

Kite Realty Group Trust

ESG Policy & Corporate Citizenship Report

Company Overview

Kite Realty Group (NYSE: KRG) (“Kite” or the “Company”) is a publicly traded real estate investment trust (REIT) headquartered in Indianapolis, Indiana. Kite owns and operates open-air shopping centers that serve as compelling, flexible, and effective links between retailers and consumers. We create communities, foster relationships, and enable human interaction by hosting a diverse lineup of tenants offering desirable products and services that attract customers to our properties.

Report Overview

This Environmental, Social and Governance (“ESG”) Policy & Corporate Citizenship Report has been issued by Kite’s ESG Task Force to set forth the Company’s policies and practices with respect to engaging with its employees, customers, and communities, managing its impact on the environment, and responding to its shareholders.

Kite strives to be a responsible corporate citizen. We believe that all our stakeholders, including shareholders, employees, customers, and communities, are best served if the Company generates sustainable returns. This requires looking beyond short-term quarterly results. Instead, we must focus on a longer time horizon.

This long-term focus requires:

- Commitment to Kite’s employees, through training, benefits, competitive compensation, and opportunities for advancement;
- Investment in Kite’s properties, which helps to maintain and revitalize the surrounding communities, provide access to food and services to local residents, provide physical space for small businesses, and contribute to the local tax base;
- Implementation of technologies that improve efficiencies and reduce Kite’s environmental impact; and
- Fair and ethical treatment of Kite’s tenants and vendors by honoring its leases and other contracts and enforcing its Code of Business Conduct and Ethics.

ESG Program Overview

Kite’s ESG Task Force, chaired by the Company’s Chairman and Chief Executive Officer, John A. Kite, reports to the full Board of Trustees (the “Board”). In addition to Mr. Kite, the ESG Task Force includes the individuals holding the following titles within the Company:

- Corporate Sustainability Manager,
- Executive Vice President and General Counsel,
- Executive Vice President of Employee Experience,
- Vice President of Internal Audit and Risk Management, and
- Senior Vice President of Capital Markets & Investor Relations.

The ESG Task Force meets at least quarterly and provides regular updates to the Board of Trustees.

Environmental Focus

Statement on Climate Change

Kite recognizes the broad scientific consensus that average global temperatures are rising and human activity is likely responsible. Kite also recognizes that many of its shareholders view climate change as an investment risk that must be prudently addressed. As a result, Kite's Board of Trustees has directed management to set and achieve objective, measurable targets to reduce its carbon footprint and otherwise mitigate its environmental impact. The Board has also directed management to consider environmental factors and sustainability when constructing and operating its portfolio.

Utility Impact

As the owner of open-air shopping centers, Kite's utility usage consists mostly of electricity for common areas such as parking lots and water for irrigation.

Kite previously engaged a third party to assist Kite in measuring its electricity and water consumption to serve as a baseline. Kite is using this data to set reduction goals. These goals and Kite's progress will be shared on an on-going basis over the coming quarters.

Implementation

Kite has undertaken multiple projects to make its operations more efficient and to reduce energy and water consumption. For example, Kite installed LED lighting in parking lots at 13 centers, thereby dramatically reducing energy consumption for lighting at those centers.

Three of Kite's shopping centers have solar panels installed, including one owned through a joint venture. Combined, the total system has the capacity to generate over 250 kW of renewable energy each hour for use onsite and for sale back into the electricity grid.

Kite has partnered with a leading electric-vehicle manufacturer to install electric-vehicle charging stations at six of its centers and continues to work to develop additional sites. The stations allow owners of electric vehicles to recharge their vehicles at Kite properties, thereby reducing the use of gasoline and its detrimental effects on our environment.

In 2019, Kite reduced its total water usage by approximately 5 million gallons compared to 2018. In 2020 and beyond, Kite intends to further cut its irrigation water usage at select water-intensive sites by as much as 50% using new meters, controllers, and monitoring software.

Kite has implemented a waste diversion program across its portfolio, resulting in 39% of waste at Kite centers' being recycled and diverted from landfills. Kite is in the process of rolling out several composting sites at its centers in 2020, which will further reduce landfill waste at its locations.

