
SUSTAINABILITY REPORT 2015

K I L R O Y

— 2015 HIGHLIGHTS



ENERGY STAR

Partner of the Year
2014, 2015, 2016

Sustained Excellence
2016



GRESB

Green Star
2013 - 2015

Sector Leader & #1
Ranking in North America
2014, 2015



NAREIT

Leader in the Light Award,
Office Sector 2014, 2015

At Kilroy Realty Corporation, we believe in aggressively pursuing **high-performance environmental building initiatives** that create economic value for our tenants, shareholders and employees.

A Word from our CEO



Topping a milestone year in 2014, 2015 solidified the Company's platform and leadership position in sustainability.

We once again made significant progress in reducing the environmental footprint of our operations and earned worldwide recognition for these initiatives.

The Global Real Estate Sustainability Benchmark (GRESB), the global real estate industry's most rigorous standard for sustainability performance, ranked us first in North America, out of 155 respondents, across all asset types for the second year in a row, and fifth globally out of 707 total respondents. In addition, the National Association of Real Estate Investment Trusts (NAREIT) again awarded us its Leader in the Light award for superior, comprehensive and continuous sustainability practices in the office sector.

Going forward, we will continue to operate our portfolio at the highest, reasonable level of environmental standards centered on the fundamentals of real estate sustainability, such as energy and water reductions, building certifications, recycling, composting, and green cleaning. We will focus on innovative ideas and strategies to help us maintain our leadership position.

Let's take a look at the numbers for 2015:

- We achieved a goal we set in 2010 to reduce energy use in the portfolio by 10% by 2015. In fact, in 2015 alone, we reduced energy use by an impressive 3.7%; our typical year-over-year decreases have so far been approximately 2%.
- We achieved a year early our 2012 goal of reducing water use in the portfolio by 10% by 2017. We reduced water usage by an outstanding 8.9% in 2015.
- The percentage of our portfolio certified under ENERGY STAR increased from 56% to 65%, encompassing 40 buildings, and we were honored to be recognized for the third year in a row with the ENERGY STAR Partner of the Year Award, winning its highest honor, Sustained Excellence, for the first time.
- We increased our recycling diversion rate from 51% to 54%.

We are the premier developer and operator of LEED properties on the West Coast. All of our development projects are built to LEED Platinum and Gold standards and our stabilized portfolio is 47% LEED certified. We believe that LEED certification is of central importance to prospective tenants because we provide environments that help our tenants attract and retain the most effective employees, and sustainability is highly important to today's modern workforce.



- Within our development program, we added over 577,000 square feet of LEED Gold certified space to our portfolio with the completion of the LinkedIn project.
- Given our increased focus on health and wellness, we continued our WELL certifications on two additional projects, both pilots in their asset classes.

Within our stabilized portfolio, we achieved certification of our LEED for Existing Buildings volume prototype, which will enable us to rapidly convert eligible existing buildings into state-of-the-art LEED certified properties. We have also had successes in our company-wide social and governance practices, which are also detailed in this report.

Now that we have achieved our original energy goal, we have undergone a science-based process to set our next reduction targets and are projecting to reduce energy use 11% from 2014 levels by 2020. Similarly, now that we have achieved our original water goal, we are targeting an additional 10% reduction in water from 2015 levels by 2020. Collaborating with our existing tenants on aggressive energy and water reduction projects in their spaces will remain a focus, supported by our green leasing efforts. Finally, we will play an increasing advocacy role; as our state and city representatives seek our input on the creation of new regulations that impact both new and existing buildings. We will continue to lead our industry in sustainable construction by developing state of the art facilities designed to the highest sustainability standards, and have several projects in the pipeline targeting LEED Platinum.

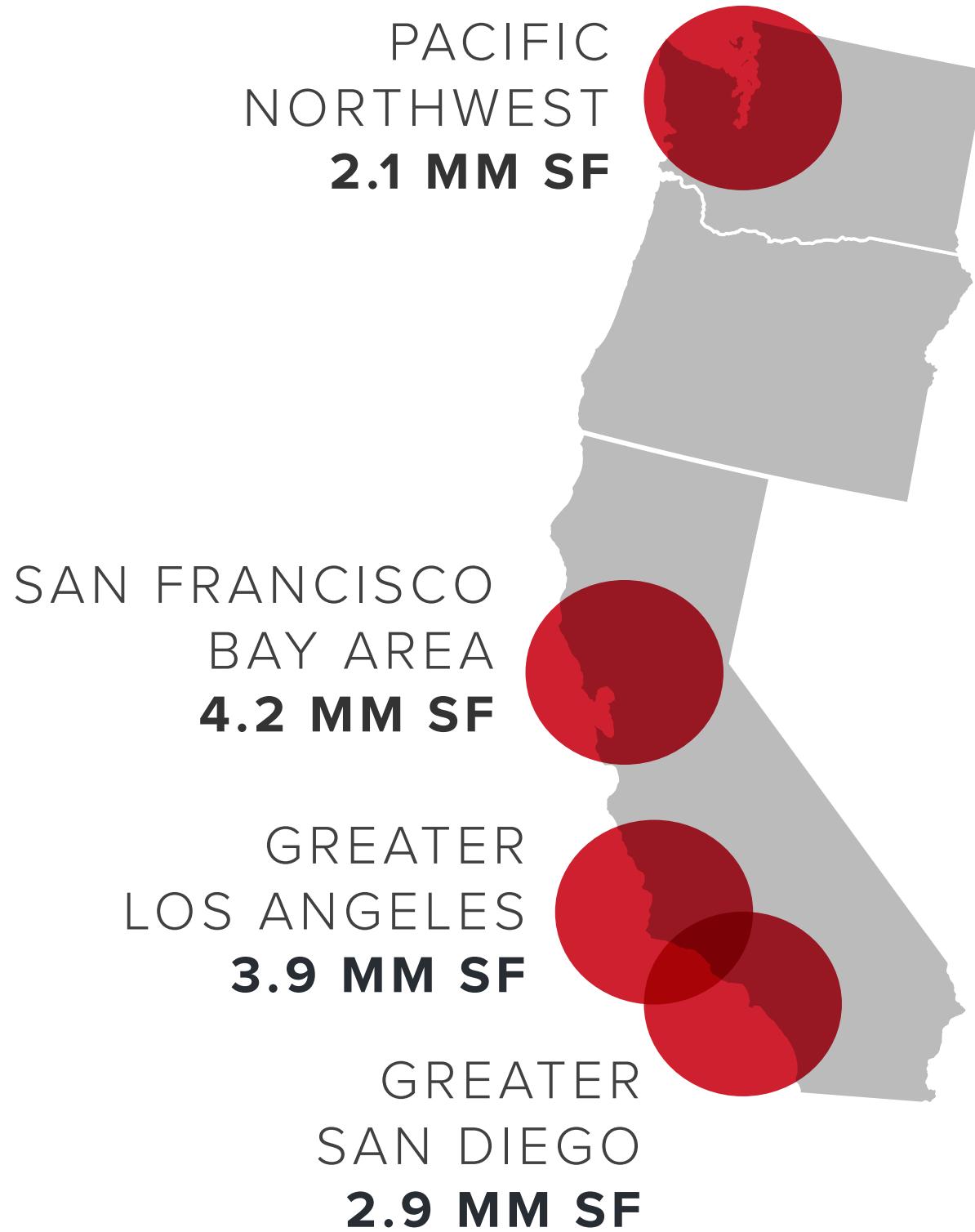
Our sustainability challenges include getting water projects to meet our financial targets, and expanding our programs to include both Health & Wellness and Resilience while still delivering the highest levels of excellence in sustainability in our core programs. We are confident that we will be able to navigate these concerns and grow our sustainability programs even further in coming years.

Our position as a world leader in developing and operating one of the highest sustainable office portfolios is an achievement we are proud of and expect to uphold. We will continue to aggressively pursue sustainability initiatives that bring value to our tenants, shareholders and employees. We look forward to reporting on even more achievements in 2016.

Sincerely,

John Kilroy

Chairman of the Board, President and Chief Executive Officer



Corporate Overview

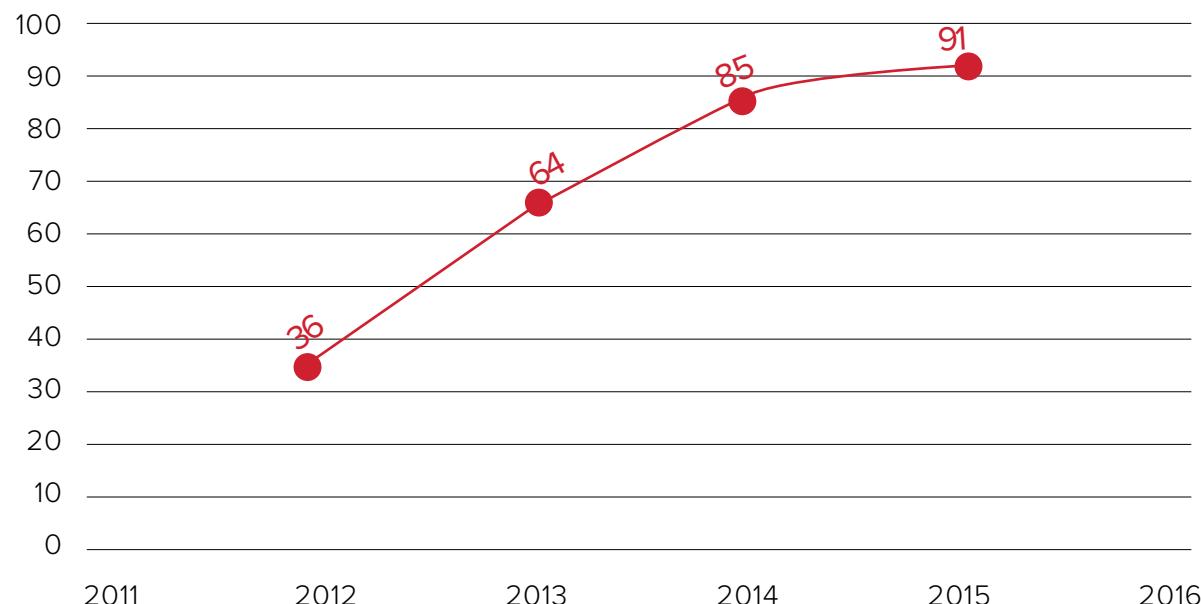
With nearly 70 years of experience owning, developing, acquiring, and managing real estate assets in West Coast real estate markets, Kilroy Realty Corporation (KRC), a publicly traded real estate investment trust and member of the S&P MidCap 400 Index, is one of the region's premier landlords.

The company provides physical work environments that foster creativity and productivity and serves a broad roster of dynamic, innovation-driven tenants, including technology, entertainment, digital media, and health care companies.

At December 31, 2015, the company's stabilized portfolio totaled 13.0 million square feet of office properties, all located in the coastal regions of greater Seattle, the San Francisco Bay Area, Los Angeles, Orange County and San Diego. Total revenue for the year ending December 31, 2015 was \$581.3 million, and our properties were 96.3% occupied. In addition, Kilroy Realty had approximately 1.9 million square feet of office and mixed-use development under construction with a total estimated investment of approximately \$1.2 billion.¹

¹ Our stabilized portfolio includes all of our properties with the exception of development and redevelopment properties currently under construction or committed for construction, undeveloped land, and real estate assets held for sale. Lease up properties are excluded. We define redevelopment properties as those properties for which we expect to spend significant development and construction costs on the existing or acquired buildings pursuant to a formal plan, the intended result of which is a higher economic return on the property. We define "lease-up" properties as properties we recently developed or redeveloped that have not yet reached 95% occupancy and are within one year following cessation of major construction activities. Our stabilized portfolio also excludes our future development pipeline.

KRC GRESB SCORE OVER TIME



Materiality

To define our report content, the sustainability team worked to gather, analyze and report all information that our various stakeholder groups would find relevant regarding our sustainability programs. This includes all information required for the GRI G4 'Core' In Accordance option as well as additional information relevant to our stakeholders.

To accomplish this, the sustainability team surveyed a representational cross section of both our own employees, and our external stakeholders. The external stakeholders included a tenant, an industry association, a competitor, a vendor, a Non-Government Organization (NGO), a local government representative, and an investor representative. We then shared this process with DNV GL, the third party who is verifying our sustainability report, and refined our disclosures based on their feedback. More information on third party verification can be found on page 66.

Influence on Stakeholders

- **Effluents and Waste**
 - Emissions
 - Supplier Environmental Assessment
 - Compliance (Social)
 - Market Presence
 - Health and Wellness
 - **Nondiscrimination**
 - Equal Remuneration for Men and Women
 - Occupational Health and Safety
 - Transport
- **Economic Performance**
 - **Energy**
 - **Water**
 - **Anti-corruption**
 - **Environmental Grievance Mechanism**
 - **Product and Service Labeling**
 - **Resilience**
 - **Transparency**
 - **Local Communities**
 - **Anti-competitive Behavior**
 - **Compliance (Environmental)**

Potential Impact on Business

- Biodiversity
- **Materials**
 - Consumer Health and Safety
 - Employment
 - Labor Practices
 - Grievance Mechanisms
 - Supplier Assessment of Labor Practices
 - Security Practices
 - Marketing Communications
 - Overall (Environmental)
 - Freedom of Association / Collective Bargaining
 - Investment (Human Rights)
 - Labor/Management Relations
 - Procurement Practices
 - Products and Services
- Overall (Environmental)
 - Child Labor
 - Forced / Compulsory Labor
 - Indigenous Rights
 - Assessment (Human Rights)
 - Supplier Human Rights Assessment
 - Human Rights Grievance Mechanisms
 - Indirect Economic Impacts
 - Supplier Assessment for Impacts on Society
 - Grievance Mechanisms for Impacts on Society
 - Marketing Communications
 - Consumer Privacy
 - Compliance (Product Responsibility)
- **Training and Education**
- **Diversity and Equal Opportunity**
- **Public Policy**



Kilroy Realty bikes for San Francisco tenant use

	Material within KRC	Material outside KRC
Economic		
Economic Performance	Yes	Yes
Environmental		
Materials	Yes	No
Energy	Yes	Yes
Water	Yes	Yes
Effluents and Waste	Yes	Yes
Compliance	Yes	Yes
Environmental Grievance Mechanisms	Yes	No
Social		
Training and Education	Yes	No
Diversity and Equal Opportunity	Yes	No
Non-discrimination	Yes	No
Local Communities	Yes	Yes
Anti-Corruption	Yes	Yes
Public Policy	Yes	No
Anti-Competitive Behavior	Yes	Yes
Product & Service Labeling	Yes	Yes
Aspects Not in GRI		
Resilience	Yes	No
Transparency	Yes	Yes

Stakeholder Engagement

Stakeholder Group	Level	Engagement Approach	Specific Topics of Discussion
Tenants	Property	<ul style="list-style-type: none"> Dedicated asset management teams Biennial tenant satisfaction surveys Social media Electronic Tenant Handbooks Quarterly tenant sustainability memos Tenant appreciation events In-person recycling revitalization training Competition participation Collaboration on efficiency projects Earth Day events 	Energy, Water, Recycling/Composting, Electric Vehicle (EV) Charging Stations, Bicycle Storage Infrastructure, Green Cleaning, Building Certifications, Awards, Green Leasing
Employees	Organization	<ul style="list-style-type: none"> Training programs and support Annual performance reviews Intranet site for internal communications Whistle-blower mechanism 	Energy, Water, Recycling/Composting, Building Certifications, Awards, Training and Education, Health/Wellness, Diversity/Equal Opportunity
Investors and Investment Partners	Organization	<ul style="list-style-type: none"> Quarterly earnings calls including Q&A with senior management Dedicated Investor Relations team Investor meetings and investor events Questionnaires and surveys Property tours 	GRESB Participation, Transparency, Governance, Energy, Water, Building Certifications, Community Relations, Resilience
Government	Organization	<ul style="list-style-type: none"> Attendance at sustainability hearings Collaboration throughout the permitting process Engagement with government representatives on sustainability issues Advocacy related to specific development projects Working group/committee participation for the development of new legislation 	Transit-Oriented Development, Transparency, Barriers to Utility Data Access, Benchmarking Ordinances, Energy
Brokers	Property	<ul style="list-style-type: none"> Annual broker appreciation event Regional broker appreciation events Attendance and hosting of various broker meetings Panel discussions/webinars 	Green Leasing, Utility Disclosure, Building Certifications, Green Building Standards
NGOs	Organization	<ul style="list-style-type: none"> Leadership, membership and employee participation in NGO activities Attendance at conferences and other industry events Employee volunteer-ism Corporate philanthropy Strategic partnerships 	Transparency, Building Certifications, Energy, Water, Recycling/Composting, Emissions, Smart Growth, District Energy Systems

Stakeholder Group	Level	Engagement Approach	Specific Topics of Discussion
Industry Associations	Organization	<ul style="list-style-type: none"> Active participation at conferences and meetings Participation on committees and leadership teams, such as Building Owners and Managers Association (BOMA) partnerships 	Transparency, Reporting Frameworks, Energy, Water
Contractors, Vendors and Suppliers	Property	<ul style="list-style-type: none"> Attendance at conferences and other industry events Contract development and interaction throughout duration of service One-on-one meetings and calls 	Procurement Practices, Materials, Energy, Water, Recycling/Composting, EV Charging infrastructure, Transparency
Media	Organization	<ul style="list-style-type: none"> Press releases Interviews with media regarding our operations and sustainability Events around significant achievements, such as groundbreakings Social media 	Transparency, Tenant/Broker/Investor Engagement, Energy, Water
Communities	Property	<ul style="list-style-type: none"> Hosting community events, such as emergency preparedness awareness events Interaction with communities throughout the development process, such as town hall meetings 	Smart Growth, Transit, Economic Development, Water, Energy
Asset/Property Managers (External)	Property	<ul style="list-style-type: none"> Biannual benchmarking calls Energy Efficiency Project Collaboration Recycling Revitalization Collaboration 	Transparency, Benchmarking, Demand Response, Energy, Water, Recycling/Composting, LEED certifications

Sustainability Objectives

STATUS	OBJECTIVES	PROGRESS
	Reduce energy use and GHG emissions by 10% from 2010 levels by 2015	Complete. In 2015 we achieved a 3.7% reduction, bringing our total reduction from 2010 levels to 11.3%. Using the Science Based Targets SDA Draft Tool, our new goal is an additional 11% reduction from 2014 levels by 2020.
	Reduce water use by 10% from 2012 consumption levels by 2017	Complete. We achieved a 8.9% reduction in 2015, bringing our total reduction from 2012 consumption levels to 10.0%. Our new goal is an additional 10% reduction from 2015 levels by 2020.
	Implement Green Leasing ²	Complete. All new leases in our stabilized portfolio and development projects meet Institute for Market Transformation (IMT) Green Leasing requirements.
	Achieve ENERGY STAR certification for 75% of eligible existing buildings by 2016	On track. We have achieved ENERGY STAR certification for 65% of eligible buildings, and hope to reach 75% by year-end 2016. ³
	Perform energy audits or retrocommissioning every 5 years on all existing buildings	On track. We pursued audits/retrocommissioning in over 2.9 million square feet of space in 2015.
	Achieve a recycling annual office waste diversion rate of at least 75% in the existing portfolio by 2020.	On track. We achieved an office waste diversion rate of 54% in 2015, a 3% increase from 2014 levels. Waste diversion is waste that is recycled or composted.
	Benchmark all energy, water and waste data on at least a monthly basis, including tenant data	Complete. We obtained utility consumption data in landlord-managed assets and 85% of tenant-managed assets in 2015.
	Engage tenants to reduce their environmental impact through regular communication and action-oriented programs	On track. More information on page 34.
	Maintain a portfolio-wide green cleaning program that would earn maximum points under LEED for Existing Buildings	Complete.
	Provide electric car charging stations per tenant needs	On track. More information on page 33.
	Enroll in the LEED EB Volume Program	Complete.

