

2019

# CORPORATE RESPONSIBILITY REPORT



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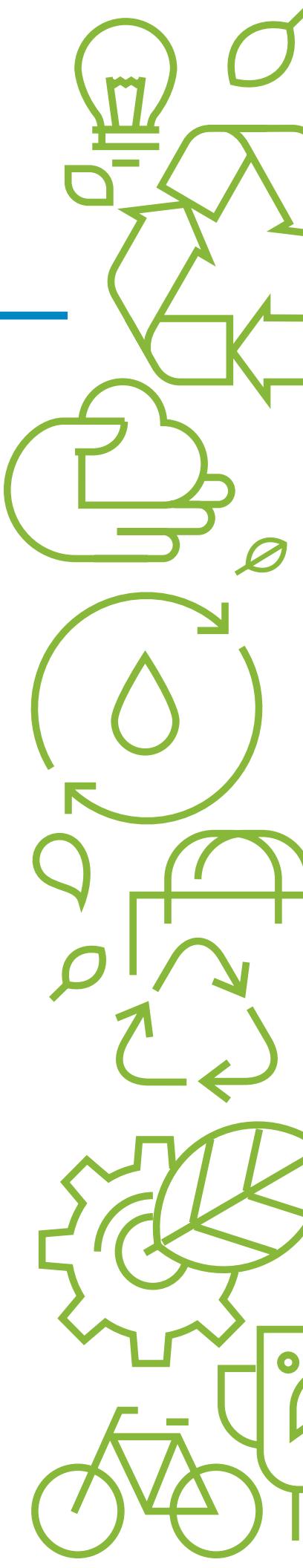
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# FROM THE CEO

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## UPDATE:

Over the last several weeks, business – and life – has been anything but usual and, for many, has been very difficult. Our thoughts are especially with those directly impacted by COVID-19.

While the ultimate impacts on our economy and communities is undetermined at this time, we believe we are well-positioned to navigate the uncertainties created by the COVID-19 pandemic. With protecting the health and well-being of our coworkers and customers as our top priority, we remain committed to our strategic plan and focus on growth while reducing the environmental impact of our operations.

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I am pleased to present our third annual Corporate Responsibility Report that highlights our recent environmental, social and governance (ESG) progress and goals for the future. Highwoods Properties is firmly committed to reducing the environmental impacts of our operations and making the communities within which we operate better places to live and work. We strive to create high quality and talent-supportive workplaces that promote the health, well-being and productivity of our customers, coworkers and communities.

In 2019, we expanded our Sustainability Team by engaging a larger multidisciplinary group of talented Highwoods professionals. Fully supported by our Executive Leadership Team and Board of Directors, our Sustainability Team continued to execute our Sustainability Strategy and drive ESG performance across our entire portfolio. A focus area for 2019 was strengthening our ESG reporting and verification efforts to better communicate our performance to investors and stakeholders. We accomplished this by actively participating in additional ESG frameworks and preparing for the 2020 Global Real Estate Sustainability Benchmark (GRESB) assessment.

We continued to advance sustainability in our development pipeline in 2019 by achieving Leadership in Energy and Environmental Design (LEED) certification for two new projects totaling 443,000 SF. Since 2013, we have achieved a minimum of LEED certification for 100% of new office development projects, representing over 3.3 million SF of

Class A office space. In our existing portfolio, we reduced our energy consumption by 3.5% and water consumption by 2.4% in 2019. Additionally, we achieved the prestigious ENERGY STAR certification for 68 of our properties, representing over 11.7 million eligible square feet. Thanks to the hard work of our property teams and the leadership of our Sustainability Team, we are on track to achieve our 2025 environmental performance goals.

The health and wellness of our coworkers and customers are a perennial priority for our organization. We are committed to designing and operating spaces that promote their health, well-being and productivity. In 2019, we strengthened the *Be Your Own Superhero* program for our coworkers by creating wellness teams to champion health and wellness initiatives focusing on physical, emotional and financial well-being. To promote active and healthy lifestyles for our customers, we have incorporated on-site fitness centers, cafes with healthy food options, collaborative workspaces and connections to walking trails at many of our properties.

Climate resiliency continues to be a material concern for our stakeholders. Our climate resiliency planning requires a collaborative effort across our organization to identify the opportunities to mitigate unique risks associated with our regions and properties. As climate risks change, we will continue to reexamine our organization and internal processes to ensure our climate resiliency planning incorporates proper risk profiles and is well aligned with our business objectives.

As a national real estate developer, owner and manager, we have the intrinsic and societal responsibility to lead by example and positively impact the environment and the communities where we live, work and serve. We will continue our mission to create value for our stakeholders by improving our efficiency and pushing the envelope on ESG performance. We are up for the challenge and look forward to continued progress in 2020 and beyond.



**Ted Klinck**

*President, Chief Executive Officer and Director*

# CORPORATE OVERVIEW



Highwoods Properties is a publicly traded REIT (real estate investment trust), member of the S&P MidCap 400 index, and traded on the New York Stock Exchange (NYSE) under the symbol "HIW." Headquartered in Raleigh, NC, Highwoods owns, develops, acquires, leases and manages office properties primarily in the BBDs (best business districts) of Atlanta, Charlotte, Nashville, Orlando, Pittsburgh, Raleigh, Richmond and Tampa.

**191**  
BUILDINGS

**28.9M**  
SF

**1.2M**  
SF IN DEVELOPMENT

as of 12/31/2019



# SUSTAINABILITY STRATEGY

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Highwoods is committed to reducing the environmental impacts of our properties (totaling 28.9 million SF) and creating healthy and productive workplaces for our customers and communities. Our sustainability strategy is focused on continuously improving the environmental, social and financial outcomes of our operations. Our strategy aims to:

- 1 LOWER OPERATING COSTS**
- 2 INCREASE ASSET VALUE**
- 3 LOWER ENVIRONMENTAL IMPACTS**
- 4 MITIGATE RISK**
- 5 ENRICH OUR COMMUNITIES**

Sustainability is integrated into all aspects of our company, from the design and construction of new developments to the ways in which we communicate portfolio ESG performance to our stakeholders. Our sustainability strategy, which is fundamental to our long-term investment strategy as outlined in our Strategic Plan, is to conservatively manage resources to ensure consistent and reliable growth. We strive to be the best stewards of our communities and environment, and we believe these efforts lay the groundwork for our continued responsible growth and success. Simply put, sustainability is part of who we are.

## ABOUT THIS REPORT

The 2019 Corporate Responsibility Report includes the sustainability policies, initiatives and goals implemented by Highwoods Properties (HIW) that are considered material to our stakeholders and is organized by ESG category: Environmental, Social and Governance.