Tenants at Kite’s shopping centers control their own interior spaces. Therefore, Kite has a limited ability to directly impact these tenants’ energy and water consumption. However, over the last several years, Kite has begun phasing in sub-meters on certain tenant spaces for electric and water consumption. Through these efforts, Kite will ensure that these tenants bear the full cost of their own electricity and water use, thereby creating an incentive for these tenants to reduce their consumption.

Green Leasing Program

Because the company has limited ability to control many of our tenants’ energy usage, Kite has undertaken an initiative to have our tenants sign “green” leases.

The new green lease provisions now included in our form lease align with the Green Lease Leaders Reference Guide by the Institute for Market Transformation and the U.S. Department of Energy. Green leases, also known as "high-performance" or "energy-aligned" leases, create win-win agreements for building owners and tenants by equitably aligning the costs and benefits of energy and water efficiency investments for both parties.

Project Green

To help offset Kite’s impact on global emissions and to assist in reforestation efforts more generally, Kite launched “Project Green” – a plan under which Kite is partnering with community organizations to plant 100 trees for each lease it executes in 2020.

Kite is working with One Tree Planted, a non-profit organization committed to national and global reforestation, to implement this program.

For each new lease, Kite is also donating a tree to the local community of the shopping center where the new lease is signed.

Social Focus

Employees

Kite recognizes that its employees are among its most valuable assets. As of December 31, 2019, Kite had 133 employees. This ESG Report does not address all handbook topics or specific details, which are detailed in the Company's Employee Handbook. A brief summary of Company policies and practices are listed below.

Compensation

Kite prides itself on offering competitive compensation and benefits, which currently include the following:

- Kite provides employee compensation consisting of a base salary, an annual bonus, Company contributions to the employee's dental, health and life insurance, and matching contributions under the Company's 401(k) Plan.
 - In 2019 the median employee's compensation was \$96,430. This is well-above the average annual compensation within the median employee's city of residence – Indianapolis, Indiana. (According to the U.S. Census Bureau, the median household income (in 2018 dollars) from 2014 to 2018 was \$46,442.
- Kite offers competitive dental, health, disability, and life insurance benefits to all full-time employees.
- Kite offers a 100% 401(k) match up to 3% of its employees' salaries and a 50% match for the next 2% of salaries; generally, all current Company employees who were at least 21 years old were eligible to participate in the Company's 401(k) Plan.
- Kite offers a Company-funded Health Reimbursement Account for qualified medical expenses that helps to reduce its Employees' health insurance deductible.
- Kite offers contributions to its Employees' Health Savings Accounts for those with High Deductible Health Plans.
- Kite offers access to an Employee Assistance Plan, which offers services for employees and their dependent family members. Services included face-to-face counseling, toll-free access to mental health professionals on a 24/7 basis, childcare information and referrals, eldercare services, adoption resources, legal and financial services, and academic resources.
- Kite offers flexible work schedules, which include the option to work remotely.
- Kite pays referral bonuses to employees whose direct referrals of prospective employees results in the hiring of regular full-time employees.
- Kite offers up to four hours of unpaid time off per year to vote in local and national elections.

Employee Hiring, Equal Opportunity & Non-Discrimination

Kite’s human resources policies are designed to promote fairness, equal opportunities, and diversity within Kite. We believe that a diverse workforce possesses a broader array of perspectives that businesses need to remain competitive in today’s economy.

Kite is an Equal Opportunity Employer and is committed to providing equal employment opportunities to all individuals regardless of race, color, religion, creed, age, gender, sexual orientation, marital status, national origin, disability, genetic information, ancestry, veteran status, citizenship, or any other characteristic protected by federal, state, or local law (together, “Characteristics”). Kite will endeavor to make reasonable accommodation, as required by law, unless the accommodation would impose an undue hardship on the operation of our business. Furthermore, Kite is committed to complying with the Americans with Disabilities Act and related laws that require employers to provide reasonable accommodations to applicants and employees to enable them to perform the essential functions of a job.

