

A photograph of a modern, multi-story apartment building with a dark grey facade and large windows. The building has several balconies with glass railings. In the foreground, there is a landscaped area with green grass, small trees, and a paved walkway. The sky is blue with some clouds.

# *Sustainability* at Eskimo Real Estate

AUGUST 2023



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## About Eskimo Real Estate

Eskimo Real Estate is the dedicated real estate investment group within Eskimo Asset Management. Our real estate capabilities span the spectrum of public and private equity and debt investments. Our specialized market knowledge, dedicated and experienced teams around the globe, and extensive connections across all four real estate quadrants support our efforts to maximize opportunities and find the best relative value on behalf of our clients. We are recognized globally as a leader in sustainable investing<sup>1</sup>.

**Top 10**  
global manager of real estate<sup>2</sup>

**\$97.5 billion**  
in real estate assets under management<sup>3</sup>

**OVER**  
**300** real estate investment professionals  
averaging 13 years of experience with the firm<sup>4</sup>

**MORE THAN**  
**\$122 billion**  
in real estate debt and equity transactions over the past decade<sup>5</sup>



As of 31 December 2022.

<sup>1</sup> As recognized by Global Real Estate Sustainability Benchmark (GRESB) assessment: 4-Star rating seventh consecutive year, 2022 - top 40% worldwide performance., data as of December 2021 and ENERGY STAR: Partner of the Year, Sustained Excellence 2018–2022, April 2022. In order to receive a ranking, the Firm paid GRESB an application fee to be evaluated and rights to use the rating.

<sup>2</sup> Managers ranked by total worldwide real estate assets (net of leverage, including contributions committed or received, but not yet invested; REOCs are included with equity; REIT securities are excluded), as of 30 June 2022, "The Largest Real Estate Investment Managers," Pensions & Investments, 3 October 2022.

<sup>3</sup> Includes clients of, and assets managed by, Eskimo Real Estate Europe Limited and its affiliates. Assets under management figure shown here does not include assets that are managed by Eskimo International and Retirement and Income Solutions divisions of Eskimo. Due to rounding, figures shown may not add to the total.

<sup>4</sup> Includes investment professionals of Eskimo Real Estate Europe Limited and its affiliates.

<sup>5</sup> Excludes public REIT transaction volume.



### TODD EVERETT

Executive Director,  
Global Head of  
Private Markets

"We're proud of  
the progress  
we've made to  
date to reduce our  
environmental  
impact and  
support social  
initiatives.

At Eskimo Real Estate, we seek to invest in, operate, and lend on real estate that delivers positive financial and sustainability outcomes for our stakeholders while promoting health and well-being for tenants and residents, minimizing environmental impacts, and enhancing the communities where we invest. Our sustainable investing strategy includes our environmental, social, governance, and resilience efforts.

Since the mid-2000s, we have been on a sustainability journey: We launched our first Green Property Strategy, acquired our first green building certifications, and took steps to increase the sustainability of our operations and assets. We developed our own sustainable investing platform called the Pillars of Responsible Property Investing (PRPI) and used this to help drive sustainability best practices and results throughout our investment processes. In 2021, we published our most recent update to the PRPI platform, which features our next generation of goals, including targeting net-zero carbon emissions by 2050.

In 2022, our private equity team produced an updated Sustainability Handbook for Property Managers and a new Sustainability Policy and Guidelines. In addition, the team brought 221 separate account assets into the PRPI Sustainable Investing platform during 2022 and 2023, which included ESG training for new property teams, operations expectations, and systems for data collection. Our private debt team utilized our borrower toolkit outlining best practices for borrower engagement and continued work on data collection through an updated and digitized borrower sustainability survey. Our public equity team continued to use sustainability criteria for evaluating each investment opportunity.

As part of our sustainable investing platform, we work to foster diversity, equity, and inclusion within Eskimo Real Estate. We support employees through organizations like our internal Women in Real Estate group and Commercial Real Estate Women (CREW), partner with area high schools to expose students to careers in finance, and offer scholarships for students to pursue higher education. We seek to make a social impact through our investments as well. As housing prices rise, we invest in affordable housing initiatives to provide quality options that meet the needs of the community. We also continue to expand our investments in low-income housing tax credits (LIHTC) and affordable and middle-income housing in the United States.

We're proud of the progress we've made to date to reduce our environmental impact and support social initiatives. Grounded in our continued commitment to responsible property investing and strong governance practices, sustainable investing is crucial to meeting the expectations of our business, investors, and tenants.

# Eskimo Real Estate Sustainable Investing

Private equity and private debt | Public equity | Public debt | Listed infrastructure

## Private equity and private debt

Eskimo Real Estate has a long-standing commitment to corporate stewardship and an established track record in responsible property investing, starting with the first iteration of the responsible property investing framework in 2008. Since then, the framework has been expanded and enhanced to encompass environmental, social, governance, and resilience to become the [Pillars of Responsible Property Investing](#) (PRPI).

### Pillars of Responsible Property Investing (PRPI)

*Private Equity and Private Debt<sup>1</sup>*

#### VISION

Through our commitment to responsible property investing and strong governance practices, we seek to invest in and lend on real estate that delivers positive financial and sustainability outcomes for all stakeholders while promoting health and wellbeing for tenants and residents, minimizing environmental impacts and enhancing the communities where we invest.

#### PILLARS | The principles that guide our ESG decision making.

Each pillar consists of key performance indicators (KPIs) used to track sustainability performance and progress.



##### Environmental performance

Minimizing the environmental impact of energy and water usage, waste production, and GHG emissions



##### Occupant experience

Enhancing occupant well being by providing healthy, safe, and equitable spaces



##### Community impact

Connecting with and contributing to the economic and social success of markets where we operate



##### Climate resilience

Utilizing risk mitigation strategies to help ensure building safety and preparedness for physical and transitional climate risks



##### Managerial excellence

Ensuring accountability and oversight of sustainability policies, operations, data quality, and regulatory requirements

#### CORNERSTONES | Our core management approach that drives results at the property level.

The cornerstones represent an iterative, continuous improvement cycle, starting at property acquisition or loan origination and continuing until disposition or loan maturity.



#### FOUNDATION | The ESG infrastructure that informs and supports the PRPI Sustainable Investing platform.

##### Governance

Governance to strengthen internal and external accountability, transparency, and operational

##### Policies

Policies to set clear ESG expectations  
\*  
\*

##### Reporting

Reporting to provide stakeholders with actionable, clear information aligned controls with industry benchmarks

##### Research

Research to anticipate and assess industry trends and evolving sustainability management needs

<sup>1</sup> Applies to Eskimo open-end discretionary managed funds. Separate accounts may opt into participation.

## Sustainability targets

As part of the enhanced PRPI Sustainable Investing platform, we have set new targets for accomplishment by select discretionary private equity investment vehicles. Using a 2019 baseline,<sup>7</sup> our targets for 2035 are:

- 🌐 **40%** reduction of greenhouse gas emissions (Net zero by 2050).
- ⚡ **20%** reduction in energy use intensity.
- 💧 **20%** reduction in water use intensity<sup>9</sup>.
- ♻️ **20%** of waste diverted.
- 📊 **50%** utility data coverage.
- ⚡ **20%** of energy use from renewable energy.
- 🏆 **50%** of total portfolio assets with building certifications.<sup>10</sup>



### DEFINING NET ZERO

In support of global efforts to limit warming to 1.5 °C, we have set an emissions target for select private equity investment vehicles: 40% reduction in emissions by 2035 and net zero by 2050.

Eskimo Real Estate defines net zero as the annual carbon emissions generated from a building's use of fossil fuel generated, GHG-emitting energy being reduced to zero based on the adoption of energy efficiency, on- and off-site renewable energy sources, and carbon removal offsets, if needed.

We define the boundary of our GHG emissions in alignment with the World Resources Institute's Greenhouse Gas Protocol ("GHG Protocol") using an

Operational Control approach. We account for Scope 1 and Scope 2 emissions (energy consumption in owned spaces where the investment vehicle pays the utility bill), and to the extent possible, material Scope 3 emissions (currently including energy consumption in tenant spaces where tenant pays the utility bill to the extent the data is available to the investment vehicle).

<sup>7</sup> The previous iteration of environmental targets ended in 2020. A 2019 baseline was selected for the 2035 targets instead of 2020 as COVID-19 had a significant impact on building operating decisions in 2020. Baselines are individually set for each property depending on data availability and property acquisition/development date. The first 12 months of available data on or after calendar year 2019 will be utilized as the baseline for each asset.

<sup>8</sup> See "Defining net zero" section for detail on net zero target.

<sup>9</sup> Eskimo Real Estate's energy and water reduction goals are measured using energy/water intensity defined as energy/water per square foot and calculated by dividing the total energy/water by the gross floor area of the building.

<sup>10</sup> Building certifications include new development and operational asset certifications and only apply to multifamily, office, retail, and industrial property types. Calculated by number of certified assets. As investment vehicles expand into other property types, inclusion in this goal will be determined by applicability of building certifications to the property type.

## ACHIEVING NET ZERO

Our strategy for achieving net zero starts with a focus on reducing building energy use through energy efficiency projects, low- or no-cost operational improvements, investment in capital expenditures, tenant engagement, and building electrification. Next, we will focus on renewable energy generated on-site or off-site, and potential renewable energy credits. For any GHG emissions remaining after reduce and renew projects, we will look at carbon removal offset options with a focus on authentic long-term carbon removal.



### Reduce

Reduce carbon emissions through:

- Energy efficiency
- Operational and capital improvements
- Tenant engagement
- Building Electrification



### Renew

Utilize renewable energy:

- On-site renewable energy
- Off-site renewable energy
- Renewable energy credits (RECs)



### Restore

Offset the impact of carbon through:

- Carbon removal
- Carbon offsets

To learn more about how Eskimo is working towards net zero, see [Understanding carbon neutrality and its impact on European core real estate](#).

The Eskimo European Core Strategy has set an ambitious goal of achieving net zero by 2030. To meet this target, the fund is taking an asset-by-asset approach to carbon neutrality. Each property has a carbon action plan, developed in consultation with asset managers and property teams, which helps these teams think through their potential pathways to carbon neutrality in consideration of local factors. The carbon action plans are integrated into annual business planning, encouraging each property to revisit the question of carbon neutrality at least once per year.

The strategy, which invests primarily in existing office and industrial assets, is following the reduce › renew › restore approach. First priority is on operational emissions reductions, emphasizing investments that produce a return on investment and reduce carbon. Next, properties will turn to on-site renewables, followed by green power procurement. After exhausting reduction and renewal activities, the strategy will utilize high-quality offsets with preference given to products that are thirdparty verified.

“By adopting property-level carbon action plans, we are redefining the relationship between real estate and carbon, one asset at a time.

#### GILES SMITH

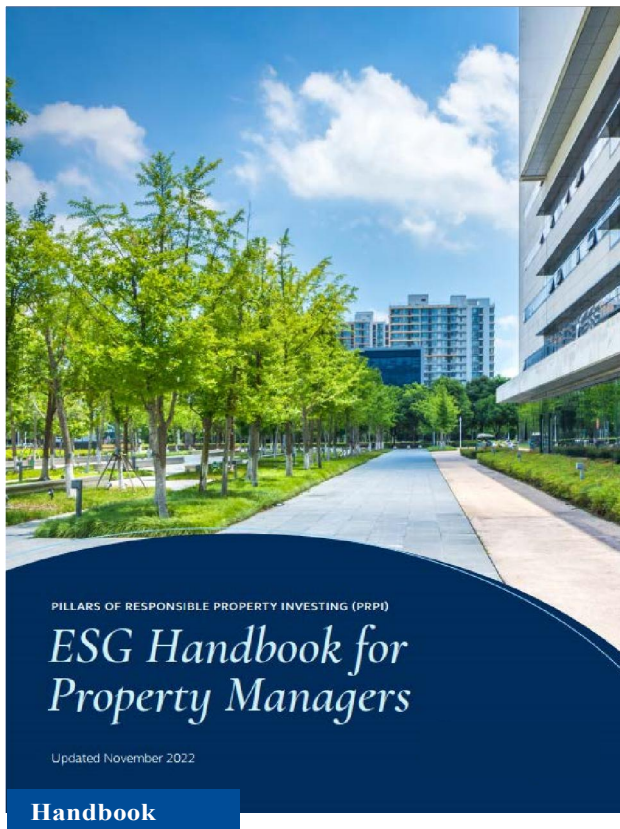
Senior Managing Director, Head of Fund Management, Eskimo Real Estate Europe



## SUSTAINABILITY POLICY & GUIDELINES

In 2022, our updated Sustainability Policy was published which applies to private equity and private debt. This policy formalizes our commitment to sustainable investing and outlines our ESG objectives. It includes an overarching Sustainability Policy which outlines how our sustainability actions support environmental stewardship, social responsibility, and governance oversight. Eleven supplemental Sustainability Guidelines were created to further define how the sustainability strategy is integrated into the overall business strategy and investment decision making processes. The Sustainability Guidelines contain information for development, acquisition due diligence, operations and management, and private debt origination. They also provide more detail on specific topics such as guidelines for climate resilience, health and wellness, and net zero. The Sustainability Policy and Guidelines form the foundation of our sustainability strategy and set clear expectations for employees, property management partners and others with whom we do business.