This report was developed to align with key disclosures of the Global Reporting Initiative (GRI) Sustainability Reporting Standards and reflects portfolio operations from our owned and managed assets comprising 28.9 million SF for the year ending December 31, 2019. Same property performance reported from the 2016 baseline includes those that were in operation during both the baseline and current periods, similarly for year-over-year changes from 2018.

# STAKEHOLDER ENGAGEMENT

We listen to our stakeholders and develop solutions that are responsive to their needs and changing market conditions. Maintaining an ongoing dialogue ensures we understand their priorities and target performance indicators that are material to our stakeholders and support our investment strategy. Our key stakeholder groups include investors, customers, coworkers, our industry and the communities in which we work, live and serve.

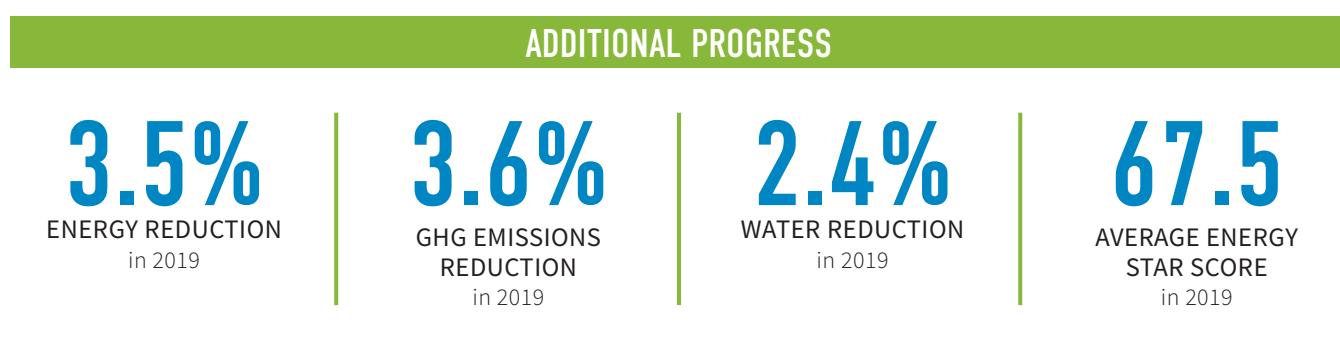
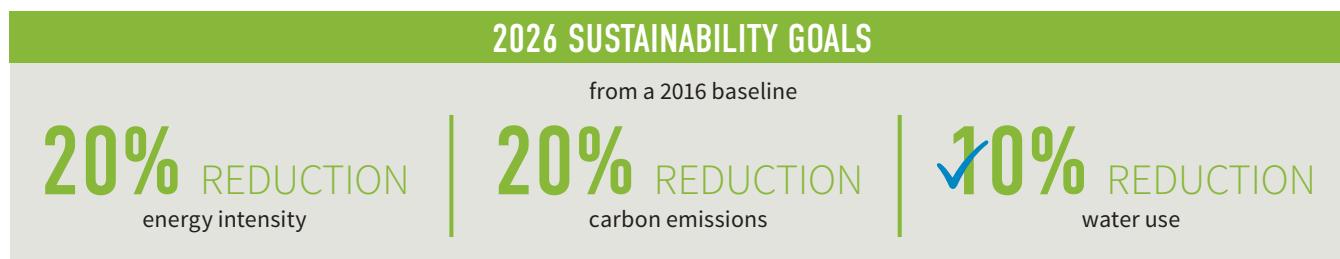
We meet with key investors throughout the year and proactively report on our financial and environmental performance through quarterly and annual disclosures, including our annual Corporate Responsibility Report. Our property teams meet regularly with customers, organize events and trainings, and seek feedback through annual surveys. We engage our coworkers through a variety of programs, trainings and civic engagement activities that support professional development, health and wellness and stewardship to the community. We attend industry meetings and conferences throughout the year to strengthen our partnerships and to contribute to the discourse that shapes our industry. At the community level, we participate in public forums, business improvement districts (BIDs) and support organizations that enrich our communities.

## STAKEHOLDER ENGAGEMENT MATRIX

KEY STAKEHOLDERS	ENGAGEMENT APPROACH
<b>Investors</b>	Third-party ESG benchmarks SEC filings Investor relations team support Investor meetings and events Quarterly earnings calls Property tours Annual Corporate Responsibility Report
<b>Customers</b>	Periodic customer satisfaction surveys Quarterly customer meetings Customer communications Health and wellness amenities Customer appreciation events Active conversations through social media Annual Corporate Responsibility Report
<b>Coworkers</b>	Quarterly performance update reports Trainings and professional development Intranet site Annual performance reviews Professional development program Whistleblower hotline Employee wellness program Open door policy Annual Corporate Responsibility Report
<b>Industry</b>	Participation at conferences and meetings Partnerships Participation in steering committees
<b>Community</b>	Public forums for new developments Participation in Business Improvement Districts Philanthropic engagement and leadership Active conversations through social media Hosting community events Active participation in local community development organizations

# ENVIRONMENTAL GOALS & PROGRESS

We are committed to developing and operating high performance, sustainable assets that minimize environmental impacts and enrich our communities. Improving performance and continuously raising the bar is fundamental to our long-term investment strategy. In 2019, we continued to build on our momentum by reducing energy usage by 3.5%, water usage by 2.4% and GHG emissions by 3.6%. Consistent with these efforts, we continued to pursue ENERGY STAR certifications for all eligible assets and LEED certification at a minimum for all new developments.



# SUSTAINABLE OPERATIONS

Continuously improving the sustainable performance of our portfolio requires continuous monitoring, education, innovation and investment. Since we began our energy management program, we have integrated sustainability into all aspects of our operations and continue to look for smart, strategic ways to reduce our environmental impacts, enhance financial performance and improve customer health, well-being and satisfaction.

Over the last decade, our properties have benefited from strategic energy and water efficiency upgrades that have improved system performance and the bottom line. We have implemented standard operating procedures across the portfolio to optimize building efficiency, improve system reliability and longevity and improve the health and well-being of our customers and associates. Fundamental to this success is engaging our coworkers in training and educational opportunities that encourage innovation and provide opportunities for all to contribute to our sustainability initiative and achieve collective goals.

## SUSTAINABLE TECHNOLOGIES



SMART  
IRRIGATION  
CONTROLS



EV CHARGING  
STATIONS



LED  
LIGHTING



HIGH EFFICIENCY  
PLUMBING  
FIXTURES



VARIABLE  
FREQUENCY  
DRIVES



CONDENSATE  
RECOVERY



HIGH EFFICIENCY  
CHILLERS



DDC BAS  
CONTROLS

## HIGHWOODTIZING

The built environment has a profound impact on our health, well-being and productivity. A well-designed workplace incorporates natural elements, such as daylight or natural views, and strategies to reduce stress and promote positivity. Highwoodtizing is the practice of upgrading and modernizing the exterior or interior of a space to meet Highwoods standards and enhance the customer experience. Core to this process is creating spaces that integrate sustainable design strategies, promote wellness, enhance aesthetics, are adaptive and encourage collaboration.