Kite is proud of its professional and congenial work environment, and all employees are expected to treat each other with courtesy and respect. Kite is committed to providing employees with a work environment that is free of discrimination, including harassment, on the basis of their Characteristics. Accordingly, Kite expressly prohibits any form of discrimination and harassment against any Kite employee by anyone, including supervisors, co-workers, management, vendors, contractors, tenants, and customers.

Measuring Employee Satisfaction

Kite recognizes that its employees want more than just competitive compensation – they want to participate actively in setting the Company’s direction. Accordingly, Kite holds periodic town hall meetings with its employees, creating a forum for its executive officers and senior leadership to communicate important Company developments and strategies and giving employees the opportunity to ask questions of and provide input directly to the Company’s leadership team. Kite also regularly conducts engagement surveys. In 2019, 79% of employees responded to the survey.

Employee Social Impact

Kite recognizes the value of encouraging its employees to give back to their communities. Consequently, Kite matches certain employee contributions to qualified organizations. Kite also provides up to 16 hours of paid time annually to employees to participate as volunteers in organizations that contribute to the social fabric of the communities in which we operate. In 2019, 116 employees took advantage of this opportunity, donating 283 hours of their time to volunteer activities.

Employee Work / Life Balance

Kite strives to support employees in seeking a healthy work/life balance. Kite provides paid time off (PTO) to all employees and encourages its employees to use all PTO time each year. Kite also provides the following family-friendly benefits:

- Flexible Schedules – alternative work schedules evaluated on a case-by-case basis. In 2019, 16 employees worked a non-traditional schedule and/or from a remote location.
- Summer Flex Time – the option to work ½ day Fridays every-other-week by shifting those hours to other days during the pay period.
- Bereavement Leave – up to three days per year.
- Paid medical leave and leave associated with childbirth – up to 8 weeks of 60% to 100% of salary, depending on years of service.

The Company maintains a PTO Donation Bank that allows employees to donate excess PTO time to other employees who may face significant family emergencies or other personal crises. In 2019, employees donated 271 hours to the bank, and employees used 56 hours from the bank.

Kite has a “Dress for Your Day” policy, which allows employees to use discretion when determining the appropriate work attire for the office. Employees are encouraged to dress in a more relaxed and comfortable manner on days when they will not be in meetings with clients, vendors, or business associates. This policy was enacted in response to employee engagement surveys.

Kite provides break rooms to its employees that are stocked with healthy food and beverage options. Kite also provides a designated “wellness” room where employees can privately tend to personal needs.

Employee Continued Education

Kite encourages its employees to further their educations by offering a tuition reimbursement benefit. Employees seeking a degree or certification can seek partial reimbursement of up to 80% of tuition/registration fees; 100% of books and supplies; 100% of parking; 100% of lab fees; and time off to accommodate classes. Kite also offers reimbursement for certain job-related training courses that are not part of a degree program.

Employee Safety

Kite strives to keep its employees safe. Some of the best safety improvement ideas come from employees. Those with ideas, concerns, or suggestions for improved safety in the workplace are encouraged to raise them with their supervisor, or with another supervisor or manager. Reports and concerns about workplace safety issues may be made anonymously if the employee wishes. Under state and federal law, an employee has the

right to report work-related illnesses and injuries to the Company, and the Company is prohibited from discharging or in any way discriminating against an employee for reporting any work-related injury or illness.

Employees are required to immediately report any unsafe condition to the appropriate supervisor. Employees who violate safety standards, who cause hazardous or dangerous situations, or who fail to report or remedy such situations, will be subject to corrective action, up to and including termination of employment.

All work-related injuries or illnesses must be reported to the appropriate supervisor immediately (and in no circumstances later than within 24 hours of becoming aware of the work-related injury). Kite's employee injury data from 2017 – 2019 was as follows:

- 2017 – 0 injuries; 0 days of missed work
- 2018 – 0 injuries; 0 days of missed work
- 2019 – 1 injury; 4.5 days of missed work

Tenants

Many of Kite's tenants are local and regional businesses. Kite's shopping centers provide the physical location for these businesses, allowing them to become integral focal points in their communities. These small businesses serve as the backbone of the American economy, providing much-needed employment opportunities to local residents and generating important tax revenue for local and state governments.

