or may require capital outlays to purchase. These products may include, but are not limited to: office equipment (such as computers, monitors, printers, copiers, fax machines), appliances (refrigerators, dishwashers, water coolers), external power adaptors, televisions, and furniture. The purchasing criteria for these products fall into the following two categories.

Electronics and Appliances

Our goal is that at least 40% of the cost of goods purchased will comply with one or more of the following criteria:

- Energy Star labeled products, when available
- Electronic Product Environmental Assessment Tools (EPEAT) rated products (at least bronze level)
- The equipment replaces conventional gas-powered equipment, i.e. maintenance equipment and vehicles

Furniture

Our goal is that at least 40% of the cost of goods purchased will comply with one or more of the following criteria:

- Contains at least 10% post-consumer and/or 20% post-industrial material
- Contains at least 70% salvaged material from off-site or outside the organization
- Contains at least 70% salvaged material from on-site through an internal materials and equipment reuse program
- Contains at least 50% rapidly renewable material (bamboo, cotton, cork, wool)
- Contains at least 50% materials harvested, extracted and processed within 500 miles of the facility/site
- Consists of at least 50% Forest Stewardship Council (FSC) certified wood

We acknowledge the value of purchasing sustainable products and requires that vendor(s) support that effort when appropriate and/or possible. We request that vendor(s) notify us of Energy Star and sustainable furniture opportunities that would comply with the above specifications, as well as reduced packaging options.

Sustainable Purchasing: Facility Alterations and Additions

This policy covers materials that are permanently or semi-permanently attached to the building itself in the course of facility renovations, demolitions, refits and new construction additions. These products may include, but are not limited to: building components and structures (wall studs, insulation, doors, windows), panels, attached finishes (drywall, trim, ceiling panels), carpet and other flooring materials, adhesives, paints and coatings. Our goal is that at least 50% of the cost of goods purchased will comply with one or more of the following criteria:

- Contains at least 10% post-consumer and/or 20% post-industrial material
- Contains at least 70% salvaged material from off-site or outside the organization
- Contains at least 70% salvaged material from on-site through an internal materials and equipment reuse program
- Contains at least 50% rapidly renewable material (bamboo, cotton, cork, wool)
- Contains at least 50% materials harvested/extracted and processed within 500 miles of the facility/site
- Consists of at least 50% Forest Stewardship Council (FSC) certified wood
- Adhesives and sealants comply with SCAQMD rules governing allowable VOC content
- Paints and coatings comply with Green Seal's GS-11 requirements governing VOC emission levels
- Finished flooring is FloorScore-certified and constitutes a minimum of 25% of the finished floor area
- Carpet and carpet cushion meets the requirements of the Carpet and Rug Institute (CRI) Green Label Plus carpet testing program
- Composite panels and agrifiber products contain no added urea-formaldehyde resins

We acknowledge the value of purchasing sustainable products and requires that vendor(s) support that effort when appropriate and/or possible. We request that vendor(s) notify us of potential opportunities that would comply with the above specifications, as well as reduced packaging options.

Sustainable Purchasing: Toxic Material Source Reduction – Reduced Mercury in Lamps

We seek to reduce the amount of mercury brought into all sites through purchase of lamps for the buildings and associated grounds. Our goal is that at least 90% of the number of lamps purchased will meet the following overall mercury-content target:

- No more than 70 picograms of mercury per lumen-hour

KRC representatives acknowledge the value of purchasing low-mercury lamps and require that vendors support that effort when appropriate and/or possible. KRC requests that vendor(s) notify them of specific lamps and other opportunities that would comply with the above specifications, as well as reduced packaging options.

SECTION 4: PERFORMANCE EVALUATION

We and/or our vendors will record and track purchases on a monthly basis. Our personnel and/or vendor responsible for purchasing will report our purchases to the appropriate representative. Vendor is required to track and report our purchases monthly. Vendors will use the KRC Materials Purchasing Worksheet or a KRC approved alternative reporting method. Vendor is prepared to report the manner by which each product purchase meets the following purchasing criteria. Whenever possible, our personnel should include an evaluation of the environmental and public health benefits achieved through sustainable purchasing of the goods described under Section (3).

SECTION 5: RESPONSIBLE PARTY

The Property Managers shall implement this policy in coordination with other appropriate organization personnel

SECTION 6: PROCEDURES AND STRATEGIES

This policy covers purchases that are within the building and site management's control. Our personnel may use any qualifying vendor to procure the products described in Section (3), and are encouraged to also consider the following areas of interest:

Packaging

We desire to reduce waste generated through daily operations and recognizes that such reduction begins with the material that enters each facility/site. We will request that all items purchased be packaged and delivered with minimal packaging material. We reserve the right to request that vendors alter the packaging of goods delivered, when appropriate and/or possible.

Recycled Content

We request that all vendors provide recycled content options for goods when available. If a product is available with recycled content, vendor will disclose that option to the appropriate representative. If a product is available with recycled content, but we do not specifically request as such, the vendor will default to order the product with recycled content, unless it exceeds the cost of the conventional product by 10% or greater. Recycled content targets may be overridden at the discretion of our representatives if certain products with recycled content present themselves as cost-prohibitive.