### 11000 WESTON



An extensive renovation of 11000 Weston Parkway was completed in 2019. In addition to highwoodtizing to upgrade and modernize the interior of the space, many updates were completed including replacing all of the core building HVAC systems, upgraded plumbing with low flow fixtures, recommissioned the water treatment system and added two Energy Recovery Ventilation (ERV) units, LED lighting and a modernized building control system.

# ENERGY MANAGEMENT

Our commitment to energy management began decades ago with the hiring of engineers who were on the forefront of deploying technology to closely monitor energy consumption. As technology advanced, we migrated our energy performance monitoring to the ENERGY STAR Portfolio Manager online platform and formalized our Energy Management & Sustainability Policy. To encourage continuous improvement, we created the Highwoods Energy Command Center to monitor energy usage in real-time and established a revolving capital fund to deploy innovative energy efficient technologies. Over the last decade, we have invested \$43 million in energy efficiency projects, resulting in annual energy savings of approximately \$3 million.

In 2019, we reduced portfolio-wide energy consumption by 3.5% and achieved 68 ENERGY STAR certifications for 46% of our eligible floor area. In support of DOE's Better Buildings Challenge, we established a 20% portfolio-wide energy reduction goal by 2026 from a 2016 baseline and are currently on track to achieve this goal. Additionally, we achieved LEED certification for two new developments in 2019 to ensure that high-performance, energy-efficient systems are in place.

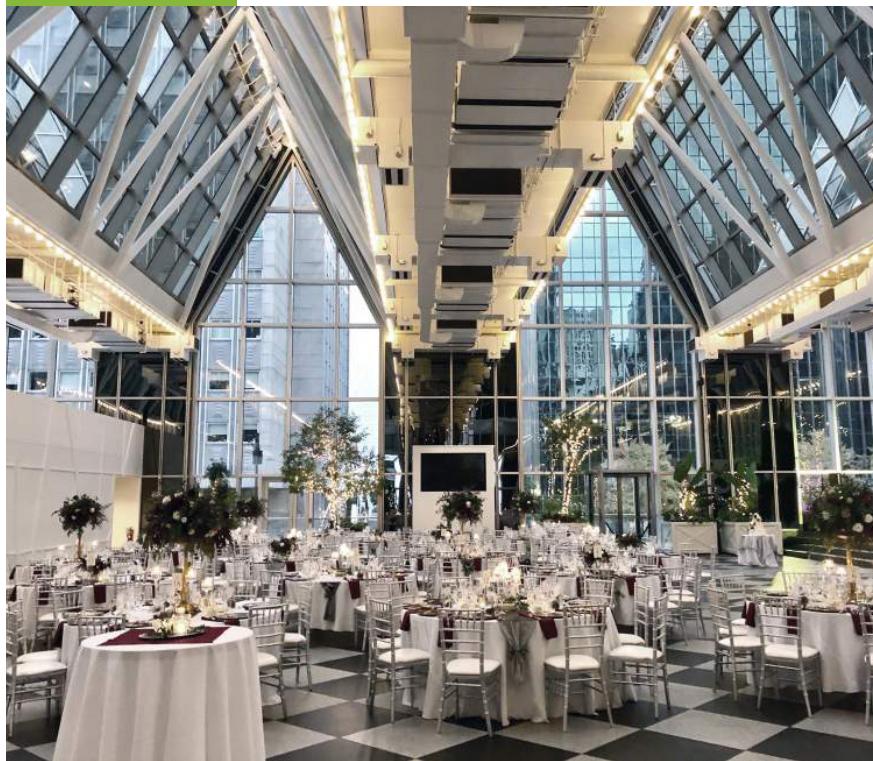
**10%**

ENERGY REDUCTION  
Since creation of the Highwoods Energy Command Center

**\$3M**

APPROXIMATE ANNUAL ENERGY SAVINGS

## WINTERGARDEN



*The Wintergarden at PPG Place was renovated as an event space in 2019, including the addition of a novel heat pump system that utilizes waste heat from the Ice Rink to warm the space. This system consumes just 1/3 of the energy that the previous boiler system used.*

# ENERGY MANAGEMENT

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## HIGHWOODS ENERGY COMMAND CENTER

In 2011, we created the Highwoods Energy Command Center by investing in technology to centrally monitor the energy performance of our portfolio and continuously commission each property. To ensure this valuable data is acted upon, dedicated corporate staff monitor building performance in real-time and collaborate with engineering teams across the portfolio to take corrective action and continuously improve performance. Since the creation of the Energy Command Center, we have identified measures that have reduced energy consumption by over 10% (approximately \$3 million annually) across the portfolio.

The Highwoods Energy Command Center includes three data platforms; ENERGY STAR Portfolio Manager, LiveMeter and a Central BAS Monitoring Station. These platforms enable the continuous monitoring and analysis of real-time energy data for 95% of our portfolio. The data is used to identify and eliminate wasteful energy consumption during unoccupied periods and to measure the impact of operational changes.

## REVOLVING CAPITAL FUND

When investing in energy efficiency technologies, we think strategically and move fast. Starting with pilot projects, we test technologies and measure performance to prove the savings. If a proposed project meets our investment criteria, we leverage a revolving fund for sustainable projects to implement the high value opportunity across the portfolio. In 2019, we implemented LED lighting upgrades at 24 parking facilities, modernized the building automation system controls of 3 properties and completed over \$6 million in other Sustainability-related projects.



*Highwoods Energy Engineers, David Crum and Steve Dixon, analyze our buildings energy usage in real time.*

# GHG EMISSIONS

Highwoods is committed to reducing our greenhouse gas (GHG) emissions and transitioning to a lower carbon future. When pursuing LEED certification for new developments, we utilize computer-simulated energy models to evaluate and select high efficiency buildings systems and technologies that will minimize our GHG emissions in the future. Our efforts to mitigate GHGs during ongoing operations include real-time energy performance monitoring through Highwoods Energy Command Center, property-level energy efficiency audits, implementation of energy efficiency best practices, procurement of off-site renewable energy, use of environmentally friendly refrigerants and associate education and training.

We measure our GHG emissions as Scope 1 or 2 Emissions. GHG sources include the on-site combustion of natural gas and fuel oil for heating and back-up power generation (Scope 1) and the generation of electricity and district heating and cooling off-site by local utilities (Scope 2). We utilize the ENERGY STAR Portfolio Manager online platform to monitor GHGs from our ongoing operations and to track progress towards meeting our goals.