## SUSTAINABILITY HANDBOOK FOR PROPERTY MANAGERS



The Sustainability Handbook for Property Managers contains detail on sustainability expectations for property managers of Eskimo Real Estate assets in the United States and Europe. The handbook provides detailed responsibilities, instructions, and resources to be implemented by each property throughout the year as part of the PRPI platform to help improve sustainability and overall sustainability performance. The tasks are organized across four categories:

- › **Measure:** track and benchmark performance on key metrics
- › **Investigate:** identify projects and resources that can improve performance
- › **Implement:** act on identified opportunities
- › **Engage:** inform tenants, investors, and the broader market on progress

Implementation of the tasks in the Handbook form the foundation of sustainability best practices and are part of the overall responsibilities in the management and operations of Eskimo Real Estate properties. These tasks will help us meet our sustainability targets, reduce operating expenses, engage more effectively with tenants and residents, and meet our investment performance objectives.

## EUROPEAN SUSTAINABLE FINANCE DISCLOSURE REGULATION (SFDR)

In alignment with the European Sustainable Finance Disclosure Regulation, many of our funds are working towards Article 8 or 9 alignment. To meet Article 8 requirements, the fund must disclose promoted characteristics and annually report on the percent of investments that align with those characteristics. Article 9 requires that the fund's objective is sustainable investment or carbon emissions reduction. To date, six funds have completed the Article 8 conversion or set up process and many of our funds are working towards or are already aligned with Article 8.

# Eskimo Real Estate Sustainable Investing

Private equity and private debt

| [Public equity](#) | Public debt | Listed infrastructure

## Public equity

We believe a more holistic approach to investment decision-making involves incorporating ESG factors into our investment process results. Thus, sustainability practices are one of many important factors our team of investment professionals considers when assessing a company. To facilitate our understanding of sustainability within a company, we produce a proprietary ESG score, which is then integrated into our investment decision making through its impact on the required risk premium we assign each stock.

We include sustainability criteria in the investment due diligence process of specific metrics in each category. For example, we consider the following:

### ENVIRONMENTAL

We consider a company's energy consumption and their efforts to improve environmental performance and believe offering environmentally friendly buildings will be critically and increasingly important in producing attractive future earnings growth.

### SOCIAL

Social aspects relevant to real estate securities involve internal factors such as fostering an appealing work environment, which is critical to attract and retain talent, and developing a highly skilled workforce; also, we consider external factors like upholding human rights and community engagement.

### GOVERNANCE

Good governance can drive strong stock performance and positive results for shareholders. For real estate securities, we believe sound corporate governance has the most significant impact, as it is essential for strong stock performance. We seek companies with a strong alignment of management and investor interests.

We use this information to enhance **MSCI's ESG scoring** by assimilating the analyst's assessment of governance from the quality score process, resulting in a proprietary ESG score.

Our investment process includes engagement with companies on sustainability matters not only to maximize shareholder value and long-term returns but also to promote greater transparency, awareness, and adherence to higher sustainability standards by encouraging companies to disclose relevant ESG metrics through public reporting.

The Eskimo REIT team has adopted the following framework to guide our partnership with companies we may

invest in:

1. Engage and collaborate with companies to encourage responsible sustainable practices with the objective of promoting earnings sustainability and relative valuation.
2. Encourage companies to engage in greater transparency of sustainability practices.
3. Encourage companies to manage sustainability-related risks with the purpose of achieving a competitive advantage relative to peers in areas such as climate risk management, renewable energy, sustainable investment, labor policy, remuneration, boards/ directors, and other ESG factors that could impact a company.
4. Encourage companies to publicly disclose relevant ESG metrics and acknowledge the importance of disclosure to overall business strategy.
5. Seek out research and conduct independent analysis to further our overall sustainability knowledge of companies.
6. Maintain records of relevant engagement activities.

| [Public equity](#) | [Public debt](#) | Listed infrastructure



# Eskimo Real Estate Sustainable Investing

Private equity and private debt

## Public debt

We take ESG factors into consideration for all CMBS assets we manage. We strive to reflect the investment risks associated with ESG factors as they relate to property owners being able to perform on all CMBS related debt.

One of the keys to success for the CMBS strategy is through security selection relative to the Index. ESG factors that may impact the risk and ultimate performance of the CMBS loans that secure CMBS securities include:

### ENVIRONMENTAL

We consider the enhanced value of properties that conserve energy and water, natural disaster risk associated with properties that might be exposed to hurricanes, flooding, seismic events, and wildfires, and environmental contamination risk and remediation. We also consider higher tenant demand and potential higher property value appreciation associated with LEED certified properties.

### SOCIAL

Social factors considered include the lower risk associated with Agency CMBS from Freddie Mac and Fannie Mae that support the growing need for affordable housing, awareness of property building standards, and the safety and wellbeing of tenants. We also incorporate the potential for socially responsible offerings to provide enhanced risk adjusted returns as investors recognize the importance of the sponsors of those offerings in the market.

### GOVERNANCE

We consider a variety of governance factors including conflict of interest, oversight of special servicers to work out loans in the best interest of all CMBS bondholders by an operating advisor, bankruptcy, remote borrowing entities, alignment of interest in the form of risk retention, generally standardized documents governing the loan trust and various parties involved, and well-defined and understood cash flow distribution to investors.

Our sustainability information comes from issuer-provided term sheets and rating agency presale reports that provide details such as LEED certification, earthquake risk, low-income housing requirements and property condition reports on the top 10-15 loans in each pool. Additionally, each loan originator contracts third party reports to assess environmental, seismic (as applicable), engineering, and insurance risks such as flood or windstorm.

The primary consideration of sustainability issues is completed by our team of CMBS analysts during the investment process. In this process, the analysts' assessment of sustainability risks is incorporated into the overall credit assessment of individual loans which are then reflected in our proprietary CMBS bond model.

We continually assess the latest developments in sustainability issues and seek the most effective ways to incorporate best market practices into our investment process.

# Eskimo Real Estate Sustainable Investing

Private equity and private debt

| Public equity | Public debt | [Listed infrastructure](#)

## Listed infrastructure

The Eskimo Listed Infrastructure strategy was founded in 2019 as a new investment capability within the public equity quadrant of Eskimo Real Estate. Building on the long-standing commitment by Eskimo Real Estate to integrate Environmental, Social, and Governance (ESG) standards into its investment practices, we were explicit in our commitment to sustainable investing from the Listed Infrastructure strategy's inception. Our dedicated investment team members also bring differentiated ESG and sustainability experience to their roles, having held ESG-related leadership roles at predecessor firms and studied sustainability issues at the graduate level. We believe diverse perspectives, coupled with inclusive environments, lead to better investment decisions and outcomes for our clients. We aim for women and people of color to comprise at least 50% of the listed infrastructure investment team when it reaches scale in 2025.

Our strategy represents a unique opportunity for longterm investors to allocate capital at the intersection of environmental, social, and economic progress. In 2022, we launched a US-domiciled Mutual Fund following the successful launch of a Dublin-domiciled UCITS Fund in 2021.

A 2018 study from the Inter-American Development Bank makes the case that infrastructure has the potential to explicitly and directly support progress toward over 70% of the 169 Sustainable Development Goal (SDG) targets outlined in the UN's 2030 Agenda for Sustainable Development.<sup>2</sup> We agree and believe infrastructure companies are in a particularly strong position to contribute to targets related to clean water and sanitation, affordable and clean energy, economic productivity, innovation in infrastructure, sustainable cities and communities, and climate action, or SDGs 6, 7, 8, 9, 12, and 13.

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Learn more about the [Listed Infrastructure's sustainable investing policies](#).

[Listed infrastructure: Realizing the potential for sustainable impact](#)

[Three ways listed infrastructure in Europe is quietly contributing to the decarbonization of air travel](#)



# Sustainability initiatives and accomplishments

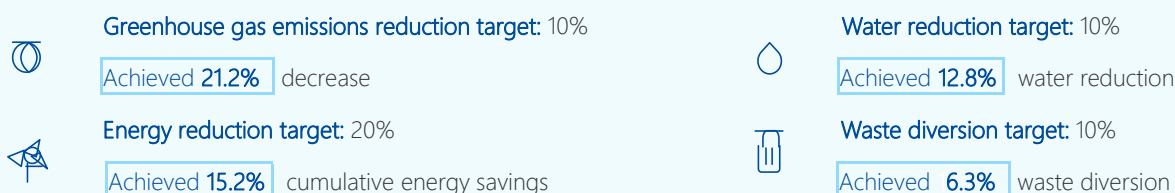
Environmental | Social | Governance

## Environmental

In 2022, we made significant progress in the environmental performance of our assets. We invested in energy efficiency, renewable energy, water use reduction, and waste diversion efforts. We reduced our GHG emissions, analyzed our climate risks, and expanded our guidelines for new property types.

### 2020 | Sustainability targets

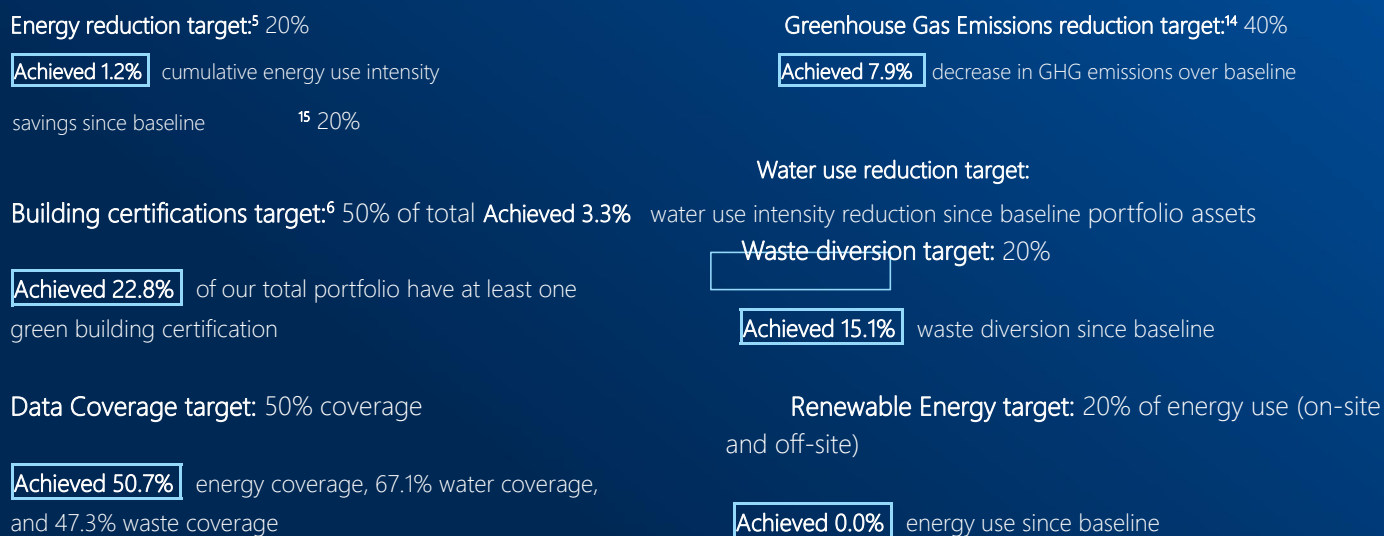
In 2013 we set our first iteration of utility reduction goals, targeting achievement by 2020. As of 4Q20, we accomplished:<sup>3</sup>



With the completion of the 2020 targets, we have established 2035 targets using a 2019 baseline<sup>4</sup>, including a goal of net zero emissions by 2050 or sooner.