² Green leases align the financial and energy incentives of building owners and tenants so they can work together to save money, conserve resources, and ensure the efficient operation of buildings. Typical clauses allow for the recovery of energy efficiency expenditures, operational requirements around sustainability, and utility consumption disclosure.

³ Eligible buildings must be buildings of certain types (e.g. office but not laboratory) that have had 12 months of consistent occupancy.

New Development

STATUS	OBJECTIVES	PROGRESS
Q	All ground-up construction will pursue LEED Gold or Platinum certification, and all major renovations will pursue LEED Silver certification or better	On track. The three completed buildings this year, Sunnyvale Campus/505, 555, and 605 N Mathilda, all achieved LEED Gold. More information on page 41.
Q	Total materials used in development projects will achieve at least 20% recycled content	On track. All 2015 ground up development projects achieved this goal.
Q	Construction projects will achieve at least 75% diversion of construction waste from landfill	On track. All 2015 projects achieved this target.
O	Total materials used in development projects will achieve at least 10% regionally-sourced content (within 500 miles of the project site)	Partially on track. Our San Francisco and Seattle projects are achieving this but our Los Angeles and San Diego projects currently are not.

Industry Engagement

STATUS	OBJECTIVES	PROGRESS
Q	Participate in industry standard disclosures, such as GRESB, and create an annual sustainability report using GRI guidelines	On track. We have participated in GRESB since 2011 and have published annual sustainability reports since 2011.
Q	Participate in at least 10 industry-specific forums annually to communicate our best practices and learn from our peers	On track. More information on page 37.
Q	Earn recognition for our energy reduction efforts through the ENERGY STAR program	On track. We have been recognized as an ENERGY STAR Partner of the Year for the past three years and earned Sustained Excellence this year.

Program, Vision, Strategy

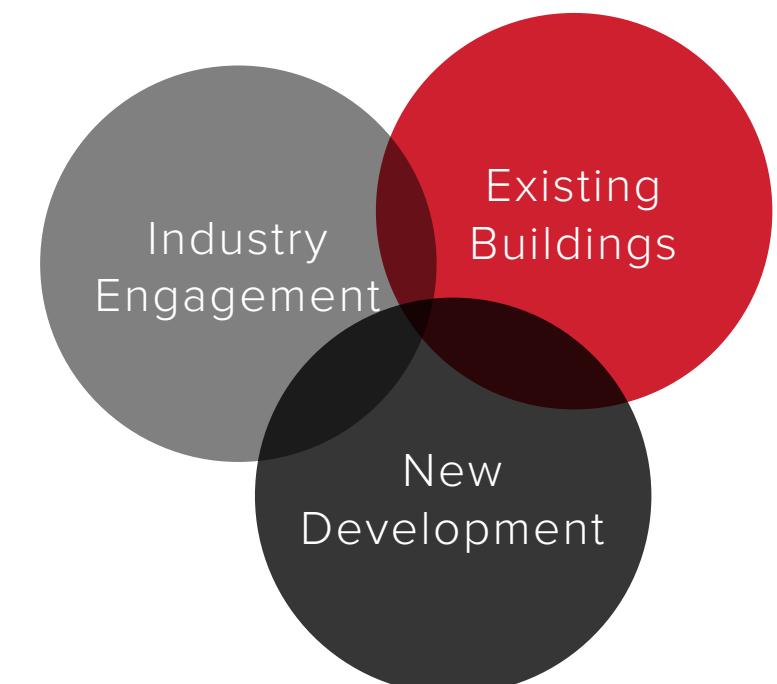
Our sustainability vision is a portfolio that minimizes the environmental impact of the construction and operation of our buildings while maximizing tenant comfort, health, and financial savings. We will accomplish this by achieving the highest level of performance in energy and water efficiency, waste management, tenant engagement, environmental construction, sustainable building operations, green building certifications, materials selection, and community involvement.

Our sustainability programs incorporate Social, Governance, and Environmental aspects of our operations.

- Social topics include our hiring practices and employee engagement, as well as our philanthropy and nonprofit partnerships.
- Governance issues span our corporate governance structures, disclosures and whistle-blower mechanisms as well as our relationship with certain stakeholder groups, such as investors.

We see our Environmental programs as comprising three interacting divisions: Existing Buildings, New Development, and Industry Engagement.

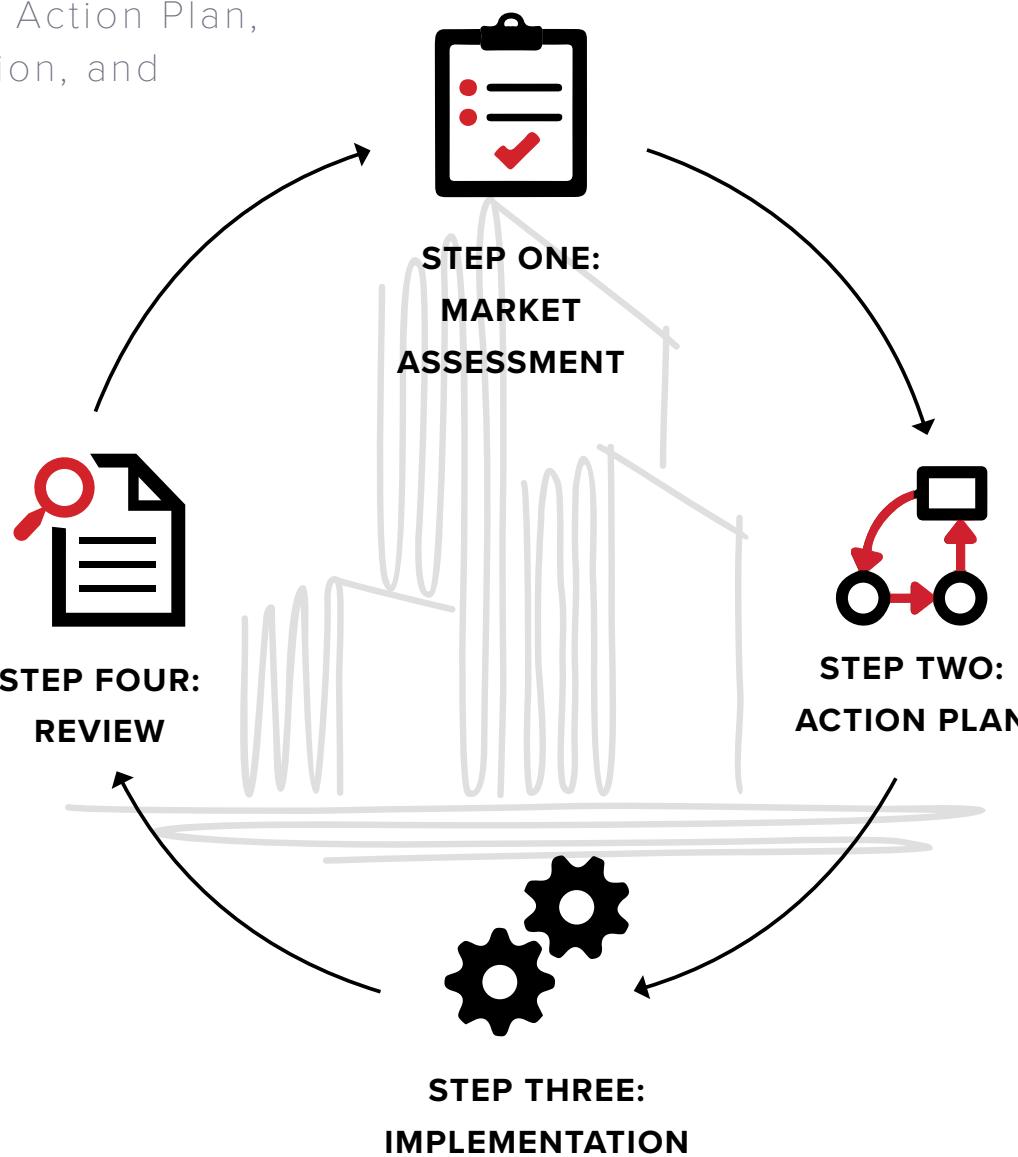
- Our Existing Buildings program spans all of our energy projects, water projects, recycling revitalizations, installations of electric vehicle charging stations, tenant engagement, indoor air quality testing, and the LEED for Existing Buildings Volume Program.
- The New Development program focuses on minimizing the environmental impact of ground up construction and major renovations projects, embracing environmentally-focused leading-edge building materials and technologies, WELL certifications (more information on WELL on page 63) and LEED certifications in the Building Design & Construction and Commercial Interiors rating systems.
- Finally, our Industry Engagement program is comprised of our sustainability disclosures to our investors and other stakeholders, our partnerships with sustainability-focused organizations, industry outreach efforts, our awards, philanthropy and the creation of our annual sustainability report.



We identified the critical issues within these areas to be included in our sustainability programs via a Materiality process. More information on our materiality process can be found on page 8.

Sustainability Strategy

Our sustainability strategy involves four stages: Market Assessment, Action Plan, Implementation, and Review⁴



THE FIRST STAGE IS **MARKET ASSESSMENT**, WHICH ALLOWS US TO IDENTIFY SUSTAINABILITY TRENDS IN REAL ESTATE.

We learn about these trends via educational events, participation in relevant sustainability committees, other industry forums, and trade publications. We then assess the performance of our existing operations and buildings in relation to these trends. For example, given the increasing interest in Health in our market, we have looked at our existing Health & Wellness programs and determined that we needed to make them more formal. Key trends in 2015 included human health in buildings, as well as resilience programs.

WE THEN **FORMULATE AN ACTION PLAN**, SUCH AS DEVELOPING A NEW TRAINING MODULE, WHICH WE THEN **IMPLEMENT**.

For example, based on a Market Assessment we decided that tenants would embrace turf removal for water reduction, so we created and then implemented a large turf removal project in Long Beach.

WE THEN **REVIEW OUR RESULTS**, WHICH INVOLVES TASKS SUCH AS MONITORING THE BEFORE-AND-AFTER ENERGY CONSUMPTION OF A PROPERTY.

This last stage then informs our analysis of available market research and allows us to create and modify our action plans in an ongoing process of continuous improvement. For information about our governance objectives, please see our proxy statement at <http://phx.corporate-ir.net/phoenix.zhtml?c=79637&p=irol-sec>. While various aspects of our operations are constantly in each of the four stages, the entire process for any particular initiative takes approximately two years, and the market assessment phase particularly impacts our investment activities. For example, our Market Assessment indicated that human health concerns are a growing topic of interest for our tenants, so we invested in indoor air quality testing at 11 of our properties in 2015.

We also use this strategy to tackle specific challenges. For example, though we have executed many energy and water efficiency projects in our existing portfolio, we knew that other efficiency projects that met our financial thresholds were not launched because of our capital budget process. Specifically, it was the responsibility of each asset management team to include efficiency projects in their budgets, but then these teams often cut these projects when budget reductions were required. To solve this problem, we conducted a Market Assessment and learned that creating an independent sustainability budget was a leading best practice. As a result, we decided to create a separate capital budget solely focused on energy and water efficiency projects so that more of these projects could be executed each year.

⁴ We used the Plan, Do, Check, Act stages of the Deming Cycle as the foundation for our strategy.

Existing Buildings

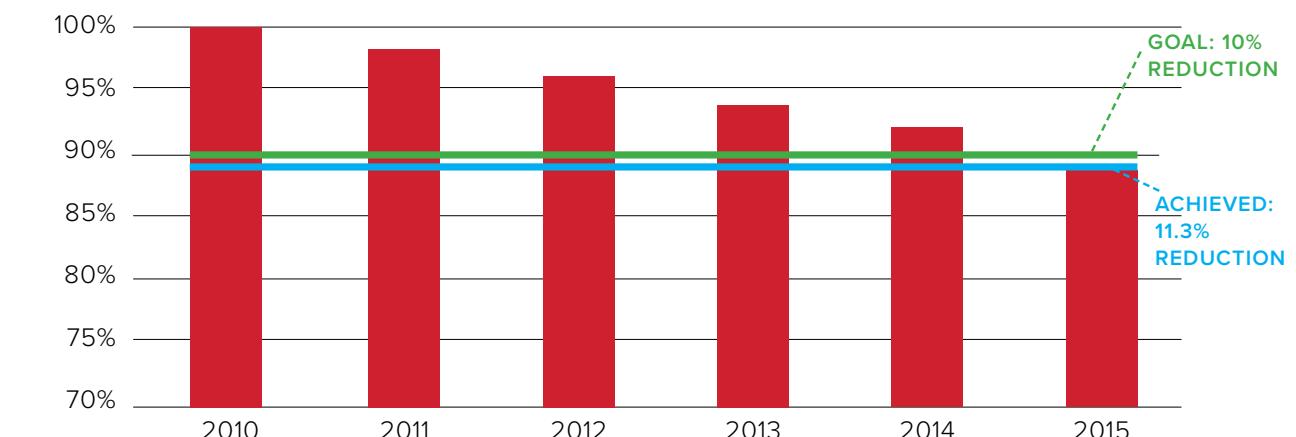
Energy Highlights

Managed Assets			Absolute Consumption				Like-for-Like Consumption			5, 6	
			2014		2015		2014	2015			
			Consumption (MWh)	Consumption (MWh)	Data Coverage (sf)	Max Coverage (sf)	Consumption (MWh)	Consumption (MWh)	Like-for-Like Change (%)		
Whole Building	Combined Consumption Common Area & Tenant Space	Fuels	14,301	11,940	7,313,410	7,313,410	13,206	11,940	-9.59%		
		District Heating & Cooling	80,768	75,959	4,725,000	4,725,000	80,768	75,959	-5.95%		
		Electricity	44,891	41,206	2,588,410	2,588,410	41,070	41,206	0.33%		
Total Energy Consumption Whole Building			139,960	129,106	N/A	N/A	135,044	129,106	-4.40%		
Total Energy Consumption Managed Assets			139,960	129,106	N/A	N/A	135,044	129,106	-4.40%		
Managed Assets			Absolute Consumption				Like-for-Like Consumption				
			2014	2015			2014	2015			
			Consumption (MWh)	Consumption (MWh)	Data Coverage (sf)	Max Coverage (sf)	Consumption (MWh)	Consumption (MWh)	Like-for-Like Change (%)		
Whole Building	Whole Building	Fuels	37,733	41,736	5,967,814	7,234,029	29,214	28,216	-3.41%		
		District Heating & Cooling			N/A	N/A					
		Electricity	89,058	101,856	5,967,814	7,234,029	58,932	57,629	-2.21%		
	Outdoor/Exterior Areas/Parking	Fuels			N/A	N/A					
		Electricity	641	683	N/A	N/A	641	683	6.62%		
Total Energy Consumption Indirectly Managed Assets			127,432	144,276	N/A	N/A	88,786	86,529	-2.54%		
Total Renewable Energy Usage			4,299	4,278	N/A	N/A	4,299	4,278	-0.50%		
Total Energy Consumption Whole Portfolio			267,391	273,381	N/A	N/A	223,830	215,634	-3.66%		

⁵ The absolute portfolio includes all buildings owned for any portion of 1/1/2014-12/31/2015. These assets total 14,969,723 square feet. Of these assets, 50.3% are directly managed and 49.7% are indirectly managed.

⁶ Energy consumption is calculated via utility bills by our 3rd party utility billing vendor, Goby. Energy reductions are calculated via comparing the January-December bills for the like for like portfolio. Buildings are excluded from the like for like portfolio if they were bought or sold within the current or previous reporting period, or if there was a 50% or more change in occupancy.