Since 2016, we have reduced our GHG emissions by 11.6% and are on track to exceed our goal of a 20% reduction by 2026. Moving forward, we will continue to seek new strategies and technologies to further reduce our carbon footprint, strive towards ambitious internal goals and partner with local governments to help advance their carbon reduction and environmental goals.

## 2026 SUSTAINABILITY GOAL

from a 2016 baseline

**20%** REDUCTION  
carbon emissions

## CURRENT GOAL PROGRESS

**11.6%**  
reduction to date

## 2019 REDUCTION

**3.6%**  
GHG emissions reduction

### VIRGINIA SPRINGS I



*Delivered in 2019, Virginia Springs I is a LEED-certified building located in Nashville. The construction focused on minimizing the embodied energy and other impacts associated with the extraction, processing, transport, maintenance and disposal of materials. During construction, 60% of waste was diverted from a landfill. The building will consume 30% less water and 7.5% less energy than comparable buildings.*

# CASE STUDY

## RIVERWOOD 100



**29%**

GHG REDUCTION  
since 2011

**9.5%**

WATER REDUCTION  
since 2011

Riverwood 100 is a 24-story, 502,527 SF Class A office tower in the Northwest/Cumberland market of Atlanta. Designed by prominent 20th century architect John Portman and delivered in 1989, high quality finishes and efficient floor plates are featured throughout. Boasting a superior location adjacent to the SunTrust Park and Mountain-to-River Trail, the property includes an on-site fitness center and café and is within walking distance to multiple dining and entertainment options.

Since 2011, Highwoods has invested over \$3 million to modernize the building's HVAC systems, including an upgrade of the building automation system, economizer recommissioning and the installation of new high efficiency chillers, variable frequency drives, LED lighting and a water treatment system. These upgrades have reduced building energy usage and greenhouse gases by approximately 29% and water usage by 9.5%. In recognition of these efforts, the property achieved the ENERGY STAR certification eight times.

# WATER/WASTE MANAGEMENT

## WATER MANAGEMENT

Water rates continue to rise across the country due to water scarcity and the growing cost of upgrading aging utility infrastructure. We are actively managing this risk by closely monitoring water performance in the ENERGY STAR Portfolio Manager, installing high efficiency fixtures and equipment and providing guidance to our coworkers and customers on conservation practices.

We have installed high efficiency plumbing fixtures across approximately 90% of our managed portfolio. We provide training to our engineering team on best practices, including cooling tower optimization and leak detection. To prevent excessive irrigation, we use smart irrigation controls that optimize water usage according to local weather conditions and capture rainwater for irrigation at select properties. In new developments, we target 30-40% water reductions over code requirements to meet our LEED certification goals.

Our water conservation efforts have contributed to the early achievement of our 10% water reduction goal by 2026. In 2020, we will look to establish a new water conservation goal, target new properties for water efficiency upgrades and will evaluate new strategies and technologies that will help us continue to move the needle.



*The atrium lobby at Landmark Center in Orlando was remodeled to create a more modern and collaborative environment. In the process, a large water feature was removed and foliage scaled down, reducing water consumption by over 20%.*

## 2026 SUSTAINABILITY GOAL

from a 2016 baseline

**10%** REDUCTION  
water use

## CURRENT GOAL PROGRESS

**14.9%**  
reduction to date

## 2019 REDUCTION

**2.4%**  
water reduction

## WASTE MANAGEMENT

We have implemented waste management practices across our portfolio through partnerships with our customers and vendors. To increase customer participation in our recycling efforts, we provide single-stream recycling options when available and organize e-waste recycling drives. We coordinate with waste management vendors to develop more efficient ways to access waster performance data and optimize hauls, which reduces carbon emissions and waste management costs. During customer buildouts, we work closely with contractors to implement waste management strategies that maximize diversion rates. Further, we target a 75% waste diversion rate in all new developments to meet our LEED certification goals.

# NEW DEVELOPMENTS

We integrate sustainability into the design and construction of all new office development projects and the renovation of existing assets. Since 2013, all new developments have achieved a minimum of LEED certification to lower our environmental impacts during construction and future operations. LEED certification is a consensus-based global green building standard that is a leading indicator of sustainable building design and operations.

While LEED certification is one measure of success, our holistic development strategy strives to incorporate the changing needs of our customers and community. Designing spaces to promote health and well-being is becoming increasingly important to our customers due to the measurable impact on employee retention and productivity. Assessing the potential extreme weather impacts on our new developments, including an electric grid analysis, is also a material concern to our organization and stakeholders. Additionally, developing high quality, resilient and adaptable workplaces ensures the long-term financial sustainability of our properties as market conditions change. At the community level, we participate in public forums and business improvement districts (BIDs) to gather valuable feedback from local constituents. Through an inclusive development process and responsive design, we strive to make our communities a better place to live and work.

In 2019, we completed the construction of two properties, both targeting LEED certification. The Mars Petcare U.S. Headquarters in Franklin, TN, was designed to promote customer health and wellbeing through measures benefiting both our customers and their pets. Metlife III is the latest addition to Metlife's campus in Cary, NC, featuring an energy-efficient design on a waterfront setting.



*Delivered in 2019, Metlife III is the most recent addition to Metlife's Global Technology Campus in Cary, NC. Targeting LEED Gold certification, the building features a modern design, high-efficiency building systems and controls, state of the art amenities throughout the campus and direct access to Cary's extensive greenway trail system.*

# NEW DEVELOPMENT CASE STUDY

MARS PETCARE



Delivered in 2019, the Mars Petcare U.S. Headquarters is a Class A office campus located in the Cool Springs submarket of Nashville and a part of the 77-acre Ovation development. The campus encompasses 224,000 SF of pet-friendly and collaborative office space via two connected Class A buildings, an expansive, outdoor amenity lawn and a seven-level parking deck. The buildings' modern and sleek design features floor-to-ceiling glass, versatile floor plates and design elements that strengthen connections with the outdoors and promote health, wellbeing and productivity.

Targeting LEED Gold certification, Mars Petcare was designed and constructed to Highwoods Sustainability Standards, which include the installation of high efficiency HVAC systems, sophisticated controls, low-flow/flush plumbing fixtures, LED lighting and the use of low-emitting materials and those that minimize environmental impacts. The high efficiency building design, along with an extensive commissioning process focused on operations of the building systems and training, has resulted in a 16% reduction in energy consumption and a 30% reduction in water consumption vs LEED guidelines.