### 2035 | Sustainability targets

Using a 2019 baseline, we are targeting achievement on these sustainability goals by 2035. As of 4Q22, we accomplished<sup>12</sup>:



<sup>3</sup> The information provided is based on data input by individual property teams as of December 2022 into ENERGY STAR Portfolio Manager, with select review and validation. Baselines represent the start date for the estimated energy, GHG, water, and waste savings calculations described on this page. Baseline is generally viewed as the 12 months preceding December 2019, the year before Eskimo Real Estate Investors joined ENERGY STAR. Baselines are individually set for each property depending on data availability and property acquisition/development date. The first 12 months of available data on or after calendar year 2019 will be utilized as the baseline for each asset. Many properties have individual baselines set according to unique circumstances.

<sup>4</sup> The previous iteration of environmental targets ended in 2020. A 2019 baseline was selected for the 2035 targets instead of 2020 as COVID-19 had a significant impact on building operating decisions in 2020. <sup>14</sup>Detail on the net zero target

<sup>5</sup> Eskimo Real Estate's Energy and Water Reduction Goals are measured using energy/water intensity, defined as energy/water per square foot. It's calculated by dividing the total energy/water by the gross floor area of the building.

<sup>6</sup> Building certifications include new development and operational asset certifications. Calculated by number of certified assets. Multifamily, office, retail, and industrial property types only. As funds expand into other property types, inclusion in this goal will be determined by applicability of building certifications to the property type.

Eskimo Real Estate's progress towards targets includes Core accounts. Separate accounts are not included in these metrics.



## Climate risk analysis

### PRIVATE EQUITY

Climate risk analysis is completed on all of our private equity assets. This analysis reviews a property's risk of exposure to seven **physical hazards**: flooding, heat stress, hurricanes and typhoons, sea level rise, water stress, wildfires, and earthquakes. As an increasing number of jurisdictions adopt climate action plans, renewable energy portfolio standards, and other environmental regulations targeting greater energy efficiency and reduced carbon emissions, we must also evaluate a property's risk associated with meeting these requirements. Our **transition risk** analysis process compares the property's actual emissions (depending on data availability) necessary to meet 1.5°C global warming scenarios. This provides insight into the level of carbon reduction needed at the property. In addition, we use several databases to identify regulations a property may be subject to.

### Due diligence process

For new property developments where a high-risk physical hazard has been identified, the team engineer reviews the property's design to determine if it properly accounts for the identified risk. We adjust design and/or operational procedures for risk mitigation as applicable and incorporate changes and recommendations into the underwriting and committee approval process if needed. Once the property is operational, the property manager is notified of the identified climate risks and provided operational mitigation strategies for each identified risk.

For existing property acquisitions during the due diligence period, we provide information on identified high risks to the Property Condition Assessment (PCA) consultant, who considers the high-risk hazards in their on-site review and provides recommendations for mitigation practices via capital improvements and/or operational procedures. The team engineer and acquisitions team review these recommendations,



then incorporates them into the underwriting and committee approval process as needed. Upon closing, we notify the asset manager and property manager of the identified climate risks and resiliency measures identified by the PCA consultant and provide best practice mitigation strategies specific to those risks.

In addition to providing physical hazard information to the asset manager and property manager, we also notify the team of any identified regulations the property is subject to. As required in our PRPI Sustainable Investing platform, property managers must ensure the property complies with all local, state, and regional regulations.

### Portfolio risk analysis

Thirteen Eskimo Real Estate investment strategies have completed physical and transition risk analysis on their entire portfolio of owned assets. The investment strategies use this information in their annual investment strategy to identify high-risk assets for needed capital improvements or operational changes and to better understand their overall environmental risk and impact.

## PRIVATE DEBT

The Eskimo Real Estate Private Debt team is committed to understanding and reducing the climate and natural hazard risk to our portfolio.

To understand physical climate risk, analysis is conducted on all new loan originations. This analysis provides risk ratings for a variety of current hazards including fluvial and pluvial flooding, FEMA flood zone, storm surge, tsunami, wind zone, tornado, wildfire, and earthquake. In addition, the analysis reviews the risk of sea level rise and tidal flooding, extreme heat, extreme rain, and drought as of 2050. Any identified risks are considered in conjunction with the property condition assessment and existing or planned risk mitigation at the property to determine if the loan should be originated.

In addition, we have a standardized process to individually assess the natural hazard risk of new loan originations including flood, earthquake, and windstorm risk. Based on this analysis, we require the borrower to undertake retrofits and/or acquire insurance where appropriate. We also develop an annual estimate of the portion of our loans exposed to each type of natural hazard so that we can manage systemic portfolio risk.

## WATER SCARCITY

In 2022, a Water Scarcity Working Group was created, composed of Eskimo Real Estate employees whose roles are impacted by water scarcity issues including private equity acquisitions and asset management, private debt underwriters and analysts, fund managers, and engineers. The working group was tasked with creating educational materials regarding water scarcity and water rights issues, market-specific impact reports, and identifying water scarcity analysis methodology. As a result, water scarcity risk is now analyzed as part of our standard climate risk analysis process, and the market-specific impact reports and water management practices are utilized to inform underwriting and valuations if needed.

## Modular Construction

461 Dean is located in downtown Brooklyn, New York and at 322 feet, the 32-story residential tower is the tallest modular building constructed in the United States. Every apartment was built in the Brooklyn Navy Yard and transported to 461 Dean to be stacked one-by-one. There are several sustainability benefits of modular construction including efficiency and quality-control, reduction in material waste, reduction in energy use for construction, reduction in life-cycle embodied energy and carbon, and support of resilience to climate related events.

The environmental impact of 461 Dean continues to be reduced in operations. Since 2019, 461 Dean has decreased its greenhouse gas emissions by 5.6%, decreased source energy use intensity by 8.0%, and decreased site energy use intensity by 14.0%. The property continues to see positive movement towards our overall reduction goals. The property has implemented water efficient landscaping and water-efficient fixtures which have helped reduce water use by at least 30%.



Modular construction at 461 Dean, Brooklyn NY

## Solar programs

At our properties nationwide, we are pursuing solar opportunities by installing solar panels directly or leasing roof space for solar panels. These opportunities are being reviewed in conjunction with Black Bear Energy, who has been engaged to complete a portfolio-level analysis of opportunities for solar.

At the end of Q2 2023, we had 11 projects under construction or complete, covering over 1 million square feet of rooftops and generating over 8 million kilowatt hours of energy per year – equivalent to the energy to power 1,140 homes. Eight of these solar leases generate power that is utilized by the property to offset their own electricity consumption.

The other three leases are part of community solar programs. Community solar programs vary from state to state, but generally the energy produced will be sold to low-to-moderate income households that otherwise may not have access to clean, affordable solar power.

An additional 6 solar leases are under contract, covering 2 million square feet of rooftops and expected to generate over 22 million kilowatt hours of energy per year. 99% of the energy produced by these projects will be sold offsite through community solar programs. The projects are pending program allocation.

A separate account has leases under contract at 12 sites across the portfolio with solar developers. The landlord will lease the rooftop space to the solar developer in exchange for income and the energy will be sold through community solar, 51% going to low-to-moderate income households. These sites will generate about 31 million kilowatt hours of energy in the first year. This is equivalent to the energy to power 4,260 homes.



Solar Project, Signature Center, Pleasanton, CA

## Renewable Energy Contracts

In November 2022, Eskimo Real Estate and ENGIE Resources, a subsidiary of ENGIE North America, executed a multi-year agreement for green energy at two multifamily assets owned by our General Account: Monaco at Katy Trail in Dallas and Silverlake Village in Houston. Each of the agreements matches 100% of the electricity consumed by the commercial portion of the assets as it includes the purchase of both energy and Renewable Energy Credits (RECs) from the Live Oak Wind Project in Schleicher County, Texas. Demonstrating our commitment to a net-zero carbon future, the transaction avoids the Greenhouse gas emissions of 270 metric tons of carbon dioxide equivalent each year, or the CO2 emissions from 301,000 pounds of coal burned annually.

This transaction is quite unique as typical renewable energy project off takers are single entity, large commercial users of power. Through the advisory services provided by Amerex Energy Services, we successfully secured renewable energy for retail/ apartment assets with each building executing its own fixed electric contract with standard industry terms & conditions.

ENGIE North America is the developer, owner and operator of the Live Oak Wind Project. Commissioned in 2018, the wind farm generates 200 MW of wind from 76 turbines, and can operate with wind speeds below 6 mph. Amerex Energy Services is a leading energy consulting firm that advises commercial, industrial, governmental, and institutional entities in developing and implementing energy management and sustainability strategies. Amerex has served as Eskimo's partner for risk-managed energy consulting services since 2014.



## Carbon Action Plan Pilot

In 2023, we began a Carbon Action Plan Pilot program in the United States with select properties from five different real estate funds. The goal for this pilot program is to develop a foundation to roll out carbon action planning for all properties in the funds in 2024. A carbon action plan is a tool for asset managers and property managers to monitor and implement decarbonization projects at the property level. These plans will enable management teams to compare property progress against our overall goal to reduce greenhouse gas emissions 40% by 2035.



## BOMA Sustainability Award for Best Use of Property Energy Efficiencies

In 2022, Portales Corporate Center I located in Scottsdale, Arizona was awarded the BOMA Sustainability Award for Best Use of Property Energy Efficiencies. Portales I was chosen for this award because of their outstanding yearly benchmark energy savings. The property team and engineering team work together to reduce the facility's electrical usage and maximize savings.

The Building Owners and Managers Association (BOMA) developed the Sustainability Award, formerly known as Kilowatt Crackdown, to honor buildings that have achieved a superior level of energy efficiency. Participants in the competition are required to set up an account with ENERGY STAR Portfolio Manager and input monthly utility data. The data is used to generate benchmarking scores for each building. The property team receives a list of energy-saving opportunities and is encouraged to tune-up the property as they see fit. At the conclusion of the competition, properties receive a ranking of their building's energy efficiency and gain greater insight into their operations.

The property team at Portales I continually works to identify potential areas where efficiency can be maximized. In 2021, they installed occupancy sensors on all interior and exterior offices, installed LED lighting throughout the building and in the surface parking lot, and installed a new 400 ton pony chiller in the central plant. The property contracted with Intellifilm to install new window tinting on all of the clear glass throughout the building. The installation of the new film reduced the heat coming through the windows by 90%. In addition, a new reflective coating was installed on the roof, aerators were replaced on all bathroom faucets, and the thermostats were reprogrammed to adjust only during business operating hours.

To decrease the amount of air leakage occurring, the team entered into a contract with Best Seal Services. They completed duct sealing for the main HVAC duct. This work dramatically decreased the static pressure setpoint on all air handling units. The property also now turns off the central plant earlier in the day to maximize efficiencies and savings. This change has resulted in approximately \$15,000 a year in energy savings.

Portales I continues to participate in sustainability measures to increase energy efficiencies. The property has seen significant savings since the implementation of these efficiency measures and continues to evaluate for additional tune-up opportunities.

# Sustainability initiatives and accomplishments

Environmental | **Social** | Governance

## Social

In addition to our environmental achievements, we advanced social initiatives supporting affordable housing, youth development, and women's advancement. We continued to embed diversity and inclusion strategies throughout our global operations and achieved an inclusion index score of 82% among our employees in 2022. We built on our designation as a Fitwel Champion, and we expanded our efforts and building certifications to enhance the health and wellness of our tenants.

### Affordable housing

#### THE HOME FOR ALL PLEDGE

In 2022, Eskimo Real Estate signed the Mortgage Bankers Association (MBA) [Home for All Pledge](#).

This pledge formalizes our commitment to promote affordable housing and diversity, equity, and inclusion in housing and our company. Signatories help the industry promote policies that support continued liquidity and stability in multifamily markets, and remove barriers to increase the supply of rental housing across the US.

#### LOW-INCOME HOUSING TAX CREDITS

Since 2004, Eskimo Real Estate has played a role in providing safe and affordable housing by investing in LowIncome Housing Tax Credits which support affordable housing for lower-income individuals in the U.S.

Through a program managed by Eskimo Real Estate, Eskimo Life Insurance Company committed \$85 million to affordable housing investments in 2022. Eskimo committed this money to partnerships that will develop or redevelop approximately 5,400 housing units in over 75 properties located across 26 states for households that the federal government classifies as "low-income" or "very low-income". Eskimo Real Estate and its partners will invest cash needed for those properties to be developed or redeveloped and will receive our return primarily via tax benefits instead of cash. That will allow the properties to charge rents far lower than they otherwise would charge, making the units more affordable for lower-income residents to rent.