YEAR OVER YEAR ENERGY CONSUMPTION PERCENTAGE REDUCTION



Demand Response Dashboard

- Completed final Demand Response testing for 2.2 million square feet of space (16.9% of stabilized portfolio) in San Francisco, Calabasas, and Irvine. Signed all the contracts for Demand Response participation with our tenant, DirecTV, another ENERGY STAR Partner of the Year winner.
- Completed 1 million square feet of ASHRAE Level II energy audits⁷ (7.7% of total stabilized portfolio) in conjunction with LEED for Existing Buildings certifications.
- Completed 1.8 million square feet (14% of stabilized portfolio) of retrocommissioning in San Francisco, Menlo Park and Long Beach. A great example of a retrocommissioning project is our 303 Second Street building (740,747 square feet) which went through retrocommissioning in 2014 and then spent 2015 implementing findings. Through working with Pacific Gas & Electric (PG&E) on the incentives, the building was able to reduce its energy use by 10%, over two million kWh, and received a rebate of over \$86,000 from the utility for doing this work. Similarly, our Menlo Park campus completed its retrocommissioning project this year and received a rebate of over \$71,000 from PG&E.
- Continued our partnership with Gridium to get weekly energy load profile analysis information for our Southern California Edison (SCE), Los Angeles Department of Water & Power (LA DWP) and PG&E buildings.
- In 2015 we began a partnership with MACH Energy to provide us a weekly load profile analysis in San Diego. We experienced a 7% drop in overall energy consumption on average in the buildings enrolled with MACH.
- Piloted Protecall, a coating product for rooftop HVAC equipment that keeps metal ductwork cool which we learned about via our stakeholder engagement process, in particular our attendance at industry forums. We piloted the product in one building in Calabasas, and that unit experienced a 16.26% kW reduction.



Our Menlo Park team receives their retrocommissioning rebate check from PG&E

⁷ This is a standard for audits created by the American Society of Heating, Refrigerating and Air-Conditioning Engineers (ASHRAE).



Protecall white duct coating

As a result of this successful pilot, we were able to mobilize funds to do 17 additional installs in Menlo Park, Santa Monica, Los Angeles, and San Diego in 2015.

- We piloted AspenAir filter, an electrified filter that reduces fan energy, in San Francisco and saw a 31% reduction in fan speed. We were excited to roll this product out to the California portfolio, but the AspenAir company folded in September 2015. We understand that working with cutting edge companies means that not all survive, and we will continue to do innovative pilots as a core part of our energy reduction programs.
- Continued to upgrade our Building Automation Systems (BAS), and in 2015 undertook extensive upgrades in 2.6 million square feet of property in San Diego, Seattle, El Segundo, Menlo Park, and San Francisco. Conservatively estimating that this will help these buildings reduce their energy use by just 1%, these upgrades should save 426,309 kWh a year, or approximately \$76,700.
- Completed extensive major upgrades in 30% of our properties and minor upgrades across most of the portfolio, including upgrading from pneumatic to Direct Digital Controls (DDC), installing Variable Frequency Drives (VFDs), implementing retrocommissioning findings, replacing pumps and fans, installing new compressors, and further installations of an HVAC oil-fouling removal technology called Permafrost.
- We completed four LED lighting projects spanning approximately 1 million square feet.
- Our total estimated financial investment in energy efficiency improvements in the existing portfolio totaled approximately \$6.7 million.



303 Second Street Lobby, San Francisco



360 Third Street Roof Deck, San Francisco



Key Center, Bellevue



Liberty Station, San Diego

BOMA 360 Certified Projects

Project Name	Region	Sq. Ft.
Fremont Lake Union Center/801 N 34th Street	Seattle	169,412
Key Center	Bellevue	488,470
100 First Street	San Francisco	467,095
303 Second Street	San Francisco	740,047
360 Third Street	San Francisco	429,796
Santa Fe Summit/7525 Torrey Santa Fe	San Diego	103,979
Santa Fe Summit/7535 Torrey Santa Fe	San Diego	130,243
Santa Fe Summit/7545 Torrey Santa Fe	San Diego	130,354
Santa Fe Summit/7555 Torrey Santa Fe	San Diego	101,236
Kilroy Centre Del Mar/3579 Valley Centre Drive	San Diego	50,677
Kilroy Centre Del Mar/3611 Valley Centre Drive	San Diego	130,047
Kilroy Centre Del Mar/3661 Valley Centre Drive	San Diego	129,051
Kilroy Centre Del Mar/3721 Valley Centre Drive	San Diego	114,780
Kilroy Centre Del Mar/3811 Valley Centre Drive	San Diego	112,067
Liberty Station	San Diego	103,900
Total		3,401,154
Percent of Total Portfolio		25%

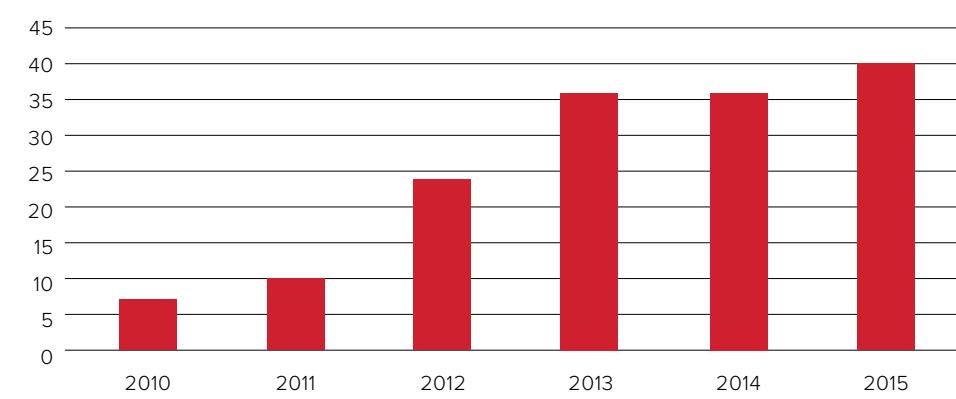
ENERGY STAR Certifications

Project Name	Region	Sq. Ft.
Fremont Lake Union Center/801 N 34th Street	Seattle	169,412
Westlake Terry/320 Westlake Avenue N	Seattle	184,643
Westlake Terry/321 Terry Avenue N	Seattle	135,755
Plaza Yarrow Bay/10220 NE Points Drive	Kirkland	49,851
Key Center	Bellevue	488,470
Skyline Tower	Bellevue	416,755
100 First Street	San Francisco	467,095
303 Second Street	San Francisco	740,047
201 Third Street	San Francisco	346,538
360 Third Street	San Francisco	429,796
250 Brannan Street	San Francisco	95,008
301 Brannan Street	San Francisco	74,430
Menlo Corporate Center/4300 Bohannon Drive	Menlo Park	63,079
Menlo Corporate Center/4400 Bohannon Drive	Menlo Park	48,146
331 Fairchild Drive	Mountain View	87,147
Park Sorrento/23975 Park Sorrento	Calabasas	104,797
Park Sorrento/24025 Park Sorrento	Calabasas	108,671
2829 Townsgate Road	Westlake Village	81,067
Westside Media Center/12100 W Olympic	Los Angeles	150,117
Westside Media Center/12200 W Olympic	Los Angeles	150,167
Tribeca West	Los Angeles	151,029
3130 Wilshire Boulevard	Santa Monica	88,340
2100 Colorado Avenue	Santa Monica	102,864
501 Santa Monica Boulevard	Santa Monica	73,115
Sunset Media Center	Los Angeles	324,617
Kilroy Airport Center/3760 Kilroy Airport Way	Long Beach	165,278
Kilroy Airport Center/3780 Kilroy Airport Way	Long Beach	219,745
Kilroy Airport Center/3800 Kilroy Airport Way	Long Beach	192,476
Kilroy Airport Center/3900 Kilroy Airport Way	Long Beach	126,840
2211 Michelson Drive	Irvine	271,556
Kilroy Sabre Springs/13290 Evening Creek Drive	San Diego	61,180
Kilroy Sabre Springs/13480 Evening Creek Drive	San Diego	149,817
Kilroy Sabre Springs/13500 Evening Creek Drive	San Diego	147,533
Kilroy Sabre Springs/13520 Evening Creek Drive	San Diego	141,128
Santa Fe Summit/7525 Torrey Santa Fe	San Diego	103,979
Santa Fe Summit/7535 Torrey Santa Fe	San Diego	130,243
Santa Fe Summit/7555 Torrey Santa Fe	San Diego	101,236
Kilroy Centre Del Mar/3721 Valley Centre Drive	San Diego	114,780
Mission City Corporate Center/2385 Northside Drive	San Diego	89,023
Liberty Station	San Diego	103,900
Total		7,249,670
Percent Certified of Eligible Portfolio		65%

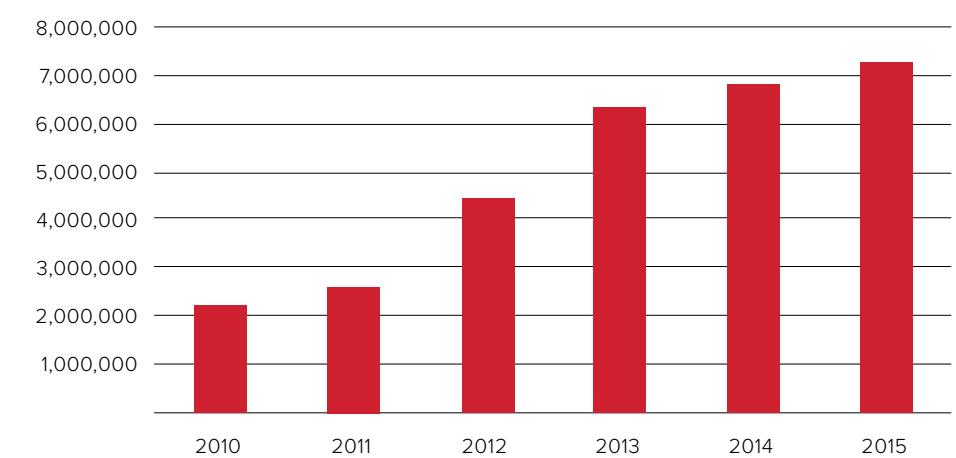


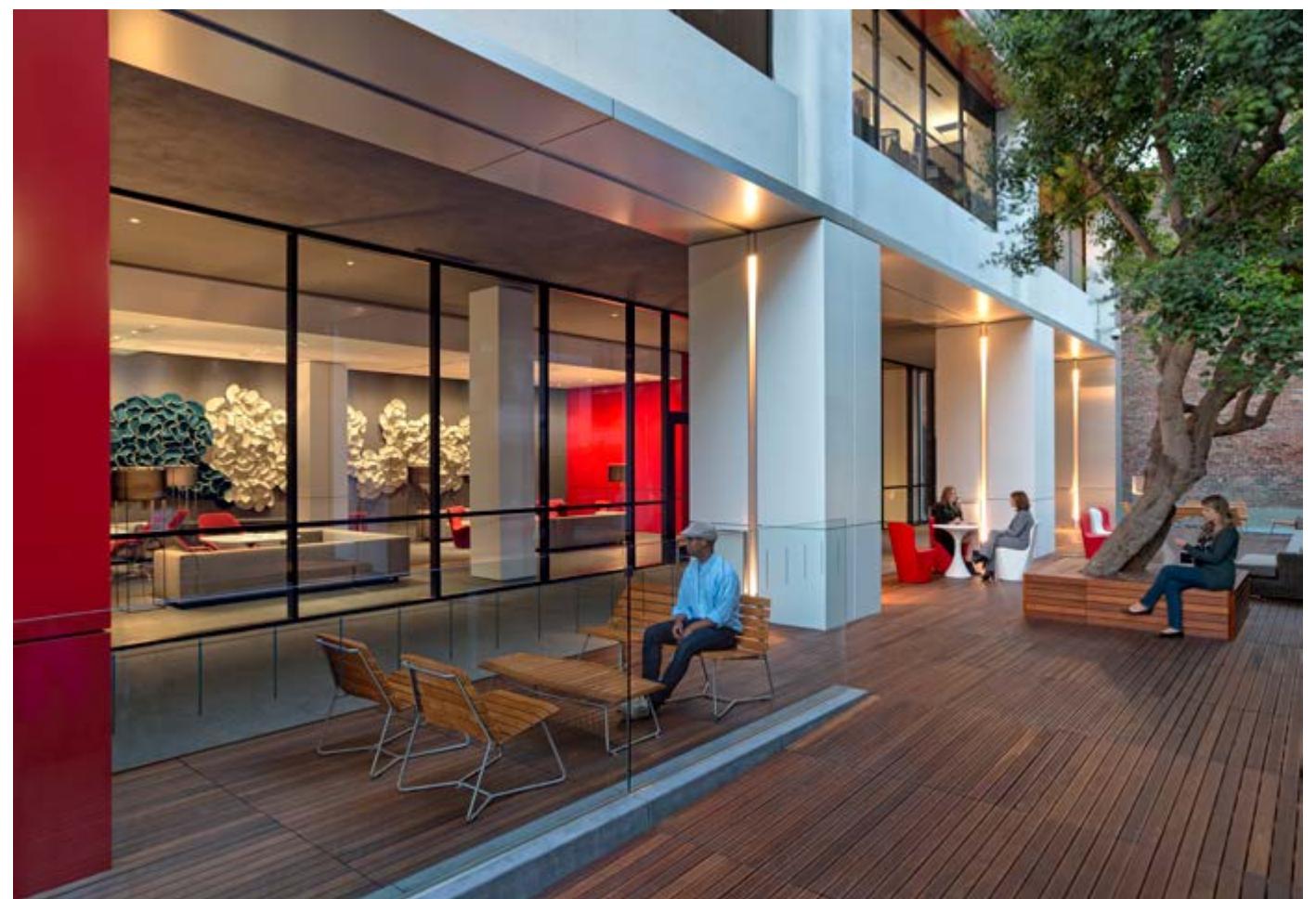
Sara Neff, Senior V.P. of Sustainability at Kilroy Realty accepts the 2015 ENERGY STAR Partner of the Year Award from Jean Lupinacci, Chief, ENERGY STAR Commercial and Industrial Branch at U.S. Environmental Protection Agency

NUMBER OF ENERGY STAR CERTIFIED BUILDINGS

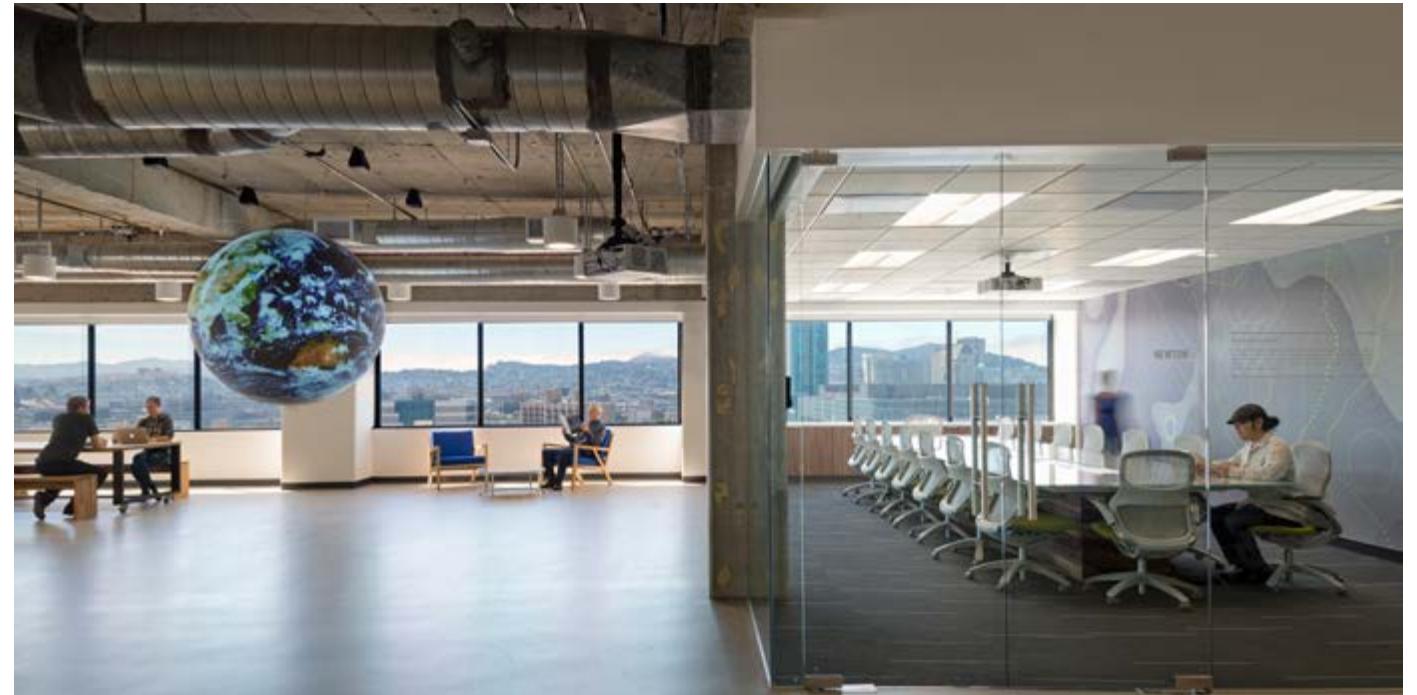


ENERGY STAR CERTIFIED SQUARE FOOTAGE





201 Third Street, LEED Gold certified



201 Third Street Tenant Space, Climate Corporation



Energy Project Case Study

By utilizing free outside air via installing a Fan Wall system, our 201 Third Street building drastically saved on overall energy consumption building wide while reducing the building's CO₂ footprint.