CLIMATE CHANGE

Global climate change is one of the most critical issues facing the world today. In recognition of this fact, Kilroy Realty is committed to reducing its contribution to climate change. In addition to reducing the environmental impact of our new developments and the operations of our existing buildings, we disclose our carbon emissions information, which we obtain through ENERGY STAR's Portfolio Manager, to our stakeholders through the Global Real Estate Sustainability Benchmark. Our goal is a 20% reduction in our carbon emissions by 2020 from 2010 levels, and we will accomplish this goal through our efficiency programs.

HEATH AND SAFETY

Green Cleaning

All Kilroy Realty Corporation buildings must have Green Cleaning Plans. The purpose and intent of these Green Cleaning Plan is to minimize exposure of building occupants and maintenance personnel to potentially hazardous chemical, biological and particle contaminants which may adversely impact indoor air quality, health, building finishes and systems, and to minimize the impact of the building maintenance program on the environment. Additionally, it is intended to reduce the risk of both occupants and cleaning personnel from injury and/or health problems.

Cleaning methods set forth in these plans emphasize the removal of indoor pollutants and maintaining a safe and healthy environment while minimizing the amount of product used and the amount of waste that is created. Products include general purpose cleaners, bathroom cleaners, glass cleaners, carpet cleaners, disinfectants, floor care products, hand soaps, paper supplies for cleaning, paper supplies for bathrooms, and plastic trash bags. The product recommendations are meant to meet or exceed LEED EBOM 2009 IEQ Prerequisite 3 of acceptable cleaning products; however, substitute products may be used, provided they meet similar criteria. Products that do not contain environmental contaminants help reduce the ecological impact of cleaning products that are flushed into the water supply/filtration system. Green cleaning is one aspect in building maintenance that can reduce VOC as well as bacteria and fungi.

The promotion of a high quality indoor environment High Performance Green Cleaning Plan will have positive beneficial effects on occupant/employee health and productivity, life-cycle building maintenance costs, and the overall environment.

Green cleaning programs are specific to buildings, and each building must keep a copy of their specific policy.

Workplace Wellness

Waterless hand sanitizers promote and improve hand hygiene, and hand sanitizing stations will be maintained throughout all Kilroy buildings.

OSHA Blood-Borne Pathogen Standard

OSHA required procedures and training on the Blood-Borne Pathogen Standard 9 is not changed in a Healthy High Performance Cleaning program as the requirements are mandated by federal law. The Blood-Borne Pathogen Standard requires, among other things, the use of an EPA registered tuberculocidal product, or an EPA registered product with claims against both HBV and HIV.

RESILIENCE

Real estate companies own fixed, long-term assets that sit in a volatile, changing world. Creating more adaptability and resiliency in our buildings will give us a competitive advantage in our marketplace. As such, our goal is to have a portfolio that is as resilient as possible to any potential disruptions to our business, such as earthquakes, heat-waves, storms, sea-level rise, and other natural disasters.

Our policy is that every KRC building should have the ability to be operational as soon as is safely possible following a disaster. Suggested methods of achieving this goal include:

- 1) Structural design/retrofits for seismic events
- 2) Backup/Onsite power generation
- 3) Robust emergency communication system
- 4) High walkability to surrounding neighborhoods
- 5) Electric vehicle charging
- 6) Internet delivered through mesh network
- 7) Flood protection
- 8) Strong relationships with the surrounding community

Ensuring that our buildings are resilient will enable us to keep our insurance premiums low and safeguard our reputation to our tenants, investors, employees and other stakeholders.

BIODIVERSITY AND HABITAT

We recognize that our buildings can impact wildlife, endangered species, ecosystem services, and habitat. To mitigate these impacts, our biodiversity and habitat policy is threefold:

- 1) Conduct Environmental Impact Review (EIR) assessments in all new developments and major renovations where appropriate to ensure that we are not threatening biodiversity via our construction practices.
- 2) In addition, include climate-appropriate pollinator plants in all new landscape installations both in the new and existing portfolios. This is because, worldwide, roughly 1,000 plants grown for food, beverages, fibers, spices, and medicines need to be pollinated by animals in order to produce the goods on which our society depends. Unfortunately, there is disturbing evidence that pollinating animals have suffered from loss of habitat, chemical misuse, introduced and invasive plant and animal species, and diseases and parasites. We combat this issue this via reviewing the planting guides at The Pollinator Partnership (<http://pollinator.org/>) and incorporating their recommendations into our landscape designs.
- 3) We do not exterminate beehives that grow in inappropriate locations. Rather, we work with local nonprofits to relocate them. In addition, we are exploring the installation of beehives on roofs in the existing portfolio. The U.S. has lost over 50% of its managed honeybee colonies over the past 10 years, and by providing dedicated beehives we hope to support our local bee populations.

BUILDING MATERIALS

The following policies define the environmental attributes of the materials we use for our ground up development projects and major renovations:

- 1) Total materials used in development projects will achieve at least 20% recycled content.
- 2) Total materials used in development projects will achieve at least 10% regionally-sourced content (within 500 miles of the project site)
- 3) At least 50% of all new wood purchased will be FSC certified
- 4) All paints, coatings, adhesives and sealants will meet VOC limit guidelines as defined in the LEED for Building Design and Construction rating system.
- 5) All hard flooring products will be FloorScore certified.
- 6) All carpet materials will meet either GreenLabel or GreenLabel Plus certification.
- 7) All new furniture will meet either Greenguard certification or the California VOC limit.
- 8) Materials with Health and Environmental Product Declarations are encouraged.