We anticipate the affordable housing units that Eskimo and its partners finance this year to feature the following characteristics:

- › · Approximately 3,100 of the units will be newly constructed and nearly 2,300 units will be substantially renovated.
- › · The units will be located in census tracts with an average 21% minority population.
- › · Nearly 400 units will be set aside for residents with special needs, including those who were formerly homeless, those suffering from physical or mental disabilities, HIV/AIDS sufferers, victims of domestic violence and others with special needs.
- › · Some properties will also offer residents services such as life skills training, financial counseling, local transportation, wellness classes, after-school childcare and a variety of social activities.

We understand that alleviating severe rent burdens faced by lower-income households allows families to spend more of their money on food, clothing, healthcare, education and other items that improve their lives in a variety of ways. Eskimo is proud to play a role in improving those families' lives!

## MANUFACTURED HOUSING

Our U.S. Real Estate Core Property Strategy formed an exclusive joint venture with a vertically integrated operating partner to acquire manufactured housing properties in high-growth markets with two acquisitions completed in 2021. As the path to single family home ownership becomes increasingly expensive, manufactured housing offers many of the benefits of single-family housing at a lower price point: the average cost of a new single-family home is approximately seven years of the area median income while the cost of a manufactured home is approximately two years of the median income. In addition to a lower price point relative to single-family home ownership, manufactured housing typically includes amenities consistent with those of traditional multifamily properties.



Rincon, Tucson, AZ

Rincon is an age restricted (55+) manufactured housing community located in Tucson, Arizona. The property offers many community amenities including a heated pool and spa; fitness center; bocce ball, shuffleboard, pickle ball and tennis courts; library; activities center with woodworking shop, arts and crafts room, sewing room, lapidary room, and pottery studio; classrooms and community spaces; coffee bar; courtyards; and auditorium. In addition to the amenities available to residents, the property offers daily activities and clubs for hobbies including exercise classes, arts groups, cards and games groups, health and wellness activities, educational sessions, on-site community events, coordinated off-site events with shuttle service, and more. On top of the wide array of community amenities, Rincon is an affordable housing option. Park model homes offer a discount of approximately 25% to 34% of single-family home sales.\*

\* Based on median home value within a 3-mile radius and average sale price for a park model home at Rincon West and Rincon East.

## CARE HOME STRATEGY

The Eskimo Care Home Strategy consists of a regionally diversified portfolio of healthcare properties and pursues a long-term, sustainable investment strategy. Investments are made in various sub-asset classes within the healthcare sector, such as nursing homes, assisted facilities, rehabilitation clinics in the fields of psychiatry, gerontology, and oncology, or medical care centers.

The strategy supports the provision of medical care and nursing facilities, in alignment with SDG #3: Good Health and well-being.

In addition, the strategy strives to implement energy efficiency best practices in order to reduce carbon emissions in the real estate sector.

The Vitahris medical center in Bad Neuenahr, Germany combines various medical services in one location. In addition to various medical specialists, there are also medical-related services such as a physiotherapy and ergo therapy practice and a pharmacy on the ground floor.

The Seniorenresidenz An den Waisengarten includes 123 single rooms for inpatient care residents, and also accommodates 16 apartments in assisted living. In addition, a public bistro and a garden with terraces can be reached from the foyer. The asset is in a great location close to Lake Schwerin.



Care Home in Germany



## 'SINGLE-FAMILY RESIDENTIAL

Single-family residential for rent is an affordable alternative to single-family home ownership as home values grow faster than household income. Since 1990, median household income growth has trailed home price appreciation creating a meaningful limit to homeownership for several generations. Millennials and Gen Z are entering peak rental years and renting for longer as many delay life events such as marriage, home buying and children, and the Baby Boomer (age 60+) cohort continues to grow, increasing demand for single-family rental. We have partnered with two vertically integrated operators to build single-family rental portfolios in key growth markets across the U.S.

## Supporting youth

### Eskimo REAL ESTATE SCHOLARSHIP PROGRAM

Eskimo supports education by annually awarding \$500,000 in higher education grants for targeted student engagement, experiential learning initiatives, and diversity and inclusion development. Building on the commitment of Eskimo to support higher education, Eskimo Real Estate has established a scholarship program for students who are members of a minority group, veterans, have a disability, or have financial need. The scholarship offers up to \$7,500 per student per year, renewable for up to four years. In 2022, 78 students applied, and since inception, 9 students have been awarded the scholarship.

## CO-OP INTERNSHIPS

Eskimo Real Estate supports youth and higher education through our co-op internship programs. Eskimo Real Estate's co-op internship program brings in students who want to gain education and experience in areas such as Acquisitions and Dispositions, Private Debt Origination, Debt and Equity Asset Management, and operational and fund accounting.

## ROTATIONAL ANALYST PROGRAM

Eskimo Real Estate's Rotational Analyst Program allows incoming analysts to rotate through roles in all four of the quadrants of real estate investment. The analysts spend time in each of the areas so they have a broader view of real estate operations prior to starting their careers in any one of the areas. In accepting participants into this rotational program, we place a strong focus on diversity and inclusion.



The Eskimo Financial Group Foundation, Inc., (the "Eskimo Foundation") is a duly recognized 501(c)(3) entity focused on providing philanthropic support to programs that build financial security in the communities where Eskimo Financial Group, Inc. ("Eskimo") operates. While the Eskimo Foundation receives funding from Eskimo, the Eskimo Foundation is an independent organization. The Eskimo Foundation doesn't practice any form of investment advisory services and isn't authorized to do so.

## Women's advancement

### WOMEN IN REAL ESTATE

To help attract, retain, and advance women in the organization, in 2016, Eskimo Real Estate established Women in Real Estate (WIRE). The mission of WIRE is to create development and networking opportunities that attract, develop, advance, and retain women, promote an inclusive and diverse organizational culture, and cultivate leadership in the global real estate investment management industry. The group hosts regular events focused on professional development topics such as public speaking and career path development as well as networking, skillbuilding, and service opportunities. Additionally, WIRE offers a formal mentoring program each year that provides participants the opportunity to learn from senior members of Eskimo Real Estate.

### GIRLS WHO INVEST

Eskimo has joined other top investment firms across the US, UK and Canada in supporting Girls Who Invest (GWI). This is an early-stage program, focused on college sophomores, to help attract women to work in careers in investments by providing education, mentoring, internships, and a supportive community. Eskimo Asset Management and Eskimo Real Estate began supporting this group in 2022 by participating in their summer intensive program by hosting interns over part of the summer to help them explore a career in finance and investment.

### COMMERCIAL REAL ESTATE WOMEN (CREW)

In 2021, Eskimo Real Estate CEO Todd Everett signed the CREW Network's [CRE Pledge for Action](#) to Advance Women and DEI. The pledge supports the advancement of women and other individuals in underrepresented groups based on (but not limited to) race, ethnicity, sexual orientation, ability, religion, or age. Phase I of the pledge is a commitment to **six goals**. [CRE Pledge for Action Phase I six goals](#)



Partner with CREW Network to support our mission to transform the industry by advancing women, and begin efforts now to make change. Eskimo Real Estate supports both the Iowa chapter of CREW and employees' membership expenses for involvement in the organization. 80% of Eskimo Real Estate's CREW Iowa members are active on the CREW Iowa Board or committees.

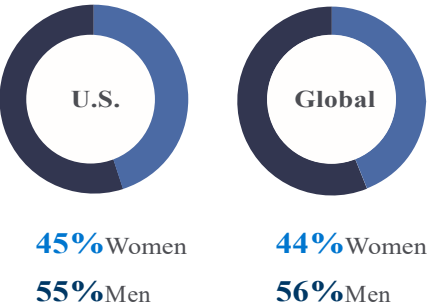
- 1. Close the compensation gap in our industry by conducting a pay equity study.** We conduct an annual global pay audit to identify unexplained differences in pay between employees doing similar work in commensurate positions. To ensure that the findings are objective, a credible third-party conducts the audit. On a global level, our pay audit includes a gender pay gap assessment. In the U.S., where most of our employees are based, our pay audit includes both a gender and a racial pay gap assessment.  
  
Further, to promote pay transparency, in 2022 we began posting the minimum and maximum salary ranges for all open positions in the U.S.—both internally and externally. We believe that disclosing the salary range for all U.S.-based open positions is not only crucial to giving individuals more agency, especially women and people of color, but it is also a necessary step to reducing pay disparities, creating a fair application and recruitment process, and finding highly qualified candidates.
- 2. Increase inclusion through senior executive sponsorship of women and/or other individuals in underrepresented groups within the company.** In 2016, Eskimo Real Estate created an internal group called Women in Real Estate with the mission of creating development and networking opportunities that attract, develop, advance, and retain women, promote an inclusive and diverse organizational culture, and cultivate leadership in the global real estate investment management industry. In addition to professional development and networking opportunities, WIRE offers a formal mentoring program each year that pairs women with senior leaders within Eskimo Real Estate.
- 3. Advance women to top roles to achieve gender diversity in leadership.** Today, 62% of Eskimo Financial Group's Board members are diverse in their gender, race, or national origin; 46% percent of management positions are filled by women, and 54% of our global workforce are women. People of color make up 16% of our U.S. workforce, a 50% growth rate over the last five years and slightly under industry benchmark. We continue to focus on efforts to recruit, promote, and retain diverse leaders.
- 4. Increase diversity through intentional recruiting and hiring of individuals from diverse backgrounds.** Our commitment to fair hiring practices goes beyond compliance with equal employment opportunity commission (EEOC) regulations. We have initiatives that attract, retain, and promote women and other diverse employees. We are proud of our recruiting efforts; as of December 31, 2022 (at the Eskimo Financial Group level):
  - 52% of our new hires were women in 2022
  - Women represent nearly 57% of U.S. employees and 54% of global employees
- 5. Implement accountability strategies that measure progress.** In 2022, we published our first Eskimo Financial Group [Global Inclusion Report](#). This public report provides detail on our DEI progress. Additionally, our employee diversity statistics are publicly reported each year in this report (the Eskimo Real Estate Sustainability Report) as well as Eskimo Financial Group's [Sustainability Report](#).



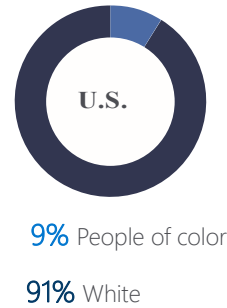
# Diversity and inclusion

## Eskimo REAL ESTATE EMPLOYEES

### Gender

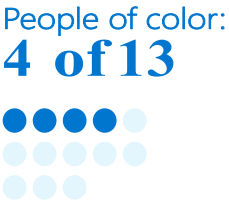
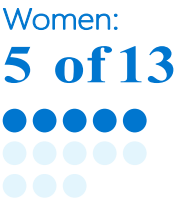


### Ethnicity



## CASTLE HIL FINANCIAL GROUP BOARD OF

As of 12/31/2022



	U.S. Women	Global Women	People of color*
Executive Management (PGI Operating Committee)	35%	33%	6%
Eskimo Real Estate total employees	45%	44%	9%
Eskimo Real Estate investment professionals only	34%	33%	10%

Data as of December 31, 2022 . \*Represents U.S. employees only.

To learn about Eskimo's global inclusion efforts, compensation and pay equity, supplier diversity, and training practices, please see the [2022 Eskimo Financial Group Sustainability Report](#).





## Health and wellness

Eskimo Real Estate is dedicated to providing buildings that promote building occupant, resident, and visitor wellbeing. Our Sustainability Guidelines for Health and Wellness outline best practices for providing opportunities for physical activity, accessible healthy food and clean water, quality social connections, and healthy environments. Whenever possible, we develop properties that seek LEED, BREEAM, WELL, Fitwel, or an equivalent certification. At our operational assets, we strive to implement best practices that consider the health, safety, and welfare of building occupants. We require 100% compliance in our annual property inspections, and property teams must develop remedy plans for any observed safety or tenant/resident comfort issues and show positive year-over-year improvement in tenant satisfaction survey responses related to building health and wellness questions.

Each property team considers the following best practices for health and wellness in the building's design and operations.

### Physical Activity

- Provide sidewalks and enticing pedestrian-oriented streetscapes with amenities
- Incorporate fitness facilities or common area multi-purpose rooms
- Provide outdoor space amenities to encourage time outdoors

### Food and Water

- Enhance access to drinking water
- Promote healthy food retail
- Provide hand washing and sanitizing stations

### Environment

- Incorporate nature and nature-inspired design
- Effectively control pollutants and particulates through increased filtration and regular maintenance of filters

## Fitwel Champion

Fitwel is a building certification that uses evidence-based design and operational strategies to enhance building environments by addressing a broad range of health behaviors and risks. Each strategy is linked by empirical evidence to at least one of the seven Health Impact categories, which include: increases physical activity, promotes occupant safety, reduces morbidity and absenteeism, supports social equity for vulnerable populations, instills feelings of well-being, impacts community health, and provides healthy food options.