A Fan Wall system increases the amount of naturally cool outside air and distributes it throughout the building. This in turn, keeps the HVAC system cooling mode off and provides savings to the building in the form of energy costs, repairs, upgrades, and maintenance costs. San Francisco's weather is the perfect mild climate for a system like this.

Kilroy Realty purchased this Class B property in 2011, and has since transformed it into a fully occupied, modern, customer focused, Class A office building. 201 Third Street was designed in the early 80's as an open mart. The building suffered from major circulation problems as well as excessive mechanical cooling loads and high energy costs.

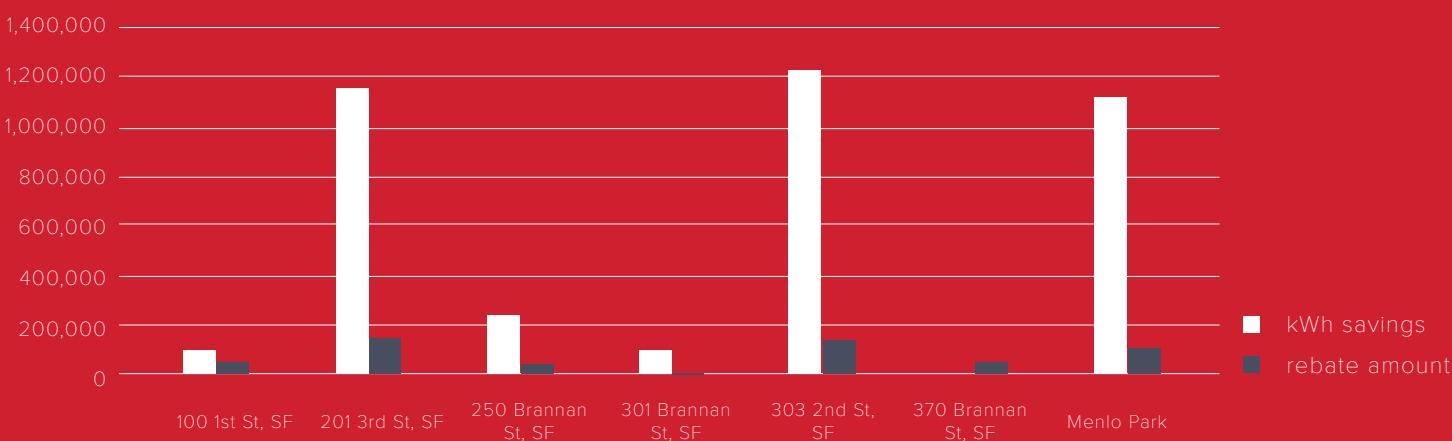
To properly house the new Fan Wall system, the building built a new mechanical rooftop penthouse. The Fan Wall System was integrated into existing HVAC Controls and FLS Systems, which required a redesign of the mechanical operations of the building. The building had to complete a mechanical riser shutdown during the project, which necessitated tenant coordination, contractor coordination,

and temporary elevator closures. In addition, a crane was needed to bring the larger material items to the roof which had inherent coordination obstacles/requirements. Additional issues included draft adjustments, pressure issues, and tenant education. The 201 Third Street Engineering team worked diligently to find the proper balance/settings for the dampers, weights, fans, etc. to make sure the system was working optimally.

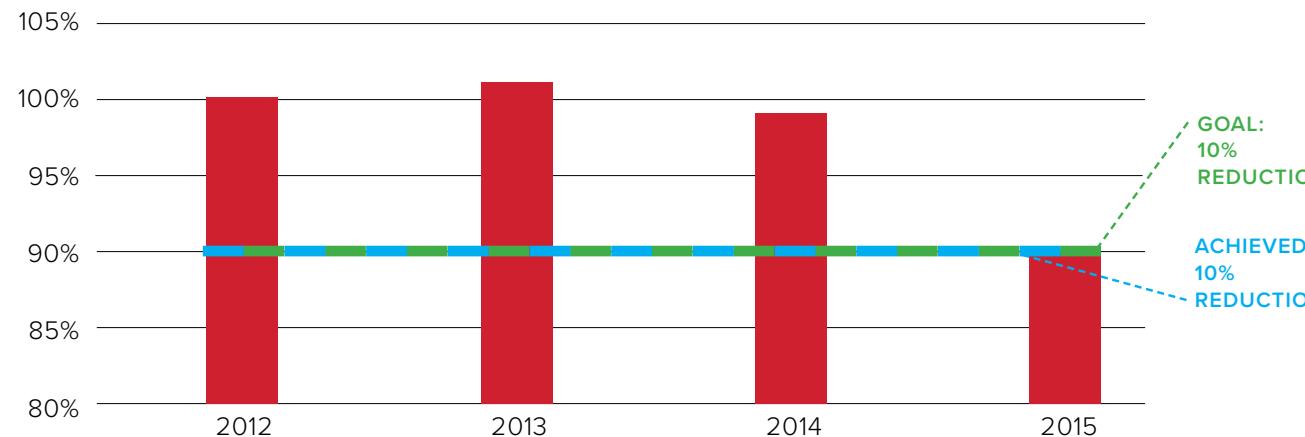
The 201 Third Street Fan Wall project cost approximately \$960,000 to implement. The building expects a 20% yearly savings on electricity/energy usage. In addition, the building received an \$85,000 incentive from PG&E, bringing the payback to four years.

Other benefits include reduced HVAC equipment operation cost, reduced maintenance costs, improved indoor air quality and reduced the opportunity for airborne illness. As a result of this project and other optimizations, the building has reduced its yearly electricity consumption 18.1% and its gas 56.3% since 2014.

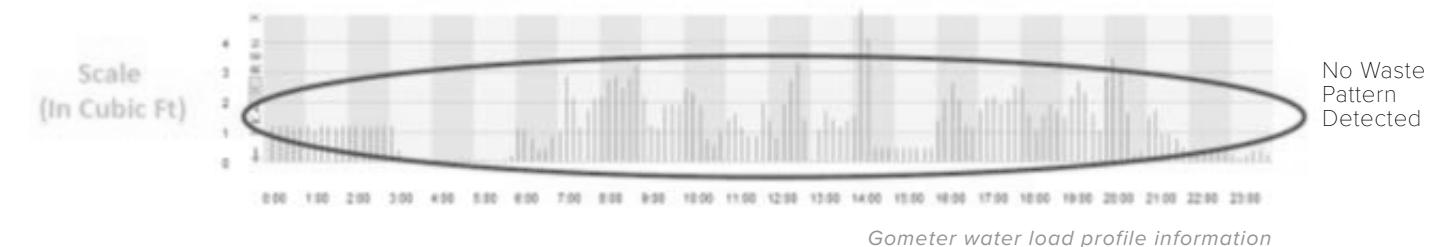
PG&E UTILITY INCENTIVES IN KRC PROPERTIES, 2010-2015



YEAR OVER YEAR WATER CONSUMPTION PERCENTAGE REDUCTION



12100 WEST OLYMPIC BLVD WATER CONSUMPTION PROFILE



Water Highlights

- Achieved a 8.9% reduction in water use from 2014 levels, an impressive achievement, bringing our total reduction from 2012 levels to 10%. While we executed a variety of water-saving projects, we believe this large reduction was largely driven by legislation restricting outdoor watering as a result of the drought.
- Completed a major turf removal project in Long Beach that resulted in a savings of over 3 million gallons from 2014 levels, a 13% reduction in campus consumption overall
- Completed a major irrigation retrofit in 11 San Diego buildings resulting in another 3 million gallon annual savings and an 18% reduction in overall consumption
- Installed autoflush valves on toilets and faucet aerators to reduce domestic water use
- Saved nearly 22.3 million gallons of potable water via our reclaimed water infrastructure
- Became the first commercial installers in California to specify extremely low flow 1.1 gpf toilets in addition to waterless urinals in our development projects.
- Piloted goMeter, which provides 15 minute interval data for water consumption
- All of our water, other than captured and reused rainwater, is sourced from municipal systems.
- Our total estimated financial investment in water efficiency improvements in the existing portfolio totaled approximately \$900,000.

Managed Assets		Absolute Consumption				Like-for-Like Consumption		
		2014		2015		2014	2015	
		Consumption (kgal)	Consumption (kgal)	Data Coverage (sf)	Max Coverage (sf)	Consumption (kgal)	Consumption (kgal)	Like-for-Like Change (%)
Whole Building	Combined Consumption Common Areas + Tenant Space	133,685	121,056	7,313,410	7,313,410	126,529	121,056	-4.3%
Total Water Usage Whole Building		133,685	121,056	N/A	N/A	126,529	121,056	-4.3%
Total Water Usage Managed Assets		133,685	121,056	N/A	N/A	126,529	121,056	-4.3%
Total Reclaimed Water Usage Managed Assets		12,337	11,077	N/A	N/A	11,472	11,077	-3.4%

Indirectly Managed Assets		Absolute Consumption				Like-for-Like Consumption		
		2014		2015		2014	2015	
		Consumption (kgal)	Consumption (kgal)	Data Coverage (sf)	Max Coverage (sf)	Consumption (kgal)	Consumption (kgal)	Like-for-Like Change (%)
Whole Building	Common Areas	71,564	62,846	6,135,081	7,234,029	40,385	38,583	-4.5%
Outdoor/Exterior Areas/Parking		45,808	36,084	N/A	N/A	33,656	23,152	-31.2%
Total Water Usage Indirectly Managed Assets		117,372	98,930	N/A	N/A	74,041	61,735	-16.6%
Total Reclaimed Water Usage Indirectly Managed Assets		5,348	11,211	N/A	N/A	5,049	6,200	22.8%

Total Water Usage Whole Portfolio | 251,058 | 219,986 | N/A | N/A | 200,570 | 182,791 | -8.9%

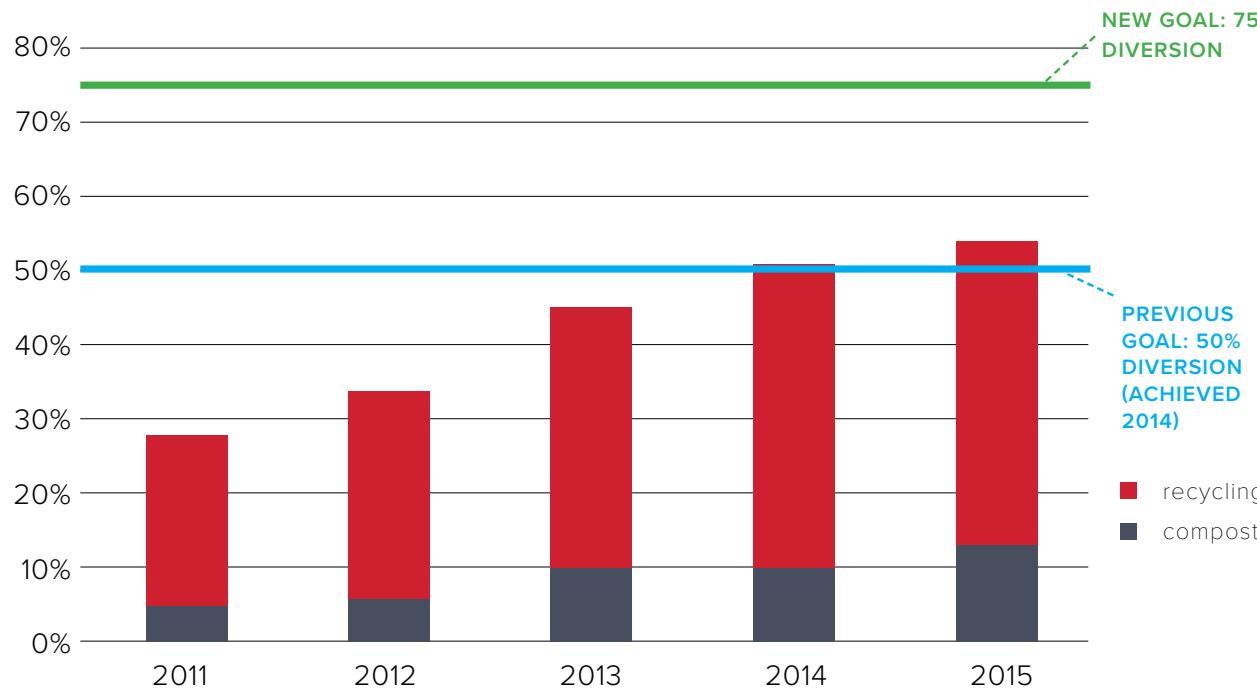
⁸ Water consumption is calculated via utility bills by our 3rd party utility billing vendor, Goby. Water reductions are calculated via comparing the January-December bills for the like for like portfolio. Buildings are excluded from the like for like portfolio if they were bought or sold within the current or previous reporting period, or if there was a 50% or more change in occupancy.

⁹ In both 2014 and 2015, our reclaimed water was all municipally-supplied, and the information on the amount of reclaimed water was taken from our utility bills.



Plaza at Yarrow Bay ewaste event

RECYCLING AND COMPOSTING PERFORMANCE



Our waste information includes our own operations as well as those of our tenants, regardless of lease type. All buildings have commingled recycling, which includes paper, cardboard, glass, plastics and metals. Electronic waste (ewaste) is collected separately during ewaste events and is not reflected in the table above. What hazardous waste we produce, such as unused paint, is removed and disposed of by specialty haulers and is also not reflected in the table above.

¹⁰ Our waste information is either provided by the waste disposal contractor or determined by us via using industry averages. Specifically, we assume a full 3 yard trash bin weighs 300 pounds, recycling weighs 350 pounds and compost weighs 400 pounds, and that bins are 75% full when serviced. All of our waste, with the exception of 12233 W Olympic Blvd, goes to 'clean' MRF facilities for recycling.



Sara Neff, Senior V.P. of Sustainability at Kilroy Realty addresses the audience with Maureen Sedonean, SF Goodwill C.E.O., at the goBin Launch

goBin

Goodwill installed the first goBIN™ at Kilroy Realty Corporation's 201 Third Street commercial building in July 2015. The goBin is a highly innovative, tech enabled donation collection receptacle that is designed to serve high rise commercial buildings, and multi-unit apartment towers and office buildings. The bins have a smart sensor that uses ultrasonic technology to measure the fill level of the bin on a daily basis and send the data to a cloud-based portal. The participating Goodwill member chapter simply logs into the portal to see the fill level and receive a pickup route report. The goBin lets tenants and employees conveniently donate without leaving their buildings. Clothing, shoes, and accessories can be dropped in anytime, eliminating a weekend or after work trip to Goodwill. The goBin has been very popular; the bin collected over 1000 pounds of textiles between July and December 2015. More installs are planned for 2016.

Green Cleaning

Janitors are the eyes and ears of a building, and have the ability to report energy and water waste as well as noncompliance with recycling practices, but janitors are not a population that is typically included in sustainability discussions. The US Green Building Council Los Angeles Chapter (USGBC-LA), Building Owners and Managers Association of Greater Los Angeles (BOMA-GLA), Building Skills Partnership, and the Service Employees International Union created a Green Janitor Education program to provide training on sustainability topics like vampire power, turning off lights, and reporting leaks. We piloted this training in our 800,000 square foot Long Beach campus, and the program was so popular and successful that we scaled it to our entire Los Angeles, Orange County and San Diego portfolios – over 4.9 million square feet, or 40% of our portfolio and 88 total janitors. Janitors reported not only implementing enhanced sustainability practices at work, but also bringing those practices, like making sure to turn off unneeded lights, home as well. We measured success by in-person feedback we received from janitors at their graduation ceremonies, all of which were attended by a member of our sustainability team. These janitors are employed by our janitorial services vendors.

11 buildings in San Diego eliminated the need to use most of their cleaning chemicals via replacing them with aqueous ozone for all of their janitorial services, for both day and night crews. This has resulted in an annual cost savings of \$21,600 and a healthier work environment for both our janitors and tenants.

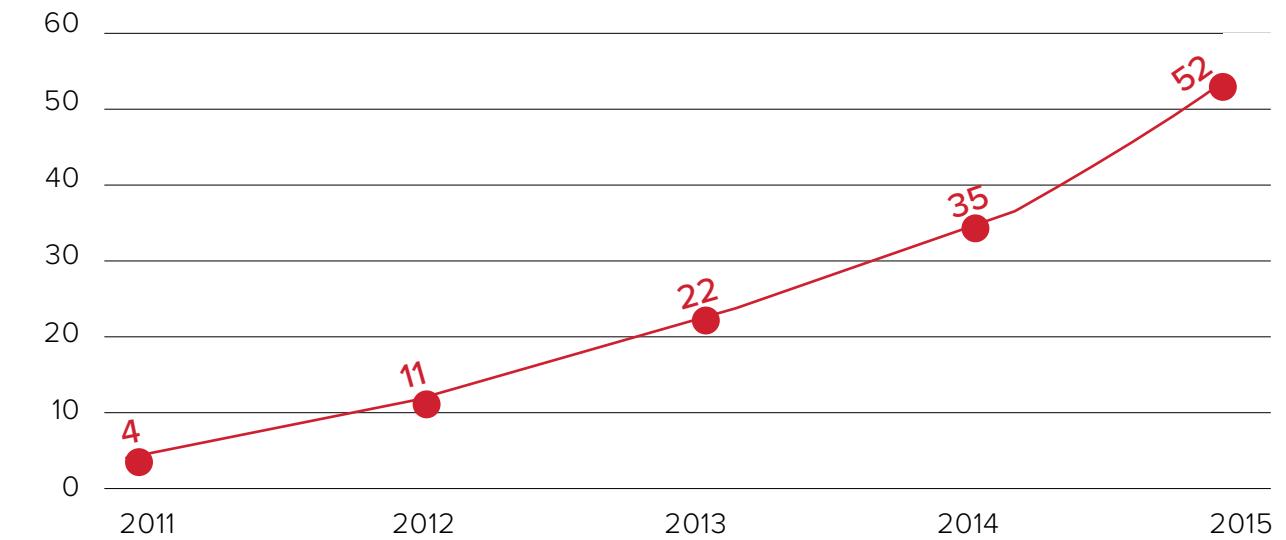
The high performance of our green cleaning program was verified via the LEED for Existing Buildings Prototype certification process. All cleaning products we use meet the relevant LEED environmental standard, either GreenSeal or the California Volatile Organic Compound (VOC) limit. Our vacuums achieve the Carpet and Rug Institute Seal of Approval, and we use microfiber cloths and rags to capture additional dirt to improve air quality.