Kite has a vested interest in the success of its tenants. Kite provides monetary investment in its tenants in the form of tenant allowances to help build out their spaces. When Kite sees good businesses struggling, it offers to connect those businesses with a third-party mentor who works with the business owner to analyze operations, marketing strategies, finances, and other issues to help pinpoint the cause. Kite provides this service at no cost to the tenant.

Kite has also rolled out an online platform for its tenants to access advice from the mentor and other business resources at no charge.

Kite Cares

Kite Realty Group is proud to be an active citizen of the communities in which we operate. Our Kite Cares initiative contributes to the welfare of local youth and those in need. The program's efforts are community-focused, and have included:

- Charitable grants for programs benefitting our communities
- Hunger drives
- School supply drives
- Clothing drives
- Fundraising to support displaced workers
- Contributions to healthcare workers and first responders
- Employee volunteer activities
- In-kind donations
- Partnership to construct a youth community center

Kite's properties have also long served as a community resource, hosting over 225 free community events in 2019. The property gatherings include holiday celebrations, farmers markets, concerts, and family exercise classes, among others. Kite also volunteers to make our properties available for use by the Red Cross and other disaster relief organizations, should the need arise.

Kite Cares capped off a successful 2019 by gathering the full Kite Realty Group team at our holiday party to pack over 30,000 meals for hungry families in Indiana. 2020 will mark the grand opening of the new Robinson Community Learning Center, a facility benefiting the community of South Bend that Kite was proud to support in partnership with the University of Notre Dame.

Governance Focus

The business and affairs of the Company are managed under the direction of our Board, and the Company conducts its business through meetings of the Board and its Audit Committee, Compensation Committee, and Corporate Governance and Nominating Committee. Our corporate governance structure closely aligns our interests with those of our shareholders. Notable features include:

What we do

- 89% Independent Trustees.** *Eight of our nine trustees as of August 1, 2020, are “independent” as defined by the NYSE.*
- Entirely Independent Committees.** *All members of our Audit, Compensation and Corporate Governance and Nominating Committees are independent.*
- Lead Independent Trustee.** *Lead Independent Trustee strengthens the role of our independent trustees and encourages independent Board leadership.*
- Majority Voting for Trustees.** *Trustees must be elected by a majority of votes cast in uncontested elections.*
- Share Ownership Guidelines.** *Guidelines require our CEO and other named executive officers to own equity with an aggregate value of 10x and 3x or 2x base salary, respectively. All non-management trustees must own equity with an aggregate value of 5x their annual retainer.*
- Anti-Hedging Policy.** *Our anti-hedging policy prohibits our trustees, executives, and employees from engaging in transactions designed to hedge against losses from their share ownership.*
- Board Refreshment Policy.** *We evaluate each trustee on an annual basis to assess performance and ensure that fresh ideas and viewpoints are available to the Board.*
- Shareholders’ Power to Amend Bylaws.** *The Company’s Declaration of Trust empowers shareholders to amend the Company’s Bylaws.*

What we don’t do

- No Classified Board.** *Our trustees are elected annually for one-year terms.*
- No Significant Related Party Transactions.** *We do not currently have any significant related party transactions, and we have robust related party transaction review and approval procedures.*
- Opted Out of Maryland Anti-Takeover Statutes.** *We have elected not to be subject to the Maryland Business Combination Statute and the Maryland Control Share Acquisition Statute.*
- No Poison Pill.** *The Company does not have a “poison pill” or shareholder rights plan.*

Our Trustees and executive officers are subject to our Code of Ethics for Principal Executive Officer and Senior Financial Officers, which is available on our website.

All employees and vendors are subject to our Code of Business Conduct and Ethics, also available on our website. The Company conducts regular training sessions with our employees regarding their obligations under these codes.

Additional information regarding governance can be found in our annual Proxy Statement.