# CLIMATE RESILIENCY

Extreme weather events and other climate-related risks are a material concern for all our stakeholders, including our executive leadership. Through proactive planning and analysis, we manage these risks throughout the life cycle of our assets. Our Corporate Risk and Asset Management teams regularly assess the potential impacts of extreme weather on new developments and existing assets, including flooding, fire, loss of water, power outages and wind damage. Developing and operating resilient buildings is fundamental to our Strategic Plan and creates long-term, sustaining value for our investors.

For new developments, we incorporate climate risks into the site selection process, perform detailed site environmental studies, and integrate design strategies that promote durable and resilient buildings. We have implemented Emergency Response and Crisis Communication Plans at all properties that outline responses to specific emergency scenarios. To ensure continued operations in the case of extreme weather or other catastrophic events, we regularly perform business impact analyses, stress tests and other simulations to test the resiliency of our organization. These efforts have informed the development and implementation of the Highwoods Business Continuity Plan that establishes a Preparation, Response and Recovery Plan for the critical business functions at each property. For assets with elevated climate-related risks, we develop Climate Resiliency Plans that evaluate short and long-term vulnerabilities and outline proactive measures to harden those assets against anticipated impacts. As climate risks change, we reexamine our organization and internal processes to ensure our climate resiliency planning incorporates proper risk profiles and is well aligned with our business objectives.

## THE PINNACLE AT SYMPHONY PLACE



*The pumping system at The Pinnacle was recently upsized and generator capacity increased to handle increased frequency of flooding from the adjacent Cumberland River.*

## CLIMATE RESILIENCY PLANNING

### New Developments

- Avoidance of floodplains, waterfronts and other vulnerable sites
- Phase 1 environmental studies
- Strategic location of switchgear and critical equipment
- Floodable first floors
- Emergency back-up energy generation and redundancy
- Off-site building systems management

### Operations

- Resiliency planning
- Business Continuity Plan
- Emergency response and life safety plan
- Storm impact assessments
- MEP system redundancy
- Manual BAS override switches
- Temporary flood barriers
- Coworker training
- Customer engagement and coordination

# SOCIAL COMMUNITY ENGAGEMENT



While commercial real estate development and operations is our primary business, we take great pride in being good stewards of the communities where we live, work and serve. We are guided by a strong value system steeped in the spirit of service, extending well beyond the walls of our buildings to strengthen and enrich our communities. If the communities in which we operate flourish, so will we.

We developed the Highwoods Helps program to provide our coworkers with opportunities to make a difference in the lives of others. In 2019, we supported numerous community organizations that helped create jobs, support our troops and aid the less fortunate. Throughout the year, Highwoods employees donated over 1,000 hours to community service supporting more than 75 organizations and community events.

Our support for charitable and community activities is done with the sole intention of making our communities better places to live and work. As a REIT, Highwoods generally does not receive tax benefits from charitable giving.

Some of the organizations we provided support to in 2019:

American Heart Association	Gigi's Closet	Pie for Cancer
American Red Cross	Greater Pittsburgh Community Food Bank	Raleigh Parks and Rec
Animal Friends	Habitat for Humanity	Raleigh Women's Center
Autism Society of Central Virginia	Hands on Nashville	Rise Against Hunger
Boys & Girls Club	Harvest Food Bank	Ronald McDonald House Charities
Boy Scouts of America	Healing Transitions	Salvation Army
Cameron K. Gallagher Foundation	Heart Gallery of Tampa	Sam McGahren Memorial Fund
CBRE Cares Softball Classic	Henrico Christmas Mother	Saving Grace
Cristo Rey High School	Homes for Our Troops	Southeastern Guide Dogs
CREW	Keep Tampa Bay Beautiful	St. Baldrick's Foundation
Cystic Fibrosis Foundation	Kiwanis Club Chicken Dinner	St. Jude Children's Research Hospital
Diabetes Sisters	Leukemia & Lymphoma Society	Step Up Ministry
Discovery Place	Love Abaco	UNC Children's Hospital
Dix Park Conservancy	Meals On Wheels	United Against Poverty
Dress For Success	Metropolitan Ministries	Wake County Women's Shelter
Feed More	Miles for Moffitt	Walk for Lupus
Feeding Children Everywhere	Murrell School for Metro Nashville	The Wide Open Charitable Foundation
The First Fee	National Kidney Foundation	Williamson Economic Development
First Orlando Foundation	NC Museum of Art	Wreaths Across America
Florida Hospital Cancer Institute	NC Museum of History	YMCA
Franklin Tomorrow	Note in The Pocket	
Friends of Warner Parks	Panera Pink Ribbon Bagels	

1,000+  
HOURS OF  
COMMUNITY SERVICE

75+

SUPPORTED ORGANIZATIONS  
AND COMMUNITY EVENTS

# COMMUNITY ENGAGEMENT CASE STUDY

## HIGHWOODS HELPS

In 2019, Highwoods Orlando Market continued its long streak of philanthropy and employee volunteerism with key initiatives showing how these practices are embedded in our culture.

## UNITED AGAINST POVERTY

In the spring of 2019, Highwoods Helps Orlando partnered with United Against Poverty (UAP), an organization committed to ending poverty that offers a “hand up,” not a hand out. Learning that almost half of the families in Central Florida are financially fragile, the Orlando team was inspired to help. UAP, a non-profit organization works to transform the lives of those in need with numerous programs to provide crisis care, education, healthcare, relief and much needed encouragement to low-income families who are just steps from the poverty line.

The Orlando team volunteered to help stock shelves, create produce displays and organize items in their Grocery Marketplace. This program provides household assistance to members of the community. Highwoods efforts helped provide this support in a dignified way allowing members to personally select their items with a minimal cost.

Through one of our local restaurants, Uno Pizzeria, the Orlando team held various “Dough Raisers” throughout the year raising money for UAP. For every lunch ordered for a Highwoods meeting, Uno’s donated 20% back to the charity of our choice. We presented UAP with a \$308 check as a result.

During the holiday season, Highwoods collected 474 food items and monetary donations in one of our downtown buildings to help more than 55 Central Florida families complete their Thanksgiving meal. Every Highwoods customer participating in the food drive was entered into a drawing to win a pizza party (proceeds going back to UAP). We also held a Toy Drive with the goal of providing bikes for all the deserving children.



# HUMAN CAPITAL

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## EMPLOYEE ENGAGEMENT

Our people are the foundation of our success. Every coworker plays a fundamental role in achieving our organizational goals and the value we create for our customers, investors and communities. We strive to foster a culture of inclusivity, collaboration, support and innovation that provides all coworkers the opportunity to achieve their professional development, career and wellness goals. This is accomplished through numerous internal programs focused on the success of our associates, including comprehensive benefits for employees and their families and formal programs supporting associate wellness, professional development and education and training.