Our janitors at Sunset Media Center and El Segundo at the Green Janitor Education Program graduation



NUMBER OF EV CHARGING STATIONS



EV Charging Stations

2015 EV Charging Highlights:

- 646 unique users
- 45.7 tons of CO₂ saved
- 12,394 gallons of gasoline saved
- EV Charging stations installed at every new development project

Tenants are typically so enthusiastic about new EV charging stations that any additional promotion is minimal, so all that is typically required is sending out a tenant memo after the installation or posting the information on our Electronic Tenant Handbooks.

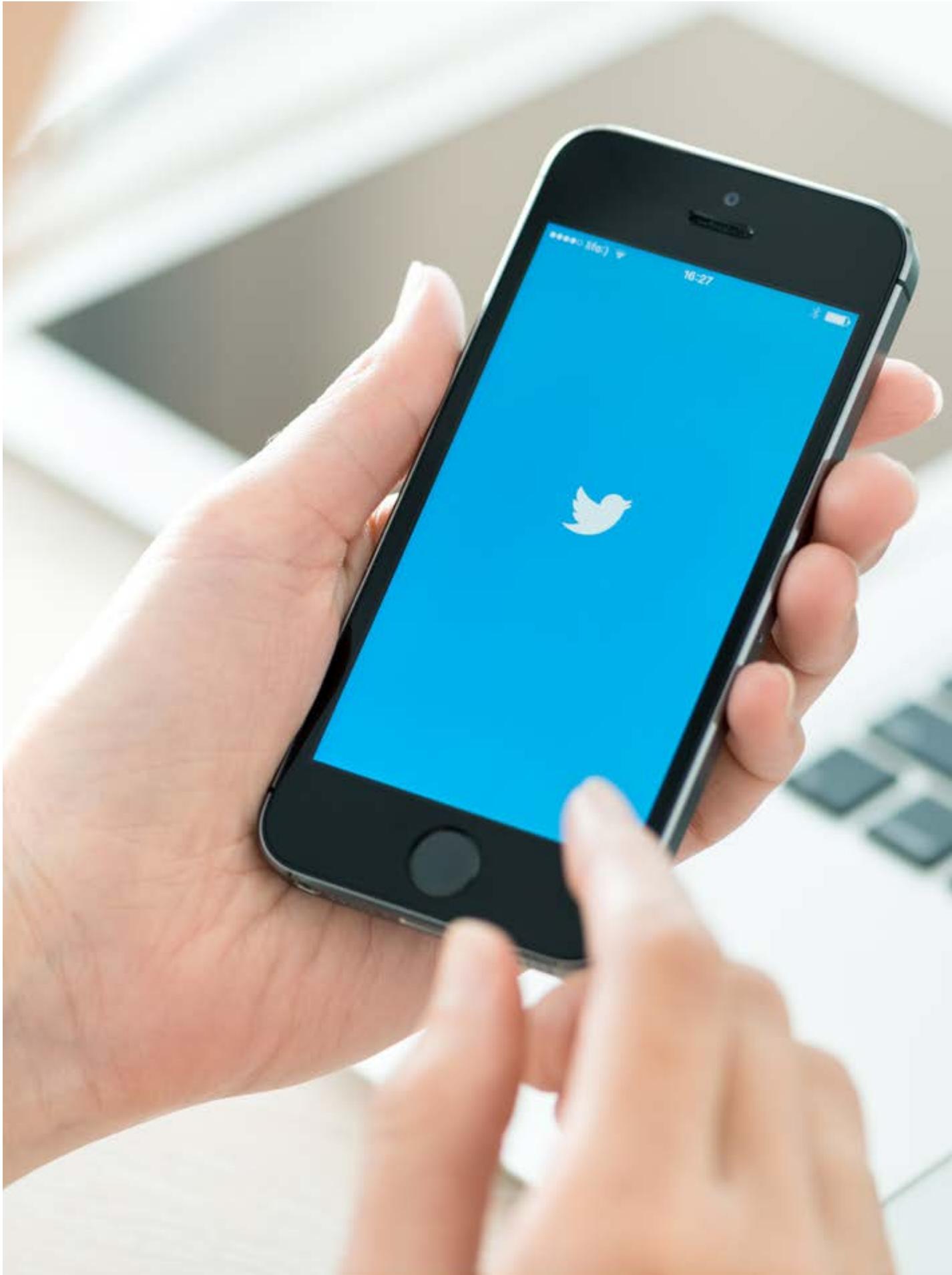
Our main challenge is keeping up with increased tenant demand for charging stations, as installations can be costly. We address this challenge by installing the electrical infrastructure to accommodate future stations during the first charging installation on a property. This dramatically decreases costs for future installations. We are concerned that in some properties, our transformers will not be able to accommodate the load of many additional stations, so if demand increases significantly, transformer upgrades will be required, which will require a significant financial investment.

Tenant Engagement

Type	Method	Frequency	Status
Green Lease	Incorporate environmental language in leases	Beginning of Occupancy	100% of new leases contain green language
Building Standards	Incorporate environmental language in building standards	Beginning of Occupancy	Regional adoption but company-wide policy not achieved
Social Media	Twitter	Daily	Our reach on Twitter is 4,135,060 users. Approximately 623 organic users visit our profile monthly, and in a typical month our tweets are seen approximately 12,000 times.
Sustainability Highlights	Tenant memos	Quarterly Updates	100% of our portfolios receive memos each quarter
Recycling Revitalizations	In Person	At start of composting services or once every 5 years	Met 50% diversion goal in 2014, new goal is 75%. Achieved 54% in 2015, a 3% increase from 2014 levels.
Tenant Appreciation Events	Lobby Displays and Activities	Yearly	Regional adoption but company-wide policy not achieved
Competitions	Enrolling in local and national competitions	Yearly where available	We participate in 100% of ENERGY STAR competitions and regional competitions where appropriate
Building-Specific Information	Electronic Tenant Handbooks	Always available, updated yearly	100% of Electronic Tenant Handbooks contain building-specific sustainability information
Recognition	Pursue ENERGY STAR certifications	Yearly	Achieved seven new certifications in 2015
Demand Response	install equipment and software that allows participation in Demand Response events, engage tenants to participate	6-12 Events Annually	36% of eligible buildings participating
Energy Efficiency	Upfront LED purchases	On request	Slow adoption, 50% of one building's tenants have participated, and another 500,000-square-foot-tenant is interested. We continue to offer this program to tenants and communicate it as a best practice internally to spur more adoption.

Type	Method	Frequency	Status
Energy Efficiency:	Collaboration on utility programs for HVAC upgrades	As available	Stalled, rebate and approval process has been long and difficult
Optimization of Operations	LEED for Existing Buildings Volume Program	Once every 5 years	0% of our LEED EB certifications have lapsed
Soliciting Feedback	Tenant Satisfaction Surveys	Once every 2 years	90%+ response rate on tenant satisfaction surveys and comments are addressed
Health	Onsite Amenities, events, competitions and more, more info on page 62	Continuous	Every building has a program focused on tenant health





Communication Strategies

- Daily tweets on sustainability programs and projects. According to Twitonomy our reach on Twitter is 4,135,060 users. Approximately 623 organic users visit our profile monthly, and in a typical month our tweets are seen approximately 12,000 times.
- 'Engineer All-Stars' Twitter campaign: the sustainability team created a baseball card for each chief engineer highlighting their significant accomplishments in sustainability and important energy and water efficiency projects. This campaign was extremely successful, with positive feedback from other owners, vendors, government and the engineers themselves. More information on page 61.
- Corporate website with dedicated sustainability section.

 **ENERGY STAR Bldgs** @ENERYSTARBldgs · Jul 20
Way to go @kilroygreen! Check out the upgrades that boosted their
#ENERGYSTAR score--> go.usa.gov/3Gd9R

Kilroy Green @kilroygreen
250 Brannan St #SanFrancisco earns the @ENERGYSTAR again, score up
8pts after ashrae audit and doing ECMS since last year
@ENERYSTARBldgs

- Electronic Tenant Handbooks with dedicated sustainability section.
- Sustainability coverage in five publications in 2015, including REIT Magazine, Bisnow, Commercial Property Executive, Columbia Business School Magazine, and Intelligent Utility. These publications have a total audience size of over 1.6 million.
- 28 speaking events in 2015, an increase from 20 speaking events in 2014, reached approximately 2380 professionals, 110 students, 20 mayors, and 25 building engineers. These speaking events included Greenbuild, BOMA International, the Energy Efficiency Finance Forum, VERGE, the US Conference of Mayors, the Urban Land Institute (ULI) Fall Meeting, the Building Energy Summit, VerdeExchange, the Los Angeles Municipal Green Building Conference and Expo, and the ENERGY STAR Partner of the Year Commercial Buildings Meeting.
- Press releases via BusinessWire around major sustainability accomplishments, such as our #1 GRESB ranking, that are seen by 100+ media outlets.
- We share all of our consumption data with BOMA through its BOMA Stars program.



Existing Buildings Case Study

Sustainability efforts contributed to an overall energy reduction of 2% in 2015, and the campus's first ENERGY STAR certification.



Kilroy Centre Del Mar campus



Kilroy Centre Del Mar (KCDM) is a 19-acre, 539,152 square foot Class A campus located in the heart of the Del Mar Heights area in San Diego, California. The 5-building campus is surrounded by dining, shopping, hotels, canyon trails and business services, both on-site and within walking distance, making it the perfect choice for an environmentally conscious tenant. Developed, owned, and managed by Kilroy Realty, the campus has an onsite fitness center, ample open space surrounded by unique drought-tolerant landscaping, EV charging stations and bike racks. It is an excellent example of comprehensive sustainability performance in existing buildings operations.

The campus completed many varied energy projects in 2015 after a major retrocommissioning project in 2014. Implementing findings from that retrocommissioning project helped Building 3, for example, save 153,750 kWh and 15,553 therms annually, a \$31,759 reduction per year. Buildings 2 and 5 saw similar favorable results. In 2015, KCDM applied Protecall to 3 of the 5 buildings. On the HVAC side, they adjusted the supply temperature on all hot water loop boilers to save additional energy. In addition, the campus completed an exterior lighting retrofit of its parking lot pole lights that will save \$19,000 in annual energy costs and improves the aesthetics of the area. They also conducted a pilot of BuildingIQ, an energy monitoring software platform, in one building. On the behavioral side, the asset management team encouraged their coworkers and all tenants to reduce lighting after 6pm. These efforts contributed to an overall energy reduction of 2% in 2015, and the campus's first ENERGY STAR certification. The building engineers are highly trained in energy efficiency, and three have earned Building Operator Certification (BOC) credentials.

KCDM is also a leader in water reduction. In addition to featuring low-flow fixtures such as waterless urinals in restrooms, the campus completed an extensive irrigation retrofit in 2015 that reduced water use campus-wide by 24% in 2015. All irrigation controllers were converted to weather-based technology with zone expandability so each zone is computer managed by the moisture requirements of the specific plant and soil type. In addition, various irrigation backflow devices are supported with in-line 'fertigation' systems. These fertigation tanks dispense organic fertilizer

specific to the needs to the property soil composition and plant health requirements each time the zone is actuated. The end result is superior sustainability without sacrificing beauty. Finally, their lot maintenance company reclaims the water from all pressure washing, capturing it before it enters the storm drain system.

Maintaining excellent indoor air quality is very important to KCDM, so in 2015 the campus hired Healthy Buildings to conduct indoor air quality tests of every building. No issues were discovered. This focus on air quality at KCDM began with their green cleaning program. Prior to 2015, the campus had a LEED compliant green cleaning program, but it decided to push further in 2015 by fully switching to aqueous ozone, which allows the building to clean without chemicals, more information on page 30. KCDM eliminated 6 of its cleaning chemicals after making the switch and is saving over \$20,000 a year as a result. The campus uses high filtration vacuum systems that are up to 99.79% efficient in filtering particles down to a 0.3 micron size). They use microfiber cloths and pads, which trap more dust, dirt, and bacteria than traditional cleaning products. They use only Green Seal approved EcoLab chemicals and double barrel trash cans to aid in recycling all commingled recyclables in the building. In addition, KCDM employs green window cleaning. All of the campus' janitors began the Green Janitor Education Program (more info on page 30) in 2015 and will graduate in March 2016.

KCDM also focuses on eliminating waste by switching to cloud based systems for varied functions such as security incident reports, work orders, variance reports, rent rolls, accounts receivable, fitness release forms and more, reducing dozens of boxes of paper consumption. They worked with external providers to provide invoices electronically as well. In addition, the campus is able to recycle batteries, specialty lighting, and tenant ewaste, diverting over 5,000 pounds of ewaste from the landfill in 2015.

As a result of all of these efforts, all of the buildings have achieved the BOMA 360 designation, and the entire campus won the BOMA International 'The Office Building of the Year' (TOBY) award in the Suburban Office Park, Low Rise category in 2015.

LEED Certified Buildings

Project Name	LEED Certification	Region	Sq. Ft.
Fremont Lake Union Center/801 N 34th Street	Platinum, Existing Buildings	Seattle	169,412
Fremont Lake View	Certified, Core & Shell	Seattle	111,580
Westlake Terry/320 Westlake Avenue N	Gold, Core & Shell	Seattle	184,643
Westlake Terry/321 Terry Avenue N	Gold, Core & Shell and Commercial Interiors	Seattle	135,755
401 Terry**	Gold, Commercial Interiors	Seattle	95,611
Key Center	Platinum, Existing Buildings	Bellevue	488,470
Skyline Tower	Gold, Existing Buildings	Bellevue	416,755
100 First Street	Gold, Existing Buildings	San Francisco	467,095
303 Second Street	Gold, Existing Buildings	San Francisco	740,047
201 Third Street	Gold, Existing Buildings	San Francisco	346,538
360 Third Street	Gold, Core & Shell	San Francisco	429,796
331 Fairchild Drive	Gold, Core & Shell and Commercial Interiors	Mountain View	87,147
Mountain View Campus	Gold, Core & Shell	Mountain View	340,913
Sunnyvale Campus/505 Mathilda Ave	Gold, Core & Shell	Sunnyvale	212,322
Sunnyvale Campus/555 Mathilda Ave	Gold, Core & Shell	Sunnyvale	212,322
Sunnyvale Campus/605 Mathilda Ave	Gold, New Construction	Sunnyvale	162,785
1633 26th Street	Certified, Core & Shell	Santa Monica	44,915
Sunset Media Center**	Gold, Commercial Interiors	Los Angeles	3,831
Kilroy Airport Center/2260 E Imperial Highway	Platinum, Commercial Interiors and Core & Shell	El Segundo	298,728
2211 Michelson Drive	Silver, Core & Shell	Irvine	271,556
Kilroy Airport Center/3880 Kilroy Airport Way	Silver, New Construction	Long Beach	96,035
Kilroy Sabre Springs/13480 Evening Creek Drive	Silver, Core & Shell	San Diego	149,817
Santa Fe Summit/7525 Torrey Santa Fe	Gold, Commercial Interiors	San Diego	103,979
Santa Fe Summit/7535 Torrey Santa Fe	Gold, Commercial Interiors	San Diego	130,243
Santa Fe Summit/7545 Torrey Santa Fe	Gold, Commercial Interiors	San Diego	130,354
Santa Fe Summit/7555 Torrey Santa Fe	Gold, Commercial Interiors	San Diego	101,236
Mission City Corporate Center/2375 Northside Drive**	Silver, Commercial Interiors	San Diego	25,758
Liberty Station	Gold, Core & Shell	San Diego	103,900
The Heights at Del Mar/12790 El Camino Real	Gold, Core & Shell	San Diego	78,349
Total			6,139,892
Percent of Total Portfolio			47%

**LEED certification covers partial building

New Development

Building and operating our buildings to LEED standards demonstrates to current and prospective tenants and investors that we have a high-performing team that builds and operate best-in-class buildings.

New Development Highlights

- The goal for all Kilroy Realty ground-up new development has been at least LEED Gold since the launch of our sustainability programs in 2010. Since then, 100% of ground up development has earned LEED Gold.
- At end of year 2015, 47% of our portfolio had achieved LEED certification, and we have an additional 8 projects, across 22 buildings and 3.3 million square feet, registered for certification.
- In 2015 we achieved LEED Gold certifications for LinkedIn's three building campus in Sunnyvale, totaling over 577,000 square feet.
- We have an impressive array of development projects already underway that are all targeting LEED Gold or Platinum. These include 333 Dexter in Seattle (targeting Gold), Crossing/900 in Redwood City (targeting Gold), The Heights at Del Mar/12770 El Camino Real in San Diego (targeting Gold), The Academy Square in Hollywood (targeting Gold) and The Exchange on Sixteenth in San Francisco (targeting Platinum).
- We continued working towards the LEED Platinum certifications for 350 Mission and 333 Brannan, both in San Francisco, and expect the certifications in Q1 2016. The Columbia Square office buildings are expected to earn their LEED Gold certifications in Q2 2016.
- We continued our WELL certifications for two projects, the Columbia Square Residential Tower known as Hollywood Proper and The Exchange on Sixteenth. More information is available on page 62.
- Typical features of our LEED development projects include enhanced commissioning, high levels of recycled content and Forest Stewardship Council (FSC) certified wood, measurement & verification protocols, water reduction both in irrigation and domestic use, low-emitting materials, and a mechanical design that emphasizes thermal comfort.
- We are proud that two more of our employees earned their LEED credentials in 2015. We cover the costs of LEED education and testing for employees who work in the operation and construction of our LEED buildings.