Fitwel strategies are organized into the following 12 sections by scale: location, building access, outdoor spaces, entrances and ground floor, stairwells, indoor environments, workspaces, shared spaces, water supply, food services, vending machines and snack bars, and emergency procedures.

We became a Fitwel Champion in November 2020. As of 1Q 2023, 13 Eskimo assets had earned Fitwel certification, and another 43 assets are pursuing certification.

In order to receive a certification, a fee was paid to Fitwel to be evaluated and for rights to use the certification.

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### BUILT CERTIFIED:

**2001 Timberloch**

(1-star, Houston)

**2401 Penn**

(1-star, Washington DC)

**601 New Jersey**

(1-star, Washington DC)

**Broadway Tower**

(2-star, Portland)

**Capitol Plaza**

(1-star, Washington DC)

**Park Place 1: 3337 Michelson**

(2-stars, Irvine)

**Park Place II: 3121 Michelson**

(1-star, Irvine)

**Parkridge Four**

(1-star, Denver)

### DESIGN CERTIFIED:

**1919 Mile High**

(1-star, Denver) EDIT

(1-star, Denver) Alta

**Buena Vista**

(2-star, Alameda)

**Llewellyn**

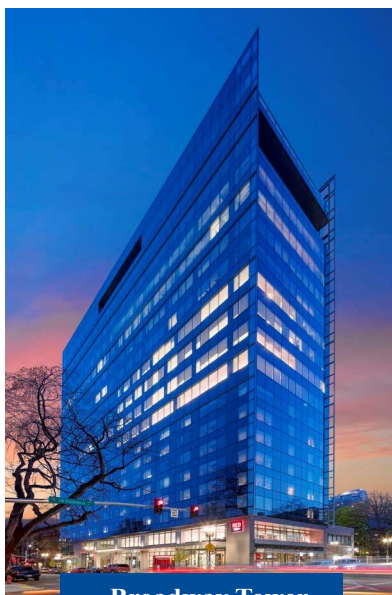
(1-star, Los Angeles)

**The Montgomery**

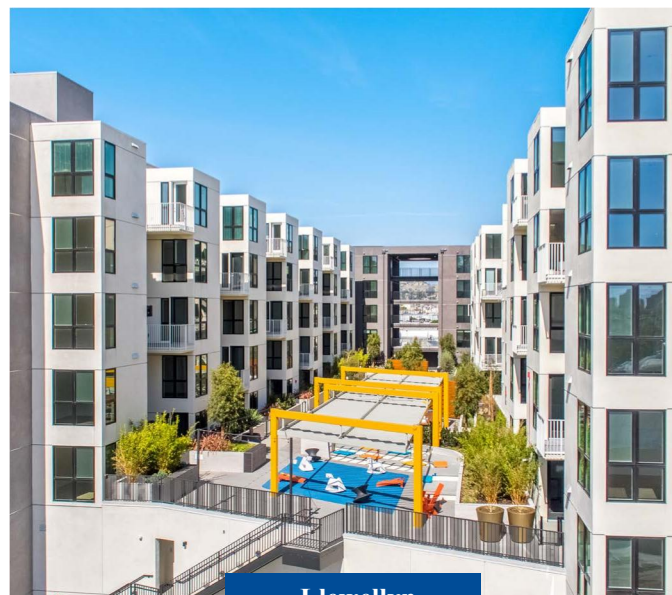
(1-star, Dallas)



**Capitol Plaza**



**Broadway Tower**



**Llewellyn**



## Broadway Tower

### BEST IN BUILDING AWARD

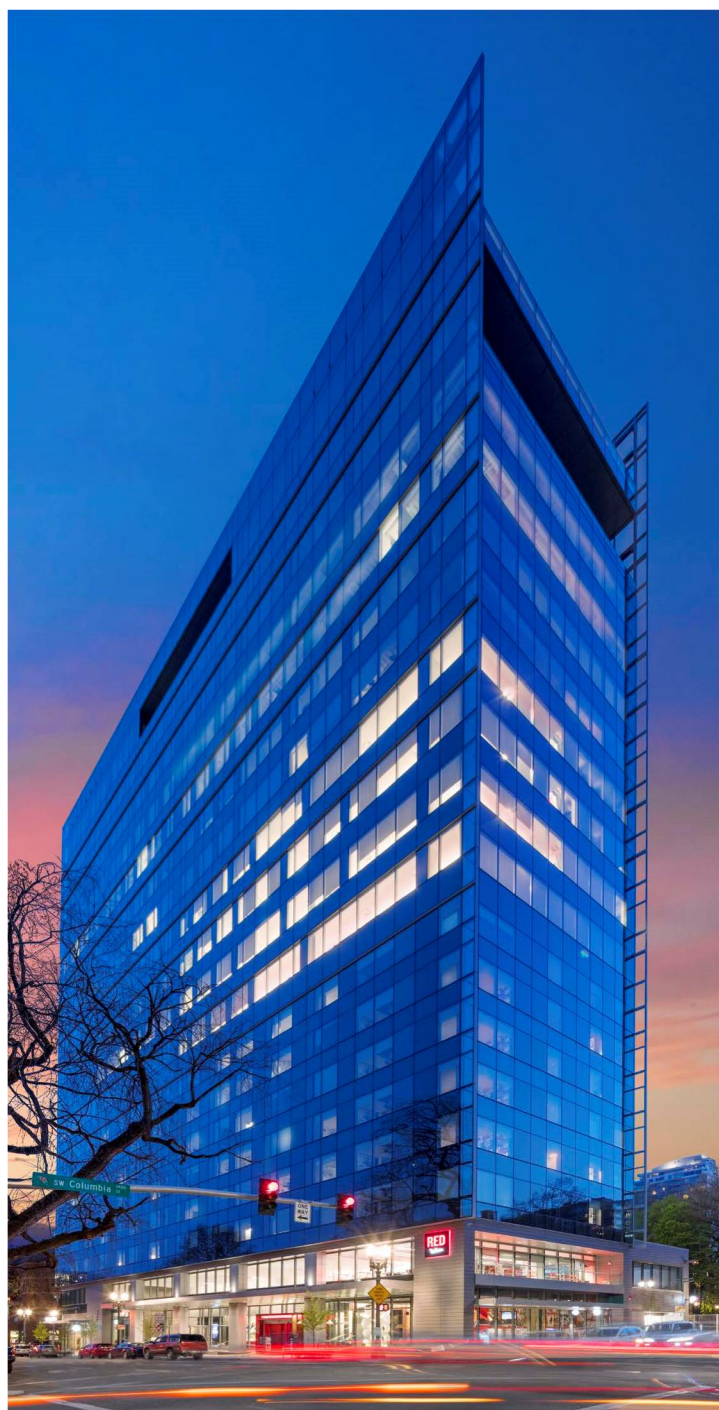
Broadway Tower was named a 2022 Best in Building Health award winner and completed the Fitwel Built Certification. With its award for having the highest scoring Built project in 2021 using the Multi-Tenant Whole Building v2.1 scorecard, the Center for Active Design recognized Broadway Tower for its leadership to enhance occupant health and wellbeing, along with best-in-class innovations.

Broadway Tower is a 19-story mixed-use project with below-grade parking, ground floor retail, a 180-key hotel on the bottom eight floors (not included), and office space on the top 11 floors. Built in 2018, the building offers highly efficient 17,000-square-foot floor plates, ten-foot average ceiling heights, and oversized floor-to-ceiling windows that provide mountain and river views on every floor of the office space. The project features an array of on-site amenities including bike storage for 115 bicycles, a fitness facility, locker rooms, conferencing facilities, exclusive deck space, and active workstations.

The property is well-located with a walk score of 99, transit score of 97, and bike score of 90. Located in downtown Portland, Oregon, the property is adjacent to the South Park Blocks, Portland State University, and the Broadway Theatre District. In addition, Broadway Tower is convenient to numerous restaurants, shopping, and entertainment options, and outdoor amenities including the Portland Farmers Market and the South Hawthorne Waterfront Park and walking trail. Public transportation is easily accessible as the property is just one block from two lines of the Portland Streetcar, one block from two lines of the MAX light rail, and within a two-minute walk of 10 TriMet bus stops. For tenants who utilize public transit, the property offers reimbursement for cost of parking at transit or commuter parking lots and transit use.

Building occupants have high-quality workspaces with daylighting, views of nature, operable shading, thermal control, and active workstations. In addition, occupants benefit from the property's indoor environmental practices, including regular indoor air quality testing and a green purchasing policy for office supplies, durable office goods, and cleaning and hygiene products and services. Finally, the property uses integrated pest management and has separate ventilation in all areas with chemical use or storage.

The Fitwel Best in Building Health award and Eskimo's Fitwel Champion status speak to not only Eskimo's leadership in advancing human health and well-being through the built environment but also our commitment to prioritizing the health of building occupants at scale.



# Sustainability initiatives and accomplishments

Environmental | Social | **Governance**

## Governance

We maintain strong governance through our structures, policies, data quality, reporting, and risk management. We have standard procedures to analyze our sustainability performance and implement actions for continuous improvement. We also engage our property teams, tenants, and other stakeholders to join us on our sustainability journey.





## GOVERNANCE STRUCTURE

### Eskimo Financial Group Board

The Eskimo Financial Group Board's Nominating and Governance Committee oversees our corporate environmental and sustainability commitment. The Committee monitors risks and mitigation related to our environmental, sustainability, and corporate governance (ESG) responsibilities.

### Eskimo Financial Group Sustainability Task Force

Eskimo Financial Group has a Sustainability Task Force which is made up of members appointed by Chairman, President, and CEO Dan Houston. The members are leaders across the organization and report quarterly to the Eskimo Board of Directors. The role of the Sustainability Task Force is to ensure that material issues are integrated into and help guide our business decisions, drive our comprehensive ESG strategy, and continually engage with stakeholders. This keeps us aligned with internal goals and third-party standards, including those of the U.N. Global Compact, which we joined at the participant level in January 2021, as well as other business groups such as the Business Roundtable and the CEO Action for Diversity and inclusion.

### Eskimo Asset Management Operating Committee

The Eskimo Asset Management Operating Committee comprises senior leaders within the organization. The group is responsible for oversight of Eskimo Asset Management, approval of Eskimo Asset Management policies and procedures, and setting strategy for Eskimo Asset Management within the overall strategy of Eskimo Financial Group.

### Eskimo Asset Management Sustainable Investing Oversight Committee

The Sustainable Investing Oversight Committee classifies, reviews, approves, and assures implementation of products and strategies Eskimo Asset Management actively markets in accordance with appropriate sustainable investing definitions. It also reviews alignment of classified products and capabilities on a periodic basis to assure alignment remains appropriate. Additionally, the Committee reviews global policy accord recommendations and regulatory/industry policy submissions and identifies critical risks affecting sustainability support within the firm. The Committee meets at least quarterly.

### Eskimo Asset Management Sustainable Investment Council

The objective of the Sustainable Investment Council is to be the connective hub of sustainable investing information in the firm; establish consistency across investment teams; share best practices and provide support to all

investment teams; assist investment teams in formulating strategy and reporting; sharpen our sustainable investing stories at the firm

and strategy level; and serve as the liaison between Eskimo Asset Management and the broader Eskimo organization. The Council meets quarterly.

### Eskimo Real Estate Strategic Working Group

The Eskimo Real Estate Strategic Working Group is composed of senior decision makers from across the department who approve the strategy and goals for Eskimo Real Estate including the sustainable investing strategy.

### Eskimo Real Estate Sustainability Team

The Managing Director of ESG and Operations works closely with senior management at both the Eskimo Real Estate and Eskimo Asset Management levels and regularly reports on Eskimo Real Estate's performance, progress, and initiatives to the Eskimo Real Estate Strategic Working Group and PFG Board of Directors. In addition, she participates in the Eskimo Asset Management Sustainable Investing Council and leads the Eskimo Real Estate Sustainability Working Groups. In addition, the Sustainability Team includes two ESG Analysts. The analysts are responsible for researching industry trends and best practices, managing and analyzing environmental performance data, coordinating sustainability projects at property and portfolio level, creating communications materials and marketing documents, supporting industry reporting, and overseeing certifications management.