## PROFESSIONAL DEVELOPMENT

We have a strong professional development program at Highwoods that encourages ongoing education and growth. All of our coworkers receive annual performance reviews that coincide with annual incentive compensation. To foster a collaborative and inclusive work environment, we support internships and mentorships that provide the opportunity to learn, grow and build relationships. Additionally, we encourage our associates to pursue continuing education opportunities and achieve industry accreditations, including LEED, AEE and BOMA designations.

## TRAINING AND EDUCATION

Throughout the year, we facilitate internal trainings on recent enhancements to our sustainability initiative and how our team can contribute and help us grow. We provide leadership, management, functional and technical learning opportunities and will consider individual requests for job-related tuition reimbursement. To promote an ethical and supportive work environment, we provide training to our coworkers on corporate policies and programs, including diversity, equal opportunity, workers' rights, non-discrimination and non-harassment. These policies extend to all board members, our executive team and coworkers.



# HEALTH & WELLNESS

## HEALTHY PEOPLE

Highwoods has developed a comprehensive well-being program, *Be Your Own Superhero*, for our coworkers and created wellness teams to champion health and wellness initiatives across our portfolio focusing on physical, emotional and financial well-being. This program encourages total coworker well-being with teams in each region coordinating activities including yoga classes, massages, fitness challenges, mobile clinics for wellness exams, blood drives and lunch and learn classes on topics like cardiac health, mental health and healthy cooking.

Highwoods hosted three Lunch & Learn events in Raleigh, presented by Ellen Lawson, Engagement Consultant with Cigna. Each event was about 45 minutes and was recorded and made available to all Highwoods divisions for on-demand viewing. Division Wellness Champions were encouraged to make it an event for their coworkers.

February – Stress Management | May – Behavioral Health | September – Sleep

The Lunch & Learn topics reflected the monthly Wellness topics chosen for 2019. Each month, one to two emails were sent through the Superhero email with information regarding that month's topic.

Additionally, each month a different division's Wellness Committee was responsible for creating a short informative and entertaining video to be shown during the month on the Link, visible to all coworkers.

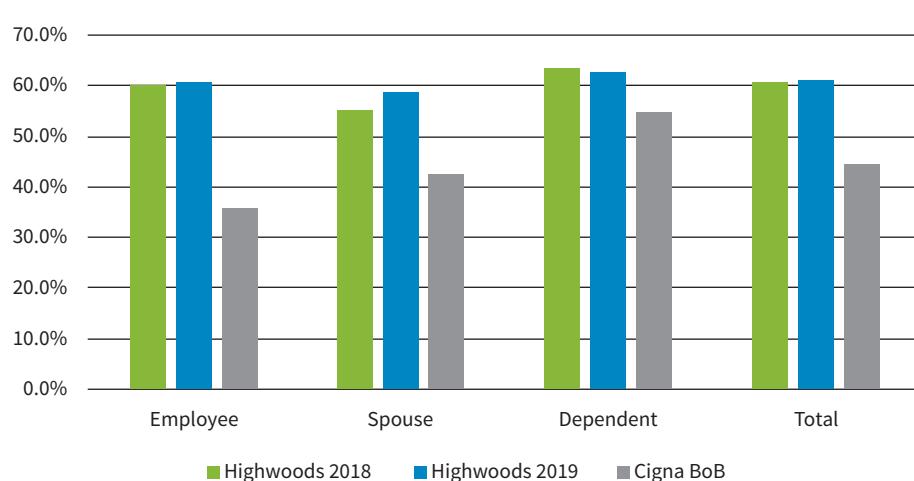
Divisions also held Wellness events, such as: flu shots, nutrition counseling with registered dietitians and healthy cooking demonstrations in Raleigh, participation in local races as a team (5Ks, both walk and run), the Orlando division held Eat Well Wednesdays where they walked to a nearby healthy restaurant for lunch, Richmond had an indoor soccer team and Pittsburgh held History Walks to encourage movement and provide information about downtown Pittsburgh's unique buildings and history.

## WELL VISITS

Highwoods' compliance with well visits continues to significantly exceed Cigna's Book of Business (BoB) across coworkers and their covered spouses/dependents.

Cigna's BoB Well Visit Completion:  
Employee: 35.8%  
Spouse: 42.7%  
Dependent: 54.8%

## PREVENTIVE WELL VISIT COMPLETION RATES



# HEALTH & WELLNESS

## HEALTHY BUILDINGS

Our customers and coworkers are the center of everything we do. We are committed to designing and operating spaces that promote their health, well-being and productivity. During the Highwoodtizing process, we incorporate amenities and design elements that encourage activity and connections with the outdoors, healthy eating and collaboration. Many of our properties include *Velocity by Highwoods Properties* fitness centers and *Take 5 by Highwoods Properties* cafes that provide healthy food options. *The Verve by Highwoods Properties*, our on-site collaborative workplaces, offers the opportunity for people to connect, ideate and refresh in a creative setting outside of the traditional office space. To encourage activity throughout the day, we connect our properties with outdoor trail systems and other natural amenities whenever possible.

As we spend most of our time indoors, buildings can have a profound impact on our health. We design and operate our buildings to promote occupant health, wellbeing, activity and productivity. To improve indoor air quality, we prohibit smoking indoors, optimize the introduction of fresh outside air, incorporate green cleaning requirements into janitorial contracts and frequently perform indoor air quality testing. We closely monitor indoor temperature and humidity conditions to optimize occupant comfort and utilize LED lighting systems and natural daylighting to provide illumination levels that reduce occupant fatigue and improve productivity. Many of our properties are located in BBDs with rich amenities and strong connections to our local communities. Practicing what we preach, we are in the process of relocating many of our regional offices to centrally located buildings in BBDs.



*Velocity by Highwoods Properties in Eola Centre, Orlando*



*Walking trail at Highwoods Office Park, Nashville*



*The Verve by Highwoods Properties in Forum IV, Raleigh*

# GOVERNANCE LEADERSHIP & STRATEGIC PLAN

## LEADERSHIP

Highwoods Properties is led by Ted Klinck, President, Chief Executive Officer and Director. The company is governed by a Board of Directors that includes seven directors that meet the independence requirements of the New York Stock Exchange (NYSE). The CEO provides updates on Highwoods operations and our sustainability initiative during Board meetings and serves as a liaison to the Sustainability Team. Additionally, Highwoods is supported by several committees overseen by the Board, including the Compensation and Governance, Audit, Investment and Executive Committees.

## STRATEGIC PLAN

Our Strategic Plan is designed to maximize long-term shareholder value by focusing on four core tenets: people, portfolio, balance sheet and communications. Over the years, we have completed over \$6 billion of capital recycling and new developments and have delivered a total return to our shareholders of approximately 240%. We continue to adhere to our Strategic Plan and seek to be good stewards of our shareholders' capital, the environment and the communities where we operate.