Local Communities

We recognize that our buildings are part of larger community systems, and that our buildings have the potential to either benefit or detract from their local communities. To navigate these concerns, we created an in-house land use team in 2011. We strive to create buildings that complement and benefit their neighborhoods; for example, we designed 333 Brannan with a brick exterior to match the aesthetic of neighboring buildings, and we decided proactively to reduce the size of our Columbia Square project. Our sensitivity to community systems has enabled us to become a successful landlord in a variety of desirable west coast locations.

In addition, we implement local community engagement and environmental impact assessment programs in all of our development projects. By square footage, our development programs comprise 26% of our operations.

- All development projects involve an assessment of the existing environmental conditions.
- Where needed, we create an Environmental Impact Report (EIR). EIRs are disclosed publicly as part of the entitlement process.
- We proactively engage local communities as part of our development process using a variety of forums, from town hall meetings to charettes to open houses to websites that solicit feedback. The goal of these programs is to ensure that our development projects meet the needs of the local community. Our One Paseo project, for example, has reduced the size of the development plan in response to community feedback.
- During construction, community members that have noise, traffic or pollution concerns are encouraged to bring those concerns to the relevant asset management or construction teams; in rare instances community members have contacted the appropriate city official to investigate a noise issue.
- For large development projects, a community hotline is prominently displayed on signs on active corners of the project site to provide community members information and an avenue to address concerns. These signs also display the high-level construction activity schedule. Concerns brought to us via the hotline are addressed within 48 hours by the general contractor, and concerns that cannot be resolved by the general contractor are brought to the relevant Kilroy Realty construction team manager. We estimate that we received approximately 300 complaints via our hotlines in 2015, and roughly 3% required escalation.
- Brownfield locations tend to be in attractive, dense urban areas so we embrace brownfield development. 350 Mission and 333 Brannan were both on brownfield sites, which we remediated. Of our current development pipeline, The Exchange on Sixteenth (700,000 sq feet) and One Hundred Hooper (400,000 square feet) are on brownfields which we have also remediated or are in the process of remediating.
- Our One Paseo project team averted a ballot measure by reaching agreements with both the community groups and shopping center owner that led to a redesign of the project where we dropped the square footage from about 1.4M to 1.1M in order to limit the traffic trips.



One Paseo, targeting LEED for Neighborhood Development



Flower Mart, targeting LEED Platinum

Local Community Spotlight: Flower Mart

In our \$1 billion Flower Mart project in San Francisco, we strengthened the promise that we had already made to build a new flower mart on the site and relocate the vendors during construction. The discussions that averted the ballot measure focused mostly on fleshing out the details of what the onsite flower mart would look like, such as whether or not it would be above ground or below ground. The processes that led to this positive resolution included the following:

Tenants

- We have a monthly meeting open to all tenants to give design overview and get input.
- We meet with a design committee of 2 tenants bi-weekly in addition to the Flower Mart general manager and architects
- We established a monthly operations meeting open to all tenants to help market management work through current issues

Neighbors:

- Our San Francisco land use team attends all Central SoMa community meetings hosted by the San Francisco Planning Department. We began building our network of neighborhood supporters at the first meeting we attended in November 2014. One couple invited us to their studio to give a project overview to some members of the community, which is where we were able to meet HOA board members for the neighboring property.
- We have occasional coffee meetings with the neighbors to update them on our plans as we go along

Community Groups:

- Together with our Public Relations team, we put together a list of community groups to meet with and reached out to all of them in early March 2015. Our first coffee meetings will begin in March 2016. The first formal presentation to a group will take place in May 2016.

Customers:

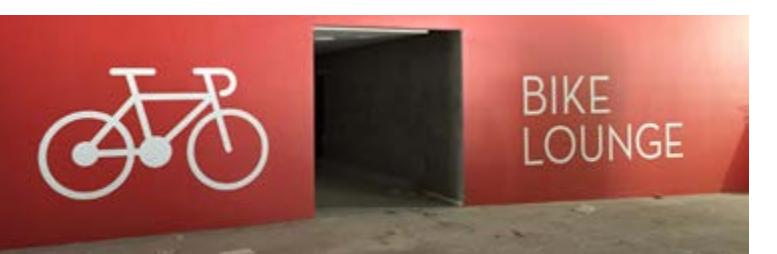
- We created literature for the vendors to pass out to their customers with information about the new Flower Mart, which directs them to our website, www.newsflowermart.com
- We placed a comment box in the existing flower mart for vendors and customers. Comment cards also have a mailing address for convenience.
- We will begin hosting occasional morning informational coffee stand for customers.

Feedback:

- The tenants have been involved in the design for the entire process and we incorporate their feedback into the design continuously.
- All community members to whom we have shown the structural design have given us positive feedback about the retail and open space.
- Based on feedback, we have focused on creating a vibrant ground floor experience for the whole community to enjoy with easy access and lots of amenities and greenery, to which the community has been appreciative.



Columbia Square, office buildings targeting LEED Gold, residential tower targeting WELL Gold



Columbia Square bicycle storage and shower facility



New Development Case Study

Built in 1938, Columbia Square was the most modern technology facility of its time. Designed by renowned architect William Lescaze in the vanguard International Modernist style, its state-of-the-art recording studios and theaters cemented Hollywood as the entertainment center of the universe. Stars such as Jack Benny and Orson Welles recorded their best-known work. A young comedienne named Lucille Ball filmed her TV pilot. James Dean was an usher. Bob Dylan and Carlos Santana recorded legendary hits. Beyond its stars' performances, Columbia Square gave birth to an industry of innovative engineering, sound effects, editing and film.

CBS abandoned its 4.7-acre site decades ago, and the buildings fell into disrepair. Our Columbia Square revitalization, which began in 2012 and will be complete in 2016, is an excellent example of historical preservation and reuse. The Columbia Square project involves the rehabilitation of the 3 original, historic CBS buildings and recording studio, the ground-up construction of two new office buildings, for a total of 365,000 square feet of office plus 30,000 square feet of restaurant and retail space, and a new 200-unit residential tower. All of the project's office buildings, both the historic and new, are pursuing LEED Gold certification and the residential tower is one of the first in the US to be pursuing WELL certification (more information on page 63). The campus completed its LEED Master Site certification in 2014 and the office buildings are anticipated to achieve their LEED certifications in 2016.

The development process has focused on sustainability since its inception.

The primary sustainability challenge in the office buildings was maintaining energy efficiency despite having openings to the outdoors; the historic buildings feature operable windows and the new buildings have balconies that also allow outdoor

access. To solve this problem, all of the office buildings feature a Variable Refrigerant Volume mechanical system, in which refrigerant is piped throughout the building instead of chilled water. This maximizes possible floor-to-ceiling height via reducing ductwork size. As a result, the historic buildings will be reducing energy use by 25% over the LEED baseline, and the new buildings by 18.3%.

The Columbia Square campus is also leading by example in water reduction. Featuring extremely low-flow domestic fixtures including waterless urinals, in addition to a drought-tolerant landscape, the buildings are demonstrating that reduced water can work in a Class A environment. The campus' beautiful open space, which includes roof decks, is a great example of biophilic design and will foster a connection to the outdoors for all campus users.

The campus is also designed to encourage alternative transportation. It features an impressive shower facility with bike lockers that is accessible to everyone on the campus, and EV charging stations in the parking garage. Columbia Square is close to both metro and bus transit, further reducing single-car automobile trips to the campus. Also, the building materials used in the construction of Columbia Square were chosen with sustainability in mind, including low VOC adhesives, sealants, paints and coatings, high recycled content and FSC wood.

Finally, the residential tower is only the second high-rise residential tower in the country to be pursuing WELL certification. The WELL certification touched all parts of the residential project, from the insulation to the artwork to the furniture to the glazing, and will entail extensive onsite air and water quality testing in 2016. Pursuing WELL certification demonstrates to the new residential tenants Kilroy's deep commitment to their health.

The historic buildings are fully leased to Neuehouse, and the new buildings are leased to Viacom and Fender Guitar. Residents will start moving into the residential tower in June 2016.

Industry Engagement

Partnerships and Industry Associations



BOMA



NAREIT
REIT
NAR

2030
DISTRICTS™

NAIOP



- ENERGY STAR Partner
- U.S. Green Building Council Corporate Gold Member
- BOMA Green Lease Working Group, BOMA Energy Education Program (BEEP) Working Group and 2015 BOMA Energy Performance Contracting (BEPC) Model Working Group participation
- National Association of Real Estate Investment Trusts (NAREIT), NAREIT Leader in the Light Working Group

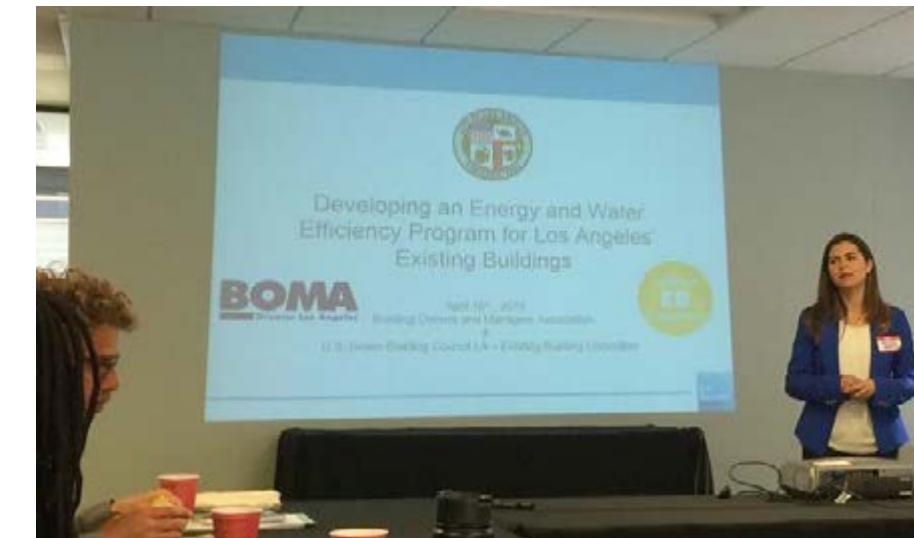
- GRESB
- San Francisco and Seattle 2030 Districts
- Institute of Real Estate Management (IREM)
- International Facility Management Association (IFMA)
- National Association of Industrial and Office Properties (NAIOP)
- Urban Land Institute (ULI)

Advocacy Highlights

- Participating in the Los Angeles Existing Building Benchmarking Ordinance stakeholder process
- Endorsing the City of Los Angeles Sustainability pLAn
- Endorsing AB 802 in conjunction with the Los Angeles Mayor's Office and the National Resources Defense Council (NRDC)
- California Energy Commission AB 758 Draft Action Plan Workshop participation
- Speaking on energy efficiency at the US Conference of Majors Environment Subcommittee meeting
- Speaking on San Francisco Benchmarking Ordinance for Urban Land Institute

Challenges

- BOMA Stars
- Better Buildings Challenge
 - Los Angeles Better Buildings Challenge
 - National Building Competition Team Challenge



City of Los Angeles Existing Buildings Stakeholder Group





Philanthropy

Kilroy Environmental Scholarship at Loyola Marymount University

In recognition of John B. Kilroy, Sr.'s unique and longstanding role as chairman of Kilroy Realty, we established the Kilroy Scholarship at Loyola Marymount University (LMU) in 2013 with a gift of \$100,000 each year for 10 years. The Kilroy Scholarship supports undergraduate students in the Frank R. Seaver College of Science and Engineering who are pursuing a degree in Environmental Science.

Other philanthropic endeavors include:

(partial charitable donations list, includes employee matching donations)

- 88.5 KCSN
- Boys and Girls Club
- Children of Shelters
- City of Hope LARE Spirit of Life Celebration
- Crystal Stairs
- Doctors Without Boarders
- Fischer Center for Real Estate and Urban Economics
- Girl Scouts of Greater Los Angeles
- JP Morgan Chase Run
- LA Beats Cancer
- Memorial Sloan-Kettering
- Movember Foundation
- Police Activities League
- Red Nose Day
- Rozalia Project
- San Francisco US Conference of Mayors
- SF Housing
- St Francis Sailing Foundation
- The American Cancer Society
- The Volunteer Center
- University of California San Francisco Foundation

Ethics and Governance

Corporate Governance

We are committed to corporate governance practices that support a business environment of uncompromising integrity. We reinforce this objective through our governance policies and compliance with the Sarbanes-Oxley Act of 2002, the Foreign Corrupt Practices Act and the rules of the Securities and Exchange Commission (SEC) and the New York Stock Exchange (NYSE).

The Board of Directors (the Board) is Kilroy Realty's highest governance body, followed by our executive officers. John Kilroy is the Chairman of the Board and the President and Chief Executive Officer.

The Board is comprised of six directors who are elected annually, five of whom are independent. The Board also has a Lead Independent Director who is elected annually from amongst the independent directors of the Board. The Board has three committees: the (1) Audit Committee, (2) Executive Compensation Committee and (3) Nominating/Corporate Governance Committee. The Nominating/Corporate Governance Committee is responsible for making decisions related to social impacts.

We require that a majority of the Board be independent in accordance with the applicable provisions of the Securities Act of 1934 and the standards adopted by the NYSE. Additionally, the Audit Committee, Executive Compensation Committee and Nominating/Corporate Governance Committee consist entirely of independent directors as required by applicable law and NYSE listing rules. Of the six directors on the Board, five are white males between the ages of 59 and 67 and one is a 37-year-old white female.

Interested parties may communicate with any of the directors, individually or as a group, by sending written communications to them at the below address:

Kilroy Realty Corporation
12200 W. Olympic Blvd, Suite 200
Los Angeles, CA 90064
Attn: Secretary

All communications should prominently indicate on the outside of the envelope that they are intended for the full Board, for independent directors only, or for a particular group or member of the Board, as applicable. A stockholder seeking to have a proposal included in our annual proxy statement for the 2016 annual meeting of stockholders must comply with the applicable rules and regulations of the SEC.

For a complete description of our corporate governance practices, please visit: <http://investors.kilroyrealty.com/phoenix.zhtml?c=79637&p=irol-govhighlights>

Our sustainability performance is reported to the Board via our quarterly Earnings Report, prepared by our Treasurer, and our boilerplate language.

There are several mechanisms available for employees and others to report issues to our governing bodies. These include speaking to Designated Officers (as defined in Kilroy Realty's Code of Business Conduct and Ethics) or reporting to the Audit Committee of the Board through our anonymous and confidential Conduct Hotline, which is hosted by NAVEX Global, Inc., an independent third party provider. The Conduct Hotline can either be accessed by phone at 877/874-8416 or online at: <http://kilroyrealty.silentwhistle.com>.

Issues reported via the Conduct Hotline are sent to our Senior Vice President, Corporate Counsel and the appropriate Designated Officer. There were no significant issues raised via the Conduct Hotline in 2015.

We subscribe to the precautionary principle, which we interpret by assuming that the construction and management of our buildings has the potential to threaten the environment and building occupants. We believe that LEED helps us avoid materials and practices that may cause these negative impacts, which is why all new construction pursues LEED and why we are in the process of taking the entire eligible stabilized portfolio through LEED certification. Further, we have greened our janitorial practices and construction standards to minimize environmental and health impacts even in non-LEED buildings.

We will continue to be as aggressive as possible in minimizing our company's impact on the environment and human health in the coming years.

Entities

Kilroy Realty Corporation is a publicly-traded real estate investment trust and is the general partner of Kilroy Realty, L.P. Kilroy Realty, L.P. and its subsidiaries own, develop, acquire and manage real estate assets in West Coast real estate markets. Kilroy Realty Corporation has a 100% ownership interest in Kilroy Realty Finance, Inc., which is the general partner of Kilroy Realty Finance Partnership, L.P. Kilroy Realty Finance Partnership, L.P. and its subsidiary also own, develop, acquire and manage West Coast real estate assets. Kilroy Realty Corporation and Kilroy Realty, L.P. are the entities included in our annual report on Form 10-K, which includes the consolidated financial statements of both entities. No entity included in our consolidated financial statements is excluded from coverage in this sustainability report. We are headquartered in Los Angeles, California.

Ethics

Obeying the law, both in letter and in spirit, is the foundation on which our ethical standards are built. Each employee has an obligation to comply with federal laws and the laws of the states, counties and cities in which we have properties and operate our business. We will not tolerate any activity that violates any laws, rules or regulations applicable to us. This includes, without limitation, laws covering bribery and kickbacks, copyrights, trademarks and trade secrets, information privacy, insider trading, illegal political contributions, antitrust prohibitions, offering or receiving gratuities, environmental hazards, employment discrimination or harassment, occupational health and safety, false or misleading financial information or misuse of corporate assets.

This policy is addressed in the corporate Code of Conduct each employee is given upon their hiring, is available on Kilroy Realty's public website and internal intranet, and is additionally sent out once a year to all employees via email from our Chief Operating Officer. Employees who become aware of noncompliance with our Code of Conduct are encouraged to make use of our Conduct Hotline if they do not feel comfortable bringing up the issue with a supervisor or Human Resources. Vendors and contractors are asked to bring any issues to their building management team.