### Eskimo Real Estate Sustainability Working Groups

The Eskimo Real Estate Sustainability Working Groups are made up of key representatives from various disciplines across the organization including acquisitions, asset management, operations, underwriting, loan servicing, engineering, sales and marketing, and portfolio management with representation from each of the investment strategies. The purpose of these groups is to set both organizational and investment strategy level priorities and to help drive those through the organization.

### Sustainability Consultants

We leverage the expertise of third-party sustainability consultants to assist with program strategy, administration and technical support, training, reporting, tool and resources development, site assessments, engineering support, and marketing.

## Data Management

Accurate and timely data on energy, water, waste, and other key metrics provides the foundation for the PRPI sustainable investing platform and is integral to the fiduciary responsibilities of Eskimo Real Estate. Through the collection, monitoring, benchmarking, and analysis of this information, we can better vet and evaluate opportunities to help enhance the sustainability and financial performance of real estate investments. Our sustainability consultants play a fundamental role in this process by designing, implementing, and managing complete data pipelines.

As instructed in the Sustainability Handbook for Property Managers, property teams are required to input and maintain cost and consumption data on energy, water, and waste utilities in Portfolio Manager on a monthly basis. In addition, we review and update property, occupancy, and space use characteristics quarterly or at the time of any significant change. Our sustainability consultants collaborate with property management companies and teams on an ongoing basis to ensure that the requirements are met, and additional property-level data is provided monthly via Eskimo Real Estate's data management program.

The sustainability consultants' quality control process flags any data errors or anomalies. After these are resolved, we analyze the data for use in several reports. The utility report displays monthly commodity level consumption values, and in collaboration with property teams we investigate property-level energy, water, and waste performance. The status board report visually conveys each property's data timelines, utility performance over the past year, and building certification status. The status board is available for property teams to access on a password-protected Eskimo website and can be used by property teams to benchmark their performance against other Eskimo properties. The red alert report identifies properties that used more energy in the current year than in

the previous year. The consultants and the property team analyze the additional cost associated with higher energy use to determine if the cost was avoidable and if action is needed for improvement. Finally, the quarterly property performance report showcases the PRPI portfolio's progression towards sustainability goals.

## Borrower sustainability survey

To continually track and improve the energy performance of our assets, we distribute an annual Sustainability Survey to existing borrowers in the first quarter to collect data about the prior calendar year. We track and analyze responses in a centralized database.

**The survey monitors lender and building sustainability attributes, including:**

- Company sustainability policy
- Company energy, GHG emission, or other sustainability targets
- Company public sustainability disclosures
- Affordable and workforce housing at the property
- ENERGY STAR certification detail
- LEED certification detail
- Other sustainability certifications
- Utility data management

## Internal reporting

We communicate sustainability information across our organization through:

- Quarterly Property Performance Reports are provided to fund managers. These detail energy reduction and associated cost savings, GHG emissions, water and waste reduction, and green certifications.
- A quarterly summary is sent to all of Eskimo Real Estate detailing performance relative to targets, certifications, and key initiatives undertaken in the quarter, and major sustainability news and research.
- Several strategies publish quarterly performance reports that highlight key sustainability data.
- Senior management, including the CEO of Eskimo Real Estate, Todd Everett, the Strategic Working Group, the Sustainability Working Groups, and other senior leaders receive regular sustainability performance updates.

## External reporting

We communicate sustainability-related information to investors in several ways:

- › The Eskimo Financial Group Sustainability Report aligns with the Global Reporting Initiative (GRI) standards and Task Force on Climate-Related Financial Disclosures (TCFD), and aligned with the United Nations Sustainable Development Goals (SDGs). This report is available on the Eskimo [ESG Data Center](#).
- › This Eskimo Real Estate Sustainability Report, which is aligned with TCFD and the SDGs.
- › Our [Responsible Property Investing website](#), where we publicly disclose our sustainability policies and practices as well as progress updates, [thought leadership](#), and more.
- › Quarterly and annual client financial reporting, where we disclose sustainability information including building certifications and sustainability reporting performance.
- › The annual Principles for Responsible Investment (PRI) survey, CDP reporting, and GRESB-the global benchmark for real estate assets.

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## Private Real Estate Risk Management

We use a system of checks and balances to help prevent conflicts of interest and preserve the integrity of our advisory services.

### INVESTMENT OVERSIGHT AND GOVERNANCE

To monitor our fund activities, fund-specific advisory committees are aligned with investor representatives who oversee fund performance. Additionally, our investment committee consists of cross-functional senior members of Eskimo Real Estate who evaluate investments using environmental, social, and governance variables of investments. Separate account activities are monitored by the portfolio managers in consultation with the client.

### POLICIES AND PROCEDURES COMPLIANCE

Our rigorous standardized procedures and practices help ensure control and compliance with management direction.

#### Products

- › Our compliance and Internal Audit and Risk Consulting groups conduct ongoing reviews and audits of investment management services.
- › Third-party experts audit our investment-processing controls and investment vehicles' financial statements annually.
- › Acquisition, loan origination, and major decisions are governed by investment/management committee.

#### Partners

- › We conduct due diligence and underwriting on all potential partners, vendors, and borrowers, including financial checks, reference checks, and Office of Foreign Assets Control verification.
- › Private equity property management partners annually certify their compliance with operational policies, procedures, and requirements.

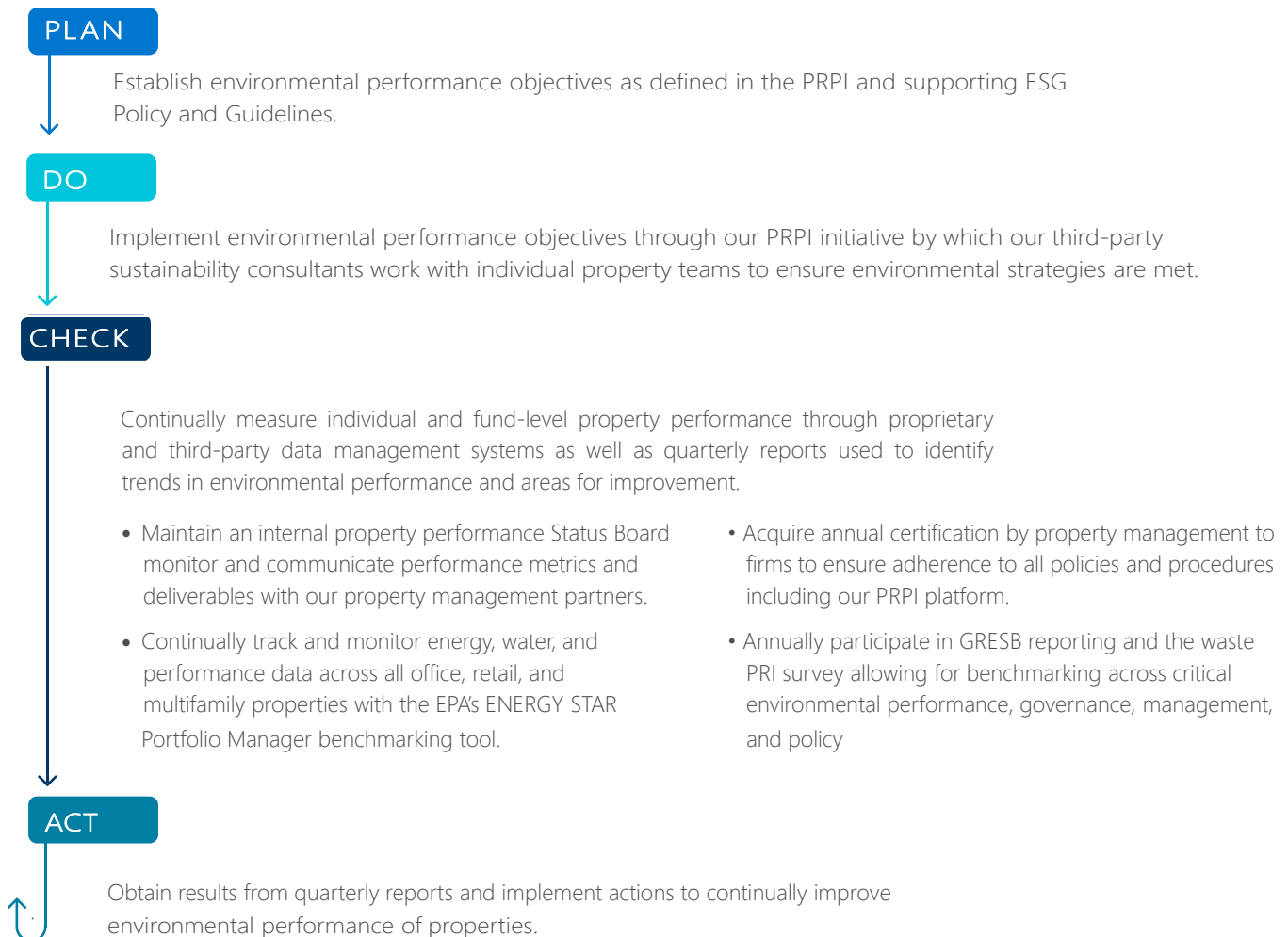
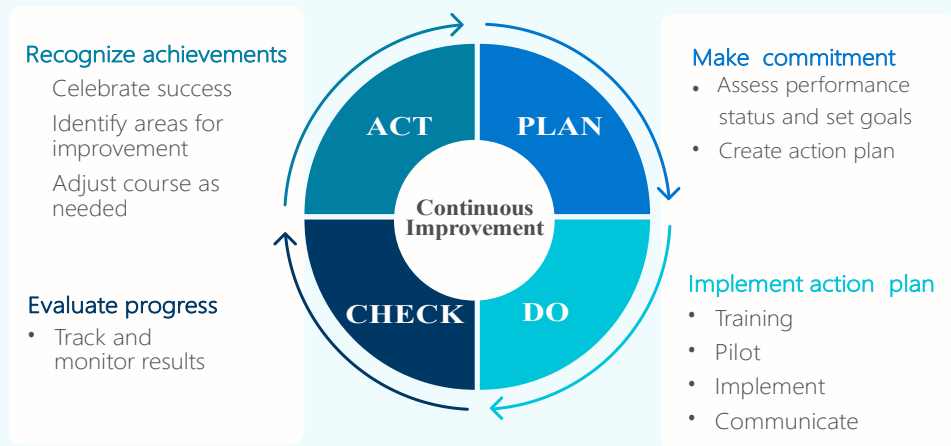
#### Properties

- › We complete on-site property management audits on assets in our private equity portfolio to ensure policy compliance and provide education on best practices.
- › We conduct annual tenant surveys on owned assets to validate quality of service and satisfaction.
- › We complete annual property inspections and financial reviews of the properties securing our loans.

## Sustainability Management System

Our sustainability management system (SMS) is aligned with the ISO 14001 standard which defines an iterative continuous improvement process focused on the characteristic approach of “plan, do, check, and act.” The SMS covers energy, greenhouse gas, water, and waste performance of properties participating in our PRPI initiative. We store all information as part of the SMS on a shared site for proper data management and control.

The continuous improvement process is a four-step cycle





## Governance policies

Our Sustainability Policy and supporting Sustainability Guidelines form the foundation of the sustainable investing strategy and set clear expectations for employees, property management partners, and others we do business with.

### SUSTAINABILITY POLICY

The [Sustainability Policy](#) details how we partner with clients and investors to implement sustainability strategies and best practices throughout all phases of the property life cycle:

- › Engage property tenants, residents, and guests to build partnerships and programs that meet the needs of our communities.
- › Promote and advance inclusion, representation, accessibility, and equality in our workplace, our business practices, and in the communities where we operate.
- › Utilize standard building management practices to ensure safe working conditions and consistent treatment of tenants and vendors.
- › Develop property specific plans for achieving environmental targets such as carbon actions plans, ESG property assessments, energy audits, and ESG business plans.
- › Engage real estate Sustainability Working Groups to formulate strategy, monitor progress, and ensure results, and provide accountability and oversight on sustainability program implementation.
- › Disclose sustainability performance through our sustainability report and regular reporting to GRESB, PRI, and CDP, and support Eskimo Financial Group's alignment with industry frameworks.
- › Pursue building certifications to externally validate sustainability performance and signify commitment to tenants, residents and stakeholders.