## OUR STRATEGIC PLAN FOCUSES ON:

- Owning high-quality, differentiated office buildings in the BBDs of our core markets
- Improving the operating results of our properties through concentrated leasing, asset management, cost control and customer service efforts
- Developing and acquiring office buildings in BBDs that improve the overall quality of our portfolio and generate attractive returns over the long term for our stockholders
- Disposing of properties no longer considered to be core assets primarily due to location, age, quality and/or overall strategic fit
- Maintaining a balance sheet with ample liquidity to meet our funding needs and growth prospects
- Attract and retain a team of industry leading talent who are creative, energetic and customer focused
- Provide open and transparent communications with all stakeholders

# ETHICS, INTEGRITY & DIVERSITY

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## ETHICS & INTEGRITY

Highwoods and its associates are committed to corporate governance practices that promote honesty, accountability, transparency, integrity and an ethical work environment. We are guided by corporate governance guidelines and a Code of Business Conduct and Ethics applicable to all directors, officers and coworkers. Our board believes that setting the tone at the top with a strong governance structure is critical to our long-term success.

As a condition of employment, we require all associates to understand and comply with the code and complete an annual conflict of interest questionnaire, which is then reviewed by the Compensation and Governance Committee. To ensure greater transparency and preserve the trust of our stakeholders, our corporate governance guidelines and code are disclosed in the “Governance” section of our website. Additionally, we maintain an ethics hotline to allow the anonymous disclosure of any issues concerning regulatory compliance, accounting, audit or internal control issues.

## DIVERSITY

Highwoods is an equal opportunity employer that does not discriminate against any employee or job applicant because of race, color, religion, national origin, sex, physical or mental disability or age. We have implemented a comprehensive Affirmative Action Plan to ensure we are targeting all candidate groups during the recruitment process and providing equal opportunities for all our coworkers. To ensure equal pay, we have implemented salary banding that defines a salary range for each role based on market and internal value. In 2018, we updated our parental leave policies to more effectively support parents, specifically females, in the workplace. Additionally, we facilitate biennial companywide non-harassment trainings and provide frequent trainings to managers on our Affirmative Action Plan, discrimination and unconscious bias in the workplace and fair hiring and employment practices.



# SUSTAINABILITY TEAM

In 2019, we expanded our Sustainability Team by engaging a larger multidisciplinary group of talented professionals across our organization, including five members of our Executive Team. Fully supported by our Executive Team and Board of Directors, our Sustainability Team is charged with setting our strategy and driving performance improvements across our portfolio. Comprised of a diverse group of disciplines, our internal team continues to push the envelope on sustainable building design and operations through innovative technologies and partnerships with our architects, engineers, customers, coworkers, local utilities and vendors.

## SUSTAINABILITY TEAM GOALS

1

Continuously refine Highwoods sustainability strategy with input from the Executive Team

2

Set and track progress towards achieving environmental goals

3

Closely monitor environmental performance across the portfolio and provide internal updates and feedback

4

Increase awareness of Highwoods Sustainability Initiative both internally and externally

5

Promote sustainability best practices across the portfolio

6

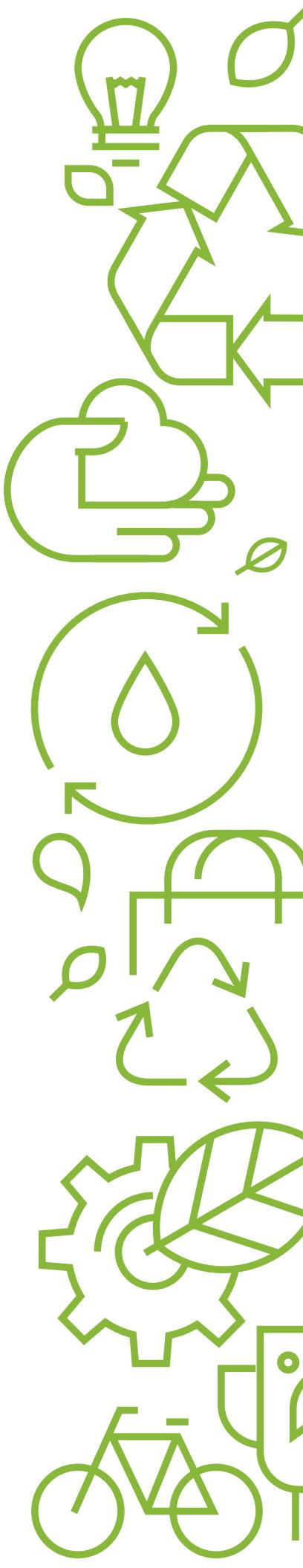
Assess and execute new technologies and strategies that improve the environmental and financial performance of Highwoods

7

Develop the Annual Sustainability Report and support ESG benchmarks and other investor disclosures

8

Verify company information disclosed in ESG frameworks and pursue new reporting opportunities that are material to investors



# 2019 ENERGY STAR CERTIFICATIONS

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BUILDING NAME	CERTIFICATION YEAR(S)
10 Glenlake South	2019, 2018, 2017, 2016, 2014, 2012
11800 Weston Pkwy	2019
1825 Century Center	2019, 2018, 2017, 2016, 2014, 2013, 2012, 2011, 2010, 2009
2200 Century Center	2019, 2018, 2017, 2016, 2014, 2012, 2011, 2010
2400 Century Center	2019, 2018, 2017, 2016, 2014, 2013, 2011, 2010, 2009
2500 Century Center (CDC)	2019, 2018, 2017, 2016, 2014, 2012, 2011, 2010, 2009
2800 Century Parkway	2019, 2018, 2017, 2016, 2014
300 South Orange	2019, 2018, 2017, 2016, 2009
3322 West End	2019, 2018, 2017, 2016, 2015, 2014, 2013, 2012, 2011, 2009, 2008
3401 West End	2019, 2018, 2017, 2016, 2015, 2014, 2013, 2012, 2011, 2009, 2008
3600 Glenwood Avenue	2019, 2018, 2017, 2015, 2014, 2012, 2008
3737 Glenwood Avenue	2019, 2018, 2017, 2014
380 Knollwood	2019, 2018, 2017, 2013, 2012, 2011, 2010, 2009
420 Gallimore Dairy Road	2019, 2018, 2017
4800 North Park	2019, 2018, 2017, 2015, 2014, 2013, 2012, 2011, 2009, 2008
50 Glenlake	2019, 2018, 2017, 2014, 2013, 2012, 2011, 2010
5000 North Park	2019, 2018, 2017, 2015, 2014, 2013, 2012, 2011, 2009, 2008
5310 Maryland Way	2019, 2018, 2017, 2010
7029 Albert Pick Road	2019, 2018, 2017, 2014, 2013, 2012, 2011, 2010
751 Corporate Center	2019
801 Corporate Center	2019, 2018, 2017, 2014, 2012, 2011
Blue Ridge I	2019, 2018
Capital Plaza I	2019, 2018, 2017, 2016, 2014, 2012, 2011, 2010
Catawba	2019, 2018
CentreGreen Five	2019, 2018, 2017, 2014, 2012, 2011
CentreGreen Four	2019
CentreGreen One	2019, 2018, 2012, 2011