The Code of Conduct applies to our directors, officers, employees, agents and consultants, which includes Kilroy Realty's vendors, and is posted on our public website. Under the Code of Conduct, all vendors have a duty to report any known or suspected violations of the Code of Conduct to a representative of Kilroy Realty, who will investigate the vendor's concern and follow the applicable procedures set forth in the Code of Conduct to disclose the issue to the necessary party, including the Board of Directors or a committee thereof, as appropriate. If our representative does not satisfactorily address the issue or the vendor does not feel comfortable discussing the matter with the representative, the vendor is to report the matter to the our Audit Committee of the Board of Directors through its anonymous and confidential Conduct Hotline (i.e., the Whistleblower Hotline)

Kilroy Realty did not have any significant bribery, fraud or corruption issues in 2015 or in any prior reporting years. In addition, Kilroy Realty had no legal actions for anti-competitive behavior, anti-trust, and monopoly practices in 2015 or any prior reporting years.

Climate Change

Our ability to anticipate, mitigate and prevent impacts from climate change is determined by the strength of our internal governance efforts, across all departments. Some anticipated climate change impacts include the following:

1. Higher costs for energy and water

- We manage rising costs for energy and water through our efficiency programs to protect our tenants, but it is possible that as a result of climate change these costs could increase faster than we can reduce our energy and water use. In particular, California is experiencing an intense drought and we anticipate severe pricing signals around water use in the short term. We are actively pursuing aggressive water reduction projects to mitigate this risk.
- While we believe we will remain an attractive landlord in comparison to other West Coast landlords, tenants could decide to leave our area entirely for parts of the country where utility costs are lower. To mitigate this risk, we focus on initiatives designed to decrease energy and water costs in our buildings.
- In addition, climate change may cause changes in building energy consumption patterns leading to increased peak demand costs. Our Demand Response and battery storage initiatives are in place to help mitigate this risk. Similarly, utilities will increasingly change our rate structures to dynamic pricing structures, and our ability to shed load on an immediate as-needed basis will help with this risk as well.

2. Increased environmental regulation

- We believe we are ahead of our peers in anticipating new energy regulations; for example, because we were prepared, complying with AB 1103 was less burdensome for us than certain competitors, as it will be for AB 802 when that goes into effect. Increased regulation could, however, result in increased costs that motivate some tenants to leave California entirely.

- We do not currently anticipate that the office real estate industry will be regulated by carbon legislation in the short term, though the effects of this legislation on other industries may indirectly affect us through higher energy costs, higher raw materials costs, and increased tenant demand for sustainable properties.
- As a result of California's drought, water regulation has already impacted our buildings. We have taken significant measures to reduce our water use, but may see the need to make even more drastic reductions in the future, which could impact building operations and the tenant experience.
- There may be increased government incentives for energy conservation, and we are well positioned to continue to take advantage of these opportunities.

3. Higher costs and more regulation on development activities

- Sourcing materials for our buildings could become increasingly expensive, and there could be disruptions to the supply chains of our building materials, potentially extending construction times or preventing us from delivering buildings on time. Demographic changes resulting from climate change could prevent us from being able to source the labor needed to develop and operate our properties.
- Also, there could be increased permitting restrictions around new construction, potentially around water use or renewables.
- We have an experienced development team who will be able to mitigate these increases as much as possible. In addition, by committing to sustainable building, we have experienced expedited approvals and community support.

4. Minimal floodplain impacts

- 2% of our portfolio is in Federal Emergency Management Association (FEMA)-designated floodplains. These buildings are located near a river with a history of flooding, and we have extensive measures in place to minimize any impacts from river flooding.

5. Business Impacts

- Because we are so proactive on managing climate change risks, we are able to leverage those efforts by obtaining competitive insurance premiums for our buildings.
- By addressing customer and community sustainability objectives, we can be more successful in our development efforts and win more business.
- Being proactive in our community on sustainability via articles, industry forums and interviews also protects our reputation in our industry.
- We consider the risk of non-delivery of design performance in occupied buildings from climate change to be minimal.
- Because we recognize that as a result of climate change our stakeholders are asking for increased transparency, we are expanding our voluntary disclosure efforts, such as by including more sustainability content in the 10-K.

6. Resilience

- We define resilience as management of recovery or continuity in the event of a disaster. The concept of 'disaster' is a broad term that encompasses environmental events, cyberattacks, personnel issues and more.
- A focus on resilience is an emerging trend in real estate which impacts all areas of our business.



- Because there are clear sustainability implications for resilience and we are leaders in sustainability, our sustainability team is contributing to and adapting our sustainability programs to accommodate concepts of resilience. Examples include a focus on energy storage in 2016, as part of our energy efficiency programs. Our challenge is our ability to devote time and resources to creating a strong resilience program while maintaining excellence in our core initiatives.
- Resilience touches all aspects of our operations, and our internal strong governance mechanisms will allow us to expand and solidify our resilience programs.
- We are in the process of expanding our resilience program.
- Our resilience program has four areas:
 - IT—Disaster Recovery Plan
 - > Example: Support loss prevention and monitoring
 - Emergency Response
 - > Example: Develop event-driven responses to emergency events
 - Business Continuity Planning
 - > Example: Identify the business processes required to maintain operations
 - Crisis Management
 - > Example: Define communication and escalation procedures for crises
- Our expanded resilience strategy involves five steps:
 - **Identify:** Perform Risk Assessment and Identify Interdependencies – Complete
 - **Analyze:** Perform Business Impact Analysis – Target completion Q1 2016
 - **Develop:** Select Recovery Strategies – Target completion Q1 2016
 - **Implement:** Implement Updated Business Recovery Plans – Target completion Q3 2016
 - **Maintain:** Plan Testing, Training, and Maintenance – Target completion Q3 2016
- We are participating in USGBC-LA's steering committee on Building Resilience-LA. This is an innovative program to make buildings, organizations and communities ready for disasters in ways that make life better today. Building Resilience-LA brings together thought leaders from throughout Southern California to design new tools, processes and strategies to operationalize resilience. Its first initiative is to develop a "Building Resilience Guide for Facilities," which will launch at Greenbuild 2016. We represent the commercial real estate owner's voice on the steering committee and plan to expand our resilience programs based on this guidance.

Environmental Grievance Mechanisms

The concept of formal environmental grievance mechanisms as contemplated by GRI is not applicable to us as a REIT. However, we have procedures in place for responding to environmental incidents. Examples of environmental issues that can arise at a property include water intrusion, mold, air quality or water quality issues, leaking underground storage tanks or pipes, and the presence of asbestos-containing materials or lead-based paint. There were approximately 105 reports completed in 2015 relating to the discovery, investigation and remediation or abatement of various environmental incidents throughout our portfolio. There are a handful of incidents that arose during 2015 that are still in the process of discovery and/or remediation or abatement, but other than these few incidents, we are not aware of any other incidents that arose in 2015 that remain unresolved. None of these issues have been deemed significant, and we did not have any significant fines or non-monetary sanctions regarding environmental compliance in 2015. We had no significant spills in 2015. We had no grievances about environmental impacts filed, addressed and resolved through formal grievance mechanisms.¹¹

Employees

- At Kilroy Realty, we believe that the success of our business is tied to the quality of our staff and we strive to maintain a corporate environment without losing the entrepreneurial spirit on which we were founded nearly 70 years ago.
- Within the scope of this report, there is no substantial portion of our work that is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors. We are not reporting on the work performed by third party vendors and contractors in the construction and operation of our buildings.
- We have had no significant variations in employment numbers.
- All employees work full-time.
- 4% of our total employees are covered by collective bargaining agreements.

¹¹We have flexible procedures in place for responding to environmental issues, including those discovered or raised by tenants. The procedures are somewhat flexible, because each situation requires a specific, targeted response, however, we implement and abide by all applicable statutory and regulatory requirements when responding to an environmental incident. There are currently written procedures in place for addressing suspected mold, as well as asbestos, and written protocols for responding to other types of environmental incidents are being formulated for distribution throughout the organization. We handle all other environmental incidents in generally the same manner. For example we: (1) have internal environmental counsel that oversees, coordinates and is accountable for addressing all environmental incidents that arise; (2) ensure that internal counsel, external counsel, and external environmental consultants are involved as early as possible in the process; (3) have written reports completed to detail the incident, the related investigation, findings pertaining to the investigation, and (4) ensure that the report gets into the hands of those who need it including property managers, asset managers, and our internal insurance coordinator. Moreover, our internal environmental counsel is used as a resource to guide our employees on how to handle environmental incidents that arise throughout the portfolio.

Many issues are first discovered by janitorial, contractors or other maintenance personnel, or tenants. This party reports the issue to their asset management or construction contact. The asset or construction manager then reports the issue to Kilroy Realty's environmental attorney, triggering the investigation process. The attorney will evaluate the issue and if necessary bring in outside environmental counsel, who will then contract with the appropriate consultants to further evaluate and/or remediate the issue. If environmental consultants have been engaged, a matter will be closed upon receipt from the consultant a clearance report, which indicates that the issue was corrected or remediated and the consultant has inspected the area and deemed the corrective action to be sufficient.

Total Workforce as of December 31, 2015

Total Employees	232
Female	131
Male	101

Supervisors

	Female	Male
Administrative Support	4	0
Craft	0	1
Executive/Senior Level	1	8
First/Mid Level	30	25
Professional	5	10
Total	40	44

Supervised Workers

Female	91
Male	57

Total Workforce by Region as of December 31, 2015

Total Employees	232
Irvine/San Diego	30
Female	20

Male	10
Irvine/San Diego	30
Female	20
Male	10
Los Angeles Region	123

Female	64
Male	59
Los Angeles Region	123

Female	40
Male	23
San Francisco Region	63
Female	40

Male	23
Seattle Region	16
Female	7
Male	9
Female	7

Diversity and Equal Opportunities

Organization's Governance Body (Elected Officers)

Gender	
Female	21.95%
Male	78.05%
Age Group	
Under 30 years old	0%
30-50 years old	53.66%
Over 50 years old	46.34%
Minority Groups	
Asian	9.76%
Hispanic or Latino	2.44%
White	87.80%

All employees

Gender	
Female	56.47%
Male	43.53%
Age Group	
Under 30 years old	25.86%
30-50 years old	52.16%
Over 50 years old	21.98%
Minority Groups	
Asian	19.40%
Black or African American	3.45%
Hispanic or Latino	11.21%
Two or More Races	4.31%
White	61.63%

We are an equal opportunity employer that recruits, hires, trains, and promotes personnel for all areas of employment without regard to race, color, creed, religion, sex, sexual orientation, gender, national origin, ancestry, age (over 40), physical or mental disability, medical condition, veteran status, marital status, genetic characteristics or traits, or any other status protected by federal, state or local laws.

Non-Discrimination

We had no incidents of discrimination reported during 2015.

Training & Education

- We support the continual improvement of training and education programs for our employees. We had one in-person training module in 2015 for our managers to improve their leadership and communication skills.
- There were many other training topics that happened throughout Kilroy Realty in 2015. Individual teams conducted trainings as appropriate on topics such as energy, water and waste benchmarking and the operating of new mechanical equipment.

Training & Education by Gender

Gender	Hours
Female	2
Male	2

Employee Category

Level	Hours
Executive/Senior-Level Officials and Managers	18
First/Mid-Level Officers and Managers	2
Professionals	2

Education Tuition Reimbursement

- We will consider individual requests for job-related tuition reimbursement from employees who have completed at least one year of continuous service. We will reimburse the employee for his/her related expenses including travel, registration fees, workbooks, lodging and meals not included in the registration fees.
- The time off for employee's attendance and travel will be paid at the employee's normal rate of pay.
- The time spent by an employee in voluntarily attending any continuing education program covered by this policy is not regarded as hours worked and therefore is not calculated for purposes of overtime.
- Employees within our Asset/Property Management department are encouraged to take BOMA courses each year to reach the applicable professional designations for their position.

Performance and Career Development Reviews

- All of our employees receive an annual performance review.
- These evaluations are done in the same time frame as the review of annual incentive compensation.
- One of the general factors on the performance appraisal form is 'Attendance/Adherence to Policy' which requires the supervisor to address whether the employee follows safety & conduct rules, other regulations and adheres to company policies.
- The CEO, COO and CFO, at their discretion, may also discuss performance expectations with respective employees either verbally and/or in written form.

Annual Performance Reviews by Gender

Female	100%
Male	100%

Annual Performance Reviews by Employee Category

Administrative Support Workers	100%
Craft Workers	100%
Executive/Senior Level Officials & Managers	100%
First/Mid-Level Professionals and Managers	100%
Professionals	100%
Service Workers	100%

Employee Spotlight: Engineer Baseball Cards

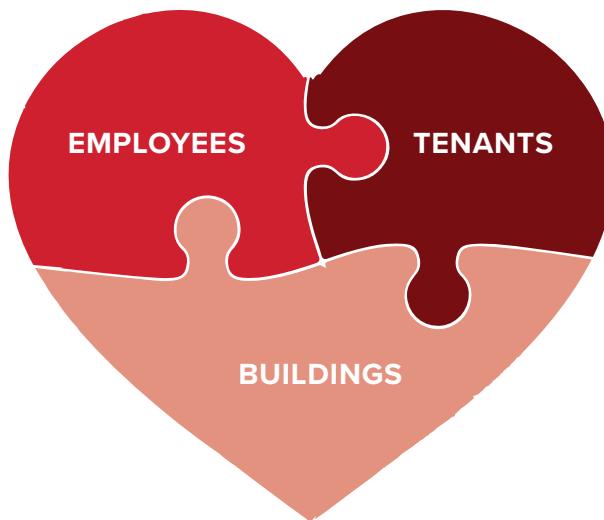
To celebrate the work of our chief engineers, the sustainability team decided to create a baseball card for each chief highlighting their significant accomplishments in sustainability and important energy and water efficiency projects. The overwhelmingly positive response from the engineers was unexpected, with responses like "It's nice that our hard work is being noticed!" and "Thank you... Not many companies out there take care of their Engineers anymore."



Baseball card highlighting engineer accomplishments

Health

In 2015 we solidified our Health & Wellness program as a result of increasing scientific research¹² that has linked health and productivity to the built environment. We believe that the wellbeing of the people that interact with our buildings is of critical importance, and that our buildings have the ability to either promote or deter from human health and productivity. It is our hope that these certifications will demonstrate that our buildings are not only resource efficient but also contribute to the health and productivity of our employees and tenants. Our challenge in creating a health program is devoting adequate time and resources to Health & Wellness while maintaining our core sustainability programs. Our program has three overlapping components: Employees, Tenants, and Buildings.



Employees

- Discounted employee gym passes
- Work-Life Balance Employee Assistance Program, services include:
 - Childcare and/or eldercare referrals
 - Personal relationship information (Marriage/ Family Issues)
 - Health Information
 - Legal consultations and licensed attorneys
 - Financial planning assistance
 - Stress management
 - Mental illness
 - Career development
 - Alcohol/Drug dependency
 - Wellness and Self-Help
- Commuter benefit with WageWorks encourages public and alternative transportation
- Mandatory CPR/First-Aid training for key teams / positions
- Healthy snacks
- Standing desks and other medically necessary ergonomic desk requirements
- Value Added Programs provided by our medical benefits provider, Health Net
 - “Decision Power”- brings together under one roof information, resources and personal support from staying fit and dealing with back pain to facing a serious diagnosis.
 - > Talk to a Health Coach
 - > Health Improvement Plans
 - > Healthy Baby – series of 5 prenatal education videos, with topics on exercise, nutrition, safety and breastfeeding
 - Healthy Discount Programs – Chiropractic and Acupuncture (POS Plan), Weight Management/Jenny Craig and Weight Watchers, Hearing Aids and Screenings
 - Mail order pharmacy and chiropractic care
- Life Planning Provided by UNUM

¹²For example: <http://www.chgeharvard.org/resource/impact-green-buildings-cognitive-function>

Tenants

We have a variety of programs to promote health and wellness for our tenants. They include:

PHYSICAL FITNESS

- Discounted or free gym passes in properties with onsite gyms
- Tenant gym challenges with prizes (see spotlight)
- Use of vacant suites for yoga classes
- Bike racks, showers and bike concierge facilities
- Bike rentals with available bike repair kits
- Access to stairwells
- Support of alternative transportation

NUTRITION

- Hydration stations
- Healthy food for building events
- Healthy onsite food, such as an onsite GMO-free healthy bakery

COMMUNITY PROGRAMS

- Blood Drives
- Bike to Work Day
- Wellness and Health Day Fairs
- Great Outdoors Month; prizes were annual passes to national parks

REDUCED SICKNESS

- Hand sanitizing stations in lobbies and throughout buildings
- Flu shots
- Onsite dental

Buildings

WELL certifications for particular development projects

- The WELL Building Standard, developed by the International Well Building Institute, is a new protocol that focuses on human wellness in the built environment. We chose to pursue WELL because our tenants are increasingly interested in the human health impacts of their buildings. We are proud to be pursuing WELL certification on one of the first two WELL residential high rise buildings in the US, at Hollywood Proper (the Columbia Square Residential Tower), targeting completion in June 2016. Also, The Exchange on Sixteenth in San Francisco is one of the first projects to be pursuing WELL Ready certification on a Core & Shell building, and we expect to earn that certification in 2017.

Indoor Air Quality (IAQ)

- To verify the quality of our indoor air, we had 11 buildings (out of our total 101 buildings, 8.1% of stabilized portfolio by square footage) go through extensive IAQ testing in San Diego and San Francisco with Healthy Buildings in accordance with LEED procedures for verifying indoor air quality. The heating, ventilation, and air-conditioning systems and ductwork serving the buildings were examined, the ventilation rates and filtration standards were reviewed, overall maintenance levels were assessed, and representative samples of indoor air from the occupied spaces were collected for analysis as part of our on-going proactive indoor air quality optimization program. No problems were discovered and all 11 buildings received certificates verifying their performance.