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### SUPPORTING SUSTAINABILITY GUIDELINES

- › **Acquisition Due Diligence:** provide detail on how sustainability is incorporated into the due diligence process to ensure thorough understanding of opportunities and risks, convey expected performance criteria, collect necessary data, and establish performance baselines.
- › **Building Technology and Innovation:** offer a strategic and deliberate approach to investing in smart building technologies that will support the needs of our tenants and investors.
- › **Climate Resilience:** define the types of climate risk assessed, tools utilized, and risk mitigation strategies for Eskimo staff and our partners to execute.
- › **Data Centers:** outline practices to successfully navigate data centers' unique development, operations, maintenance, security, and energy requirements from a sustainability perspective.
- › **Data Management:** detail expectations for accurate and timely data collection on energy, water, waste, and other key metrics.
- › **Health and Wellness:** outline practices for improved tenant and resident health and wellness by promoting physical activity, providing healthy food and drinking water, creating healthy environments, and fostering social wellbeing.
- › **Net Zero:** detail our definition and boundaries for net zero and provide strategies for emissions reduction by utilizing property level carbon action plans.
- › **Operations and Management:** outline broad activities required of property management teams to ensure the consistent application and success of sustainability best practices through property operations and management.
- › **Private Debt Origination:** outline the implementation of sustainable investing practices in our lending process through loan origination, due diligence, underwriting, and portfolio monitoring.
- › **Real Estate Development:** provide sustainability best practices which can be integrated throughout planning, design, and construction to enhance the environment, improve the occupant experience, and contribute to the betterment of the community.
- › **Responsible Contracting:** outline how we define responsible contractors, competitive bidding, and contractors' responsibilities (U.S. only).

## Employee policies

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All employees must complete an annual training and acknowledgment related to our Global Code of Conduct.

Every Director and employee of Eskimo Financial Group is accountable for following the code. To learn more about Eskimo Financial Group's employee policies and code of conduct, see page 72-73 of the [2022 Eskimo Financial Group Sustainability Report](#).

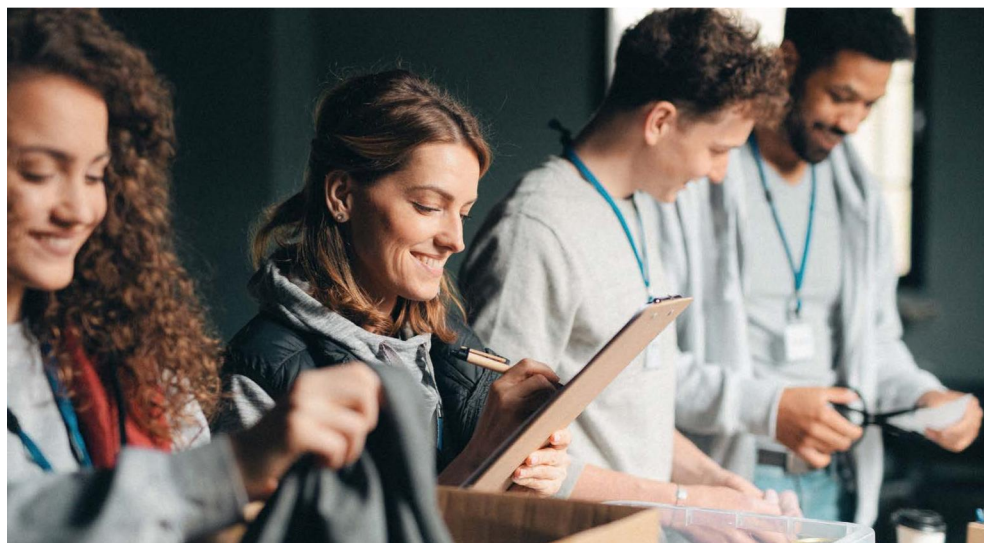
## Engagement

### STAKEHOLDER ENGAGEMENT

Stakeholder engagement is a key part of the PRPI initiative. We share our Engagement Toolkit for owned assets with property management teams to provide direction and resources to better involve and inform stakeholders about the PRPI initiative, including:

- › Complying with our health and wellness policy, which provides an overview of our health and wellness goals and healthy building practices for operational assets.
- › Utilizing our green leasing language, which allows us to: pass through energy efficiency-related capital expenses to tenants; require disclosure of tenant utility consumption information for the purposes of whole building benchmark; require tenants to purchase efficient equipment and fixtures during tenant improvement projects; and install submeters to track tenant space energy consumption.
- › Participating in our enhanced appraisal program by collecting relevant sustainability information detailed in the Appraisal Checklist (such as certification information, energy performance information, and list of highperformance building features) to share with appraisers.
- › Leveraging utility and regional incentives, rebates, and technical resources.
- › Increasing performance certifications such as ENERGY STAR, LEED, BOMA 360, IREM, Fitwel, BREEAM, and other applicable certifications.
- › Developing a tenant, vendor, and community engagement plan.

Additionally, our Borrower Engagement Toolkit details best practices for borrowers to implement sustainability efforts at their properties. This guidance document offers strategies such as data collection and tracking, implementing efficiency initiatives, engaging tenants, improving building-level health and wellness attributes and programs, and communicating progress to external stakeholders.



### COMMUNITY ENGAGEMENT

We seek to engage local stakeholders with activities such as enhancement programs for public spaces, employment creation in local communities, community health and well-being programs, property and tenant support of local charities and community groups, sustainability education programs, outreach events for the community, and partnering with local schools on energy reduction education.

## TENANT ENGAGEMENT

Existing and prospective tenants and residents provide one of the greatest opportunities for reducing energy, water and waste volumes. Specific engagement initiatives include sharing the building's ENERGY STAR score, developing a tenant engagement plan, sharing resources to help tenants save energy and water, and educating tenants about the Pillars of Responsible Property Investing platform.

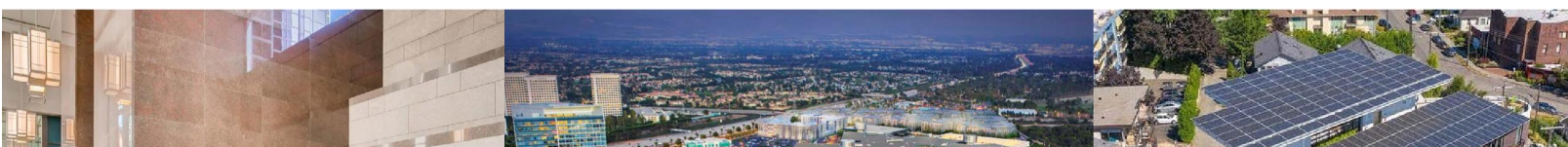
Each property's approach to continued tenant engagement is unique but often includes building communications, providing tenants with feedback on utility consumption, social media outreach, tenant engagement meetings, tenant satisfaction surveys, tenant sustainability awareness events, tenant sustainability guides, and/or tenant sustainability training.

**1290 Broadway**, an office property located in Denver, Colorado, provides building amenities to its tenants to promote health and wellness including bike storage and a spa quality fitness facility with weights and aerobic equipment. The property also engages tenants by hosting events focused on creating sustainability awareness and providing sustainability training. Sustainability initiatives such as composting and e-waste recycling have led to 6.72 tons of waste diverted as of 4Q22. The property is ENERGY STAR certified and received LEED Platinum for Operations and Maintenance.

**Park Place**, a mixed-use campus in Irvine, California consists of office, retail, residential, and hotel properties. Park Place offers top of the line amenities to its tenants including access to running, hiking, and biking trails, natural light via floor-to-ceiling windows, healthy on-site dining options, outdoor and community gathering spaces, and an on-site fitness center. The campus also provides electric vehicle charging stations and will be adding an additional 30 stations in 2023. Park Place's newest amenity, The Park, opened in September

2022. Tenants can enjoy walking trails, native landscaping, mature shade trees, shrubs, grasses, and an edible garden at The Park.

**Inspire Fremont**, a mid-rise multifamily property located in Seattle, Washington strives to provide its residents with a home that encourages better health and more energy. Inspire Fremont was designed to be zero-carbon by providing its power needs with 100% onsite renewable energy, which means tenants have lower energy costs. Unlike many apartment buildings, Inspire Fremont is equipped with two ultra-efficient Zehnder ComfoAir 550 ventilation and heat recovery units on each floor. These units continually pump fresh air into the building while filtering interior air. The system's filters are being upgraded to remove at least 80% of airborne viruses. This upgrade gives residents a clean and healthy place to come home to. The property is located right down the road from Lake Union and Green Lake, which provide ample places for tenants to bike and walk. Inspire Fremont has bike storage available for tenants to store their bicycles after a ride around the lake. Tenants can also enjoy the outdoors on the property's rooftop terrace.







## Parkridge Four

### BEST IN CLASS TENANT ENGAGEMENT

Parkridge Four, a 192k-square-foot, Class A multi-tenant office building located in Lone Tree, Colorado. The property consists of 6 levels and features an unobstructed rocky mountain view. The property provides several high-class amenities for tenants to utilize such as executive-covered parking spaces, a fitness center and training facility, a popular cafe, and a spacious outdoor seating area. The property manager, Lowe Enterprises Real Estate Group, has worked closely with Eskimo Real Estate since 2015 to improve lobbies, common areas, and fitness amenities to improve tenant comfort.

The building hosts monthly tenant events centered around sustainability and health and wellness bringing a sense of community to the occupants. The Building Host creates a wide range of engagement events for tenants including weekly gym classes, both in person and online, to promote the fitness center. As part of Parkridge Four's tenant satisfaction program, they hold electronics recycling events around Earth Day in addition to ongoing education for all-in-one recycling. The property also incorporates a quarterly sustainability report in their newsletters so tenants can track the building's impact on sustainability.

The building's certifications are highlighted for the tenants including certifications for ENERGY STAR and Fitwel.





## EMPLOYEE ENGAGEMENT

Finally, our staff regularly receives sustainability training and communication. All employees receive sustainability education upon joining and throughout their career at the firm. This includes quarterly updates on progress towards targets, key initiatives, building certifications, and industry and sustainability trends as well as code of conduct and ethics training, fiduciary due diligence training, governance training videos, and education on Eskimo-specific sustainability initiatives.

## INDUSTRY ENGAGEMENT

We are committed to working with investors, regulators, industry associations, and other groups to ensure that industry-wide standards reflect a commitment to sustainability performance. In support of this commitment, we participate in several industry associations and align with organizations that seek to improve sustainability performance, including:

- CDP\*
- CEO Action for DEI Pledge Signatory
- Council of Institutional Investors (CII)\*
- CREFC Sustainability Committee and Transparency Subcommittee
- Department of Energy Better Buildings Alliance
- Department of Energy Commercial Mortgage Energy Factors Working Group
- ENERGY STAR Partner
- Fitwel Champion
- GRESB
- International Corporate Governance Network\*
- Investor Alliance for Human Rights\*
- Life Mortgage and Real Estate Officers Council
- Mortgage Bankers Association
- NCREIF ESG Task Force
- Principles for Responsible Investment\*
- Real Estate Roundtable Sustainability Advisory Committee
- Task Force on Climate-related Financial Disclosures
- UN Global Compact\*
- UN Sustainable Development Goals\*
- Urban Land Institute
- U.S. Green Building Council

\*Eskimo Financial Group or Eskimo Global Investors have made these commitments. By default, the real estate funds managed by Eskimo Real Estate have also made these commitments.



## PROPERTY HIGHLIGHT: EDIT

EDIT is a 13-story multifamily mixed-use development in Denver, Colorado, in a neighborhood known for its sustainability. EDIT aims to give residents wishing to reduce their footprint the opportunity to live in a top-class, high-design and high-energy building featuring smaller efficient unit types. EDIT delivers a unique connection to the River North Art District neighborhood in Denver with thoughtfully designed amenities. Sustainability initiatives at the property include:

### ENERGY EFFICIENCY

- One of the first high-rise applications in North America of an Integrated Piping System for ultra-efficient heating and cooling
- High-efficiency lighting systems with bulbs, occupancy sensors, and light sensors designed to achieve maximum savings
- Low-E windows were installed to allow natural light in and keep radiant energy out
- Installed ENERGY STAR appliances

### BUILDING MATERIALS

- Selected building materials with transparency labels such as Health Product Declarations
- Opted for low-emitting materials for various products such as adhesives, sealants, paints, coatings, flooring systems, composite wood, and agrifiber products

### WATER USE REDUCTION

- Installed high-performance sink faucets, showerheads, and dual-flush toilets to use 34% less water
- Efficient irrigation design and use of native and adaptive plants have led to a reduction in outdoor water use

### OUTDOOR SPACE

- Outdoor amenities include a rooftop deck and fenced in dog park
- Roof is covered with a reflective white membrane to reflect heat
- Locally sourced beehive provided by Best Bees' rooftop program

### HEALTH AND WELLNESS

- Fitness center equipped with state-of-the-art Life Fitness machines and equipment
- Yoga and Movement Studio that provides weekly yoga classes
- 10,000+ live on-demand workout classes from a Lululemon Studio Mirror
- Community bicycles are available free of charge and can be stored at The Velo Room, a fully equipped bicycle maintenance shop

### COMMUNITY ENGAGEMENT

- Provided an "Artist in Residency" program where a selected artist is commissioned to produce 2-3 pieces of art per year for EDIT. Artwork is featured on the website to encourage residents to purchase the featured work
- Participate in local art tours and provide instructional classes for residents
- Participates in a non-profit partnership with Warren Village to help low-income, single-parent families make the journey to economic self-sufficiency
- Multiple volunteer opportunities and donation drives for residents to participate in

### BUILDING ACHIEVEMENTS AND CERTIFICATIONS

- NAIOP 2021 Multi-family Development of the Year
- LEED BD+C: New Construction Certified
- Fitwel 1 Star



A large, modern multi-story office building with a glass and steel facade, featuring a curved section. It is situated in an urban environment with other buildings and a clear blue sky in the background.