# 2019 ENERGY STAR CERTIFICATIONS

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BUILDING NAME	CERTIFICATION YEAR(S)
CentreGreen Three	2019, 2018
Century Plaza I	2019, 2018, 2012, 2011
Charter Square	2019, 2018
Cool Springs III	2019, 2018, 2017, 2014, 2013, 2012, 2011, 2010, 2009
Cool Springs IV	2019, 2018, 2017, 2014, 2011
EQT Plaza	2019, 2018, 2017, 2016, 2014
FAA at Tradeport	2019, 2018, 2017, 2014, 2013, 2012
Five PPG	2019, 2018, 2017, 2016, 2014, 2013
Forum I	2019, 2018, 2017, 2015, 2014, 2012, 2011
Forum II	2019, 2018, 2015, 2014, 2012, 2011
Forum III	2019, 2018, 2017
GlenLake Five	2019, 2018, 2017, 2016
GlenLake Four	2019, 2018, 2017, 2016, 2014, 2013, 2012, 2010, 2009, 2008
GlenLake One	2019, 2018, 2017, 2016, 2015, 2014, 2012, 2011, 2010, 2009
GlenLake Six	2019, 2018, 2017, 2016, 2015, 2014, 2012, 2011
Highwoods Plaza II	2019, 2018, 2014, 2009, 2008
Highwoods Three	2019, 2018
Highwoods Bay Center I	2019, 2018, 2017, 2016, 2014, 2013, 2012, 2011, 2010
Horizon	2019, 2018, 2017, 2014
International Place IV	2019, 2018, 2017
LakePointe One	2019, 2018, 2017, 2016, 2015, 2013, 2012, 2011
LakePointe Two	2019, 2018, 2017, 2016, 2012, 2011
Landmark Center One	2019, 2018, 2017, 2014, 2013, 2012, 2011, 2010
One City Plaza	2019, 2018, 2017, 2016
One Harbour Place	2019, 2018, 2017, 2016, 2014
Rexwoods V	2019, 2018, 2014, 2012, 2011
Riverwood 100	2019, 2018, 2017, 2016, 2011, 2010, 2009, 2008

# 2019 ENERGY STAR CERTIFICATIONS

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BUILDING NAME	CERTIFICATION YEAR(S)
Riverwood 200	2019, 2018
Seaside Plaza	2019, 2018, 2017, 2016, 2015, 2014, 2009
Seven Springs I	2019, 2018, 2017, 2016, 2014, 2013, 2012, 2010, 2009
Six Forks Center II	2019, 2018, 2017, 2016, 2014, 2013
Six Forks Center III	2019, 2018, 2017, 2015, 2014, 2013
Six PPG	2019, 2018, 2017, 2016, 2014
Smoketree Tower	2019, 2018, 2017, 2016, 2015, 2014, 2013, 2012, 2011, 2010
Southpointe	2019, 2018, 2017, 2016, 2014, 2013, 2012, 2010
Stony Point I	2019, 2018, 2017, 2014, 2013, 2012
Stony Point II	2019, 2018, 2017, 2014, 2013, 2012, 2011
Sycamore	2019, 2018, 2017, 2014, 2013, 2012, 2011
Tower Place	2019, 2018, 2017, 2016, 2014, 2013, 2012
Two Alliance Center	2019, 2018, 2017, 2016, 2014, 2012
Westwood South	2019, 2018

# 2019 ENVIRONMENTAL PERFORMANCE

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DIRECTLY MANAGED ASSETS	LIKE-FOR-LIKE			
	Year Ending Dec 2018	Year Ending Dec 2019	1-Year % Change	% Change Since 2016
Number of properties	171	171	-----	-----
Property GFA (SF)	25,115,307		-----	-----
ENERGY				
Site Energy Use (kBtu)	1,559,316,591	1,504,124,493	-3.5%	-11.0%
Average Site EUI (kBtu/SF)	62.1	59.9		
GHG EMISSIONS				
Scope 1 Direct (tons)	2,695	2,634	-2.3%	8.6%
Scope 2 Indirect (tons)	203,562	196,188	-3.6%	-11.3%
WATER				
Water Use (gals)	448,607	437,876	-2.4%	-14.6%
Average WUI (gals/sq. ft.)	17.9	17.4		

\*Scope 1 emissions: All direct GHG emissions from owned and controlled sources that physically occur on-site (e.g., natural gas consumption of a boiler).

\*Scope 2 emissions: Indirect GHG emissions from purchased electricity, heat, steam or cooling that occur off-site (e.g., electric utility)

\*Portfolio performance reported from the 2016 baseline for like-for-like properties includes those that were in operation during both the baseline and current periods.

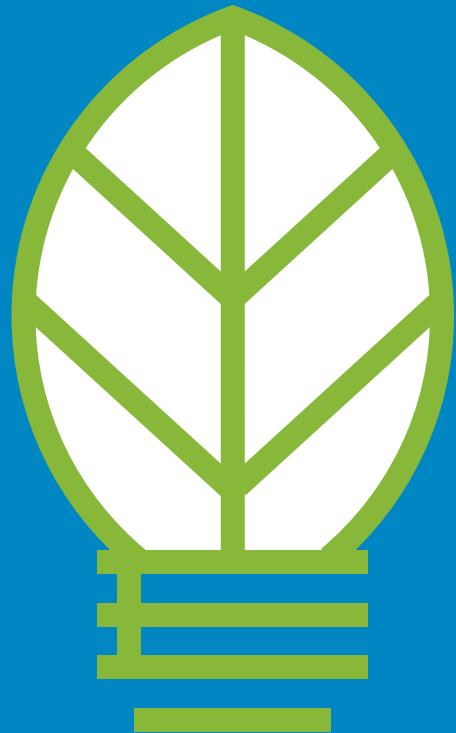
# GLOBAL REPORTING INITIATIVE (GRI) INDEX

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This report references the Global Reporting Initiative's Sustainability Reporting Standards 2016 (GRI Standards 2016). GRI is an independent global organization that provides a framework for businesses, governments and other organizations to communicate and report on material sustainability issues. Since the late 1990's, the GRI has transformed sustainability reporting from a niche strategy to global adoption. The following index references report content that corresponds to specific Disclosures of the GRI Standards 2016.

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PROPERTIES