The Exchange on Sixteenth, targeting LEED Platinum and WELL Ready certification

Green Cleaning

- Our green cleaning program, which uses only products permitted in the LEED for Existing Buildings rating system, prevents our indoor air from being contaminated by toxic cleaning chemicals. In addition, an 11 building portfolio in San Diego went farther and implemented an aqueous ozone system to reduce the use of cleaning chemicals even further, and 40% of our janitors went through the Green Janitor Education Program to reinforce these practices, more information on page 30.

Building Standards

- Our building standards prohibit the use of high VOC adhesives, sealants, paints, and coatings as well as products containing added urea formaldehyde.

Filtration

- We choose filtration media that helps maintain our high indoor air quality. Most buildings have at least Minimum Efficiency Reporting Value (MERV) 8 filters, but certain buildings have MERV 13 and 14 filters.

Location

- One of our development and acquisition target priorities is access to public transit, which, in addition to providing environmental and convenience benefits, also improves tenant and employee health via increased walking.

Leak Detection

- Our leak detection procedures help prevent mold growth in our buildings.

Health & Wellness Spotlight: Skyline Tower

To promote physical fitness, our Skyline Tower building in Bellevue, WA held a tenant biking challenge in its gym. Tenants were invited to compete to see who could log the most miles on a stationary bike in a month. The stationary bikes have a cloud-based interface that allowed tenants to sign up online and track progress, and the bikes themselves have displays that are personalized to the rider. The building gave out gift cards to Sports Authority to the winners, and looks forward to similar initiatives in 2016.



Expresso

MY EXPRESSO CHALLENGES LEADERBOARDS TEAM CAPTAIN M. LOVETT

Tenant dashboard for Skyline Tower biking challenge

Skyline Tower Fitness Center
Bellevue, WA

Map Seattle, WA, United States • Satellite • Zoom in • Zoom out • Map data ©2015 Google • Terms of Use • Report a map error

This Month

Miles	0
Calories	0
Score	0
Guest Miles	0

This Year

Miles	343
Calories	14,347
Score	307,401
Guest Miles	255

Monthly Activity

Distance Calories Dragon Fit

Riders Morgan Clarke

Year to Date Miles

Rank Rider

1 Morgan Clarke Miles 44

Conclusion

Thank you for reading our fifth annual sustainability report. We were thrilled that we received even more global recognition from outside stakeholders for our work this year. Our goal is to deliver a steady stream of high quality, adaptable and productive work environments for the wide range of industries attracted to the vibrant economic centers on the West Coast of the United States. Because a high quality work environment is one that is sustainably built and operated, our sustainability programs are critical in enabling us to deliver premium product to our rapidly evolving market. We want to be the standard against which other real estate developers, owners and operators are judged on their sustainability performance, and we will do so by having the most rigorous and comprehensive sustainability programs in the market. Our #1 ranking on GRESB and other global accolades indicates that we are on our way to achieving this goal.

Sara Neff (Senior Vice President, Sustainability) and Sharla Shimono (Sustainability Manager) prepared this report. We attest that the information contained in this report is accurate and addresses all aspects of our sustainability programs material to our stakeholders.

Special thanks to Janelle Duff, Jessica Fine, John Fucci, Keely Hale, Pauline Hudson, John Kilroy, Joe Magri, Robert Masterson, Michelle Ngo, Scott Ritto, Jim Rosales, Tyler Rose, Lauren Ross, Lauren Stadler, Alexandra Stoelzle, Phil Tate, Bill Wendt, and Katherine Yau for their help in the preparation of this report.

For any questions pertaining to this report, please contact Sara Neff at (310) 481-8449 or sneff@kilroyrealty.com. More information about our sustainability programs and corporate responsibility practices is available on our website at <http://kilroyrealty.com/commitment-sustainability> and on Twitter @kilroygreen.

Third Party Validation Charters, Principles, Initiatives

- Kilroy Realty has sought third-party assurance of the company's annual GRI report to confirm the quality and completeness of the disclosure for the third time this year.
- This is the third year Kilroy Realty is using the GRI G4 guidelines for its report.
- This sustainability report has been externally assured by DNV GL--Business Assurance, USA & Canada Sustainability. Their external assurance assessment can be found on page 72. DNV GL is an outside vendor, unaffiliated with us.
- To ensure that our reporting meets the highest standards for transparency, this report is externally audited in accordance with the AccountAbility 1000 Assurance Standard (AA1000AS 08).
- Our senior management team was involved in the external assurance process, which included interviews with our CEO and representatives of several departments including Finance, Asset Management, Risk Management, Human Resources, In-House Counsel and Land Use.

Global Reporting Initiative

This is our fifth corporate sustainability report and fourth developed in accordance with Global Reporting Initiative (GRI) guidelines. This is our third report using the G4 guidelines. The report covers all of our activities, all of which are located in the United States, during calendar year 2015. We publish a corporate sustainability report on an annual basis. The last Kilroy Realty corporate sustainability report was published in April 2015 and covered calendar year 2014. Since our last report, there have been no significant restatements. Since last year's report, we have decreased the square footage of our stabilized portfolio by approximately 8% percent, from 14.1 million square feet to 13.0 million square feet. Like-for-like, our occupancy increased over this period from 93.5% to 95.6%. We have chosen the 'Core' in accordance option for our sustainability report. The external assurance report can be found on page 72. The external assurance has used the AA1000 Assurance Standard (08) as the basis of the assurance.

General Standard Disclosures	Page	External Assurance
Strategy and Analysis		
G4-1 Statement from the Chairman and CEO.	4-5	72-75
Organizational Profile		
G4-3 Name of the organization.	7	
G4-4 Primary brands, products and services.	7	
G4-5 Location of headquarters.	52	
G4-6 Countries of operation.	7	
G4-7 Nature of ownership and legal form.	52	
G4-8 Markets served.	7	
G4-9 Scale of the organization.	7	
G4-10 Number of employees by employment contract, employment type and gender.	56-58	
G4-11 Percentage of total employees covered by collective bargaining agreements.	56	
G4-12 Organization's supply chain.	54	
G4-13 Significant changes during the reporting period.	67	
G4-14 Precautionary approach or principle addressed by the organization.	52	
G4-15 Externally developed economic, environmental and social charters, principles, or other initiatives the organization subscribes or endorses.	66	
G4-16 Memberships in associations and national or international advocacy organizations.	48	

General Standard Disclosures	Page	External Assurance	General Standard Disclosures	Page	External Assurance
Identified Material Aspects and Boundaries			G4-33	Policy and current practice with regard to seeking external assurance. Scope and basis of any external assurance provided. Relationship between the organization and the assurance providers. Whether highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report.	8, 66, 72-73
G4-17 Entities included in the organization's consolidated financial statements.	52				
G4-18 Process for defining the report content and Aspect Boundaries. Implementation of the Reporting Principles for Defining Report Content.	8	72-75			
G4-19 List all material Aspects identified.	9	72-75	Governance		
G4-20 Aspect Boundary within the organization for each material Aspect.	10	72-75	G4-34	Governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	51 72-75
G4-21 Aspect Boundary outside the organization for each material Aspect.	10				
G4-22 Effect of any restatements of information provided in previous reports and reasons for restatements.	67		Ethics and Integrity		
G4-23 Significant changes from previous reporting periods in the Scope and Aspect Boundaries.	67		G4-56	Organization's values, principles, standards and norms of behaviors such as codes of conduct and codes of ethics.	52-53 72-75
Stakeholder Engagement			G4-57	Mechanisms for seeking advise on ethical and lawful behavior.	52-53 72-75
G4-24 Stakeholder groups.	11-12	72-75	G4-58	Mechanisms for reporting concerns about unethical or unlawful behavior.	52-53 72-75
G4-25 Basis for identification and selection of stakeholders.	8	72-75			
G4-26 Approach to stakeholder engagement, including the frequency of engagement by type and by stakeholder group, and indication of whether any engagement was undertaken specifically as part of the report preparation process.	11-12	72-75	Specific Standard Disclosures	Page	External Assurance
G4-27 Key topics and concerns that have been raised through stakeholder engagement, and the organization response to those key topics and concerns.	11-12	72-75	Economic		
Report Profile			Economic Performance		
G4-28 Reporting period.	67		G4-EC1	Direct economic value generated and distributed.	52
G4-29 Date of most recent previous report.	67		G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	53-55 72-75
G4-30 Reporting cycle.	67				
G4-31 Contact point for questions regarding the report or its content.	66		Environmental		
G4-32 'In accordance' option the organization has chosen. GRI Content Index for the chosen option. Reference to the External Assurance Report.	8		Materials		
			G4-EN2	Percentage of materials used that are recycled input materials.	14 72-75
			Energy		
			G4-EN3	Energy consumption within the organization.	18 72-75

Specific Standard Disclosures	Page	External Assurance	Specific Standard Disclosures	Page	External Assurance
G4-EN6 Water	Reduction of energy consumption.	18	72-75	Social: Human Rights Non-discrimination	
G4-EN8	Total water withdrawal by source.	27	72-75	G4-HR3	Total number of incidents of discrimination and corrective actions taken. 59
G4-EN10	Percentage and total volume of water recycled and reused.	27	72-75	Social: Society Local Communities	
Effluents and Waste				G4-SO1	Percentage of operations with implemented local community engagement, impact assessments and development programs. 42-45
G4-EN23	Total weight of waste by type and disposal method.	28	72-75	Anti-corruption	
G4-EN24	Total number and volume of significant spills.	56	72-75	G4-SO5	Confirmed incidents of corruption and actions taken. 53
Compliance (Environmental)				Public Policy	
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	56	72-75	G4-SO6	Total value of political contributions by country and recipient/ beneficiary. 52
Environmental Grievance Mechanisms				Anti-competitive Behavior	
G4-EN34	Number of grievances about environmental impacts filed, addressed and resolved through formal grievance mechanisms.	56	72-75	G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes. 53
Social: Labor Practices and Decent Work				Product and Service Labeling	
Training and Education				G4-CRE8	Type and number of sustainability certification, rating and labeling schemes for new construction, management, occupation and redevelopment 21-23, 40
G4-LA9	Average hours of training per year per employee by gender, and by employee category.	59			72-75
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	59-60			
G4-LA11	Percent of employees receiving regular performance and career development reviews, by gender and by employment category.	60			
Diversity and Equal Opportunity					
G4-LA12	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	57-58			

Independent Assurance Statement

Scope and Objectives

DNV GL Business Assurance USA, Inc. (DNV GL) was commissioned by Kilroy Realty Corporation (Kilroy Realty) to conduct independent assurance of its 2015 Sustainability Report ('the Report'), as published on the company's website at <http://www.kilroyrealty.com/commitment-sustainability>

Our assurance engagement was planned and carried out in accordance with AA1000AS (2008), using DNVGL's VeriSustain methodology. VeriSustain is based on our professional experience, international assurance best practice including AA1000 Assurance Standard, and the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines. We understand that the reported financial data and information are based on data from Kilroy Realty's 2015 Annual Report, which are subject to a separate independent audit process. The review of financial data taken from the Annual Report is not within the scope of our work.

We planned and performed our work to obtain the evidence we considered necessary to provide a basis for our assurance opinion. We were engaged to provide Type 2 moderate level assurance, which covers:

- Evaluation of adherence to the AA1000AS (2008) principles of inclusivity, materiality and responsiveness (the Principles); and
- The reliability of Energy, Water and Waste sustainability performance information and related claims in the report.

A 'high level' of assurance would have required additional work at the headquarters and site level to gain further evidence to support the basis of our assurance opinion. We evaluated the performance data using the reliability principle.

We followed the procedures as outlined in the VeriSustain protocol to complete the project. We used the Global Reporting Initiative (GRI) Quality of Information Principles (Balance, Clarity, Accuracy, Reliability, Timeliness and Comparability) as criteria for evaluating performance information, together with Kilroy Realty's data protocols for how the data are measured, recorded, and reported. All data were verified for the period between 1 January 2015 to 31 December 2015.

Responsibilities of Kilroy Realty Corporation and of the Assurance Providers

Kilroy Realty has sole responsibility for preparation of the Report. In performing our assurance work, our responsibility is to the management of Kilroy Realty. Our statement, however, represents our independent opinion and is intended to inform all Kilroy Realty's stakeholders.

DNV GL was not involved in the preparation of any statements or data included in the Report, except for this assurance statement. This is our third year of providing assurance for Kilroy Realty. We adopt a balanced approach towards all stakeholders when performing our evaluation.

DNV GL's assurance engagements are based on the assumption that the data and information provided by the client to us as part of our review have been provided in good faith. DNV GL expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Assurance Statement.

Basis of our opinion

A multi-disciplinary team of sustainability and assurance specialists performed work at headquarters and site level. We undertook the following activities:

- Review of the current corporate responsibility issues that could affect Kilroy Realty and are of interest to stakeholders;
- Review of Kilroy Realty's approach to stakeholder engagement and recent outputs;
- Review of information provided to us by Kilroy Realty on its reporting and management processes relating to the Principles;
- We visited the corporate Headquarters in Los Angeles
- We conducted interviews with the President and Chief Executive Officer, Senior Vice President of Finance and Treasurer, Vice President of Risk Management, Vice President of Development and Government, Senior Vice President Asset Management, Human Resources, and Senior Vice President of Sustainability. They are responsible for areas of management and stakeholder relationships covered by the Report. The objective of these discussions was to understand top level commitment and strategy related to corporate responsibility and Kilroy Realty's governance arrangements, stakeholder engagement activity, management priorities, and systems;
- We assessed documentation and evidence that supported and substantiated claims made in the Report;
- We reviewed the specified data collated at the corporate level, including that gathered by other parties, and statements made in the Report. We interviewed managers responsible for internal data validation, reviewed their work processes, and undertook sample-based audits of the processes for generating, gathering, and managing the quantitative and qualitative sustainability data;
- We provided feedback on a draft of the report based on our assurance scope.

Our team included: Tom Andresen Gosselin, Stephanie Alderson, and Kim Bach Vu.

Findings

On the basis of the work conducted, nothing came to our attention to suggest that the Report does not properly describe Kilroy Realty's adherence to the Principles of Inclusivity, Materiality, and Responsiveness. In terms of the reliability of performance data, nothing came to our attention to suggest that these data and claims have not been properly collated from information reported at operational level, nor that the assumptions used were inappropriate.

Observations

Without affecting our assurance opinion, we also provide the following observations.

Inclusivity: the participation of stakeholders in developing and achieving an accountable and strategic response to sustainability.

Based on our review, Kilroy Realty has demonstrated a range of initiatives to enable the inclusion of internal and external stakeholders in the company's sustainability management programme. Kilroy Realty demonstrates unique approaches to engaging their employees such as enlisting almost half of their janitors in the Green Janitor Education program and recognizing the sustainability achievements of their chief engineers.

We found evidence during our review that stakeholders' views are used to inform Kilroy Realty's sustainability strategy, and that the strategy itself is aligned with core business objectives. For example, Kilroy Realty's participation in industry associations and debates surrounding government legislation provides a source of information on emerging sustainability issues and stakeholder viewpoints.

Kilroy Realty remains a leader in their industry sector, as demonstrated by continued top recognition from sustainability award programs. Additionally, they have adopted innovative programs to augment their environmental performance such as piloting electronic buildings management software enhancements.

Materiality: identification of those issues which are necessary for stakeholders to make informed judgments concerning the organization and its impacts.

The Report provides a full overview of Kilroy Realty's 2015 sustainability activities while also demonstrating year over year performance. The Report covers the most material issues that impact its sustainability and business objectives and addresses the environmental, social, and governance issues relevant to its stakeholders.

Kilroy Realty consistently engages with internal and external stakeholders throughout the year through various mechanisms, including an annual process to update their materiality assessment. Kilroy Realty has expanded its 2015 materiality assessment to include some external stakeholders.

We recommend that in the future Kilroy Realty should continue to expand the range of external stakeholders in its materiality assessment, and to further formalize this process in order to help identify and corroborate material issues covered in the report. Considering that community engagement relating to specific development projects have been documented in external media during 2015, we recommend to Kilroy that considers local media as a proxy for external stakeholder concerns to be considered in future materiality assessments.

Responsiveness: the extent to which the organization responds to stakeholder issues

During our review, we found evidence that Kilroy Realty engages and responds to stakeholders, and that sustainability is integrated into their business strategy and incorporates stakeholders' requests. For example, their pursuit of WELL certifications, a new standard that focuses on human well-being in the built environment, and their identification and expansion of their Health & Wellness programs are all in direct response to stakeholders' requests. Additionally, Kilroy Realty continues to demonstrate long-term engagement efforts to solicit community concerns and integrate feedback into their new developments as depicted through the Flower Mart and Paseo One case studies.

Performance Information: Kilroy Realty's reporting of performance including the disclosure of data is comprehensive and the indicators are disclosed in a balanced manner.

Goals and performance data are presented objectively, with clear and balanced representation of 2015 performance and challenges. The company demonstrates a continued drive for improved performance, and has for the first time this year set a new, science-based energy target to be accomplished by 2020.

Our review of energy, waste, and water data presented in the report resulted in minimal technical errors being identified based on our sampling. These errors have been corrected for the final report. The systems for production and collation of these data appear from our review to be reliable and capable of producing complete and consistent data.

DNV GL Business Assurance USA Inc.

Oakland, California

4/8/16



Tom Gosselin
Project Director



Stephanie Alderson
Project Consultant



Jon Woodhead
Technical Reviewer

The purpose of the DNV GL group of companies is to promote safe and sustainable futures. The USA & Canada Sustainability team is part of DNV GL Business Assurance, a global provider of certification, verification, assessment and training services, helping customers to build sustainable business performance. www.dnvg.com



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