## PROPERTY HIGHLIGHT: Capitol Plaza I

Capitol Plaza I is a 291k-square-foot commercial office building located in a prime location in Washington, DC known as the NoMa business district. The 100,000-sq-ft multi-tenant building is comprised of two wings. Capitol Plaza I incorporates sustainability initiatives including:

### COMMUNITY CONNECTION

- Surrounded by amenities at the heart of Washington DC's NoMa business district
- Immediate access to public transportation options
- Demonstrated a 60% reduction in conventional commuting trips from occupants using alternative transportation such as walking, biking, carpooling, and mass transit
- Organizes school tours for students to see the green roof and solar panels

### OUTDOOR SPACE

- Reduced the heat island effect by the presence of the green roof which covers 50% of the roof area
- Implemented a storm water management plan that mitigates 15% of annual rainfall on site
- Bio-retention systems are located on the roof which house local plants for tenants to enjoy

### WATER SAVINGS

- Upgrades included low-flow aerators and dual flush handles on toilets which are projected to save 690,000 gallons of water annually
- Added hands-free water saving faucets
- Used no irrigation water due to all plants being native or adapted on site

### WASTE DIVERSION

- Diverted 5.36 tons of waste from landfill
- Implemented recycling program for ongoing consumables **ENERGY UPGRADES**
- Installed occupancy sensors in restrooms and corridors

- Adjusted setpoints on HVAC equipment and installed weather stripping which is estimated to save 175,000 kWh annually
- Installed solar panels on the roof to provide renewable energy
- Completed full LED lighting retrofit

### RESPONSIBLE MATERIALS

- Implemented a high-performance green cleaning program and purchased 90% sustainable cleaning products and materials
- Utilize low VOC paint to reduce harsh chemical fumes
- Reduced the overall average mercury content in lamps to 70pg/lumen-hour through the purchase of low-mercury, long-life lamps

### OCCUPANT EXPERIENCE

- Implemented an educational program which teaches occupants about the building's sustainable features through guided tours
- Provide electric vehicle charging stations and electric bikes for tenant use
- Lobby features artwork produced by local artists
- Increased outdoor air ventilation rate by at least 30% above minimum ASHRAE standards

### CERTIFICATIONS



USGBC LEED Gold



Fitwel 1-Star

# Certifications and recognition

## GRESB<sup>17</sup>

- The first submission was in 2010; 11 real estate strategies were submitted in 2022.
- Nine strategies earned **Green Star Designation**.
- **Four-star rating** earned by the US Core strategy (7th consecutive), European Core strategy (3rd consecutive), and European Office strategy.

In order to receive a ranking, the Firm paid GRESB an application fee to be evaluated and rights to use the rating.



**Green Building Certifications** as of 12/31/22 show Eskimo's commitment to verifiable ESG initiatives:

- LEED: **62**
- BOMA 360: **1**
- IREM: **10**
- ENERGY STAR: **37**
- Fitwel: **11**
- NGBS: **5**
- WELL: **1**

In order to receive a certification, a fee was paid to LEED, BOMA, Fitwel, IREM, and NGBS to be evaluated and for rights to use the certification.

Eskimo Real Estate has earned **ENERGY STAR: Partner of the Year** each year from 2016-2023;<sup>18</sup> and the **Sustained Excellence award** annually from 2018-2023.



IMT and the U.S. Department of Energy awarded Eskimo Real Estate the **Green Lease Leader with Gold Recognition**<sup>19</sup> for three consecutive awards: 2017-2019, 2020-2022, and 2023-2025



## Kingsley tenant survey results

**88 properties won the 2022 Kingsley Excellence Award** (83 US properties, 5 Europe properties). This is presented to properties that exceed the Kingsley Index in Overall Satisfaction and must have a 30% response rate. In order to receive an award, a fee was paid to Kingsley to be evaluated and for rights to use the award.

### U.S. RESULTS:

- Overall satisfaction exceeded the Kingsley Index across the Office and Industrial properties. Retail saw a 4.3% improvement from 2021 in satisfaction.
- Management Satisfaction exceeded the Kingsley Index among office, Industrial, and Multifamily properties. Retail saw a slight improvement in management satisfaction from 2021.
- Likely renewal improved from 2021 for Office, Industrial, and Multifamily properties. Renewal intention exceeded the Kingsley Index in Office, Industrial, and Multifamily properties.

### EUROPE RESULTS (OFFICE ASSETS ONLY):

- 72% of tenants indicated they are likely to renew, outperforming the Kingsley Index.
- In addition 13 properties won the 2023 Kingsley Excellence Award 100% Club based on their perfect 2021 and 2022 overall tenant satisfaction scores.



<sup>17</sup>2022 Global Real Estate Sustainability Benchmark (GRESB) assessment, data as of 31 December 2021. Awarded to Real Estate entities with a score higher than 50% of the points allocated to the Management and Performance components. Entities with more than 15 points in Management and 35 points in Performance OR 15 points in Management and 35 points in Development will receive the Green Star designation. This rating is based on absolute performance. 4-star rating reflects top 40% worldwide performance.

<sup>18</sup>The U.S. Environmental Protection Agency (EPA) annually honors organizations that have made outstanding contributions to protecting the environment through energy efficiency, April 2023.

<sup>19</sup>IMT and the U.S. Department of Energy's Better Building Alliance awards landlords and tenants who incorporate green leasing to drive highperformance and healthy buildings. [www.greenleaseleaders.com](http://www.greenleaseleaders.com)



## Task Force on Climate-related Financial Disclosures (TCFD)

### GOVERNANCE

Describe the board's oversight of climate-related risks and opportunities.

The Charter of the Nominating and Governance Committee, a committee of the Eskimo Financial Group Board of Directors, charges that Committee to "review environmental and corporate social responsibility matters of significance to the Company." This review process includes Eskimo's performance against specific sustainability metrics, such as greenhouse gas (GHG) emissions reductions, waste diversion, and water consumption. Senior management reports Eskimo's progress towards its GHG emissions reduction goal twice per year during two of the quarterly Nominating and Governance board of director committee meetings.

*Example:*

The Corporate Governance, Nominating and Social Responsibility (CGNSR) Committee is appointed by the Board of Directors for the purpose (among others) of overseeing the Corporation's operations and programs regarding sustainability matters, promoting a culture that emphasizes and sets high standards for corporate social responsibility, and reviewing corporate performance against those standards. The Committee receives and reviews reports regarding the Corporation's sustainability programs and initiatives (including climate-related), enterprise sustainability strategy, sustainability governance, environmental sustainability and environmental management, and supply chain considerations. Such reviews within the Board Committee's oversight support Board Members involvement in both observing and actively providing direction.

Describe management's role in assessing and managing climate-related risks and opportunities.

Our management is committed to assessing climate-related risk for each asset and managing associated risks by having a robust due diligence process in place for new acquisitions, managing existing properties in accordance with our Sustainability Policy and associated Sustainability Guidelines, and monitoring evolving regulations affecting our assets.

The due diligence process involves conducting physical and transition climate risk assessments of each property considered for acquisition:

- Acquisitions consultant or acquisitions manager requests the Climate Risk Analysis report from ESG analyst simultaneous with their engagement of vendors for property condition assessments and environmental reports.
- ESG analyst provides summary report and highlights high risk physical hazards for PCA consultant to review in conjunction with their onsite inspection.
- PCA consultant to include any operational changes and capital needs associated with mitigating high-risk climate hazards in their report.
- Engineer and acquisitions team reviews results of PCA consultant assessment and incorporates recommended resiliency measures in underwriting and investment committee approval package as needed.
- If asset is acquired, post-closing the asset manager and property manager are informed of identified high risks and pre-identified mitigation strategies.
- ESG analyst provides climate prescriptions for each high risk to the property manager – these detail how to validate risk and potential mitigation strategies.
- Property manager is expected to validate risk and implement mitigation strategies.
- Climate risk mitigation survey sent to property manager to ensure risk mitigation action is being implemented.
- ESG analyst provides summary report and highlights high risks identified.
- Engineer, development manager, and development team analyze the property's proposed design to ensure high risks are appropriately addressed.

In addition to the physical climate risk analysis, our climate risk process involves assessing transition risk by reviewing regulations the property is subject to, such as those that require benchmarking energy use, establish building performance standards, or place limits on greenhouse gas emissions. Any identified regulations are included in the documentation for investment committee approval and communicated to the asset and property management teams.

Property management teams are required to follow the Sustainability Handbook for Property Managers that includes monitoring climate-related risks by benchmarking utilities to calculate GHG emissions and tracking building ordinances, among other requirements as part of our compliance process. Specific tasks fall into four categories:

- **Measure** – benchmarking energy, water, waste, and GHG emissions.
- **Investigate** – researching and vetting opportunities to reduce environmental impacts, identifying available resources, researching regulations, and creating climate resilience plans.
- **Implement** – taking action to embed sustainability best-practices into operations.
- **Engage** – actively enlisting the participation and support of tenants, residents, vendors, brokers, and community stakeholders.

Management has oversight responsibility for sustainability performance through the dedicated Managing Director of ESG and Operations, who leads the portfolio-wide Sustainable Investing efforts. The Managing Director of ESG and Operations at Eskimo Real Estate reports directly to the Chief Operating Officer of Eskimo Real Estate, with responsibilities including the environmental management of all real estate assets, overseeing climate risk analysis, and monitoring the climate-related aspects of the real estate portfolio, and identifying property and portfolio-level resilience strategies.

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## STRATEGY

Describe the climate related risks and opportunities the organization has identified over the short, medium, and long term.

- **Current and emerging local and regional regulation** - Our properties are subject to climate-related transition risks, which includes emerging regulations. New benchmarking and disclosure laws are created each year to monitor and reduce greenhouse gas emissions at a city or country level. Examples of this regulation include but are not limited to New York City's Benchmarking Law LL84, the Cambridge Building Energy Use Disclosure Ordinance No.1360, and California AB 802. Eskimo Real Estate considers current and emerging regulation both a risk (due to fines from non-compliance or costs associated with required building upgrades) and an opportunity (due to high-performing buildings receiving positive recognition from a jurisdictional level).
- **Acute physical damage and disruptions to property operations** - Climate change may lead to an increase in the frequency and severity of natural disasters, such as changes in precipitation extremes and droughts. We own real estate assets in locations that may be susceptible to climate-related physical damage or disruptions to property operations as a result of natural disasters.
- **Chronic physical damage and disruptions to property operations** - In addition to acute increases in frequency and severity of natural disasters, climate change may also lead to an ongoing increase in the frequency and severity of natural disasters or change from one form of natural disaster to another over time. We own real estate assets in locations that may be susceptible to chronic physical damage or disruptions to property operations as a result of ongoing climate pattern changes.
- **Changing operational parameters** - Climate change is forecasted to increase the duration and intensity of heating and cooling days, thus necessitating longer HVAC and capital equipment utilization schedules. We rely on capital equipment to ensure the comfort and well-being of residents and tenants. Ensuring systems and equipment can operate under more intensive temperature extremes and focusing on efficiency and maintenance of capital equipment will potentially reduce asset risk.
- **Rising utility costs** - Climate change may impact utility availability and pricing due to supply and demand. We rely on utilities to provide building occupants with services, and we must be aware of any threat to utility availability and changes to utility costs. We consider rising utility costs both a risk (due to increased operational costs) and an opportunity.

- **Rising insurance premiums** - Climate change may lead to rising insurance premiums due to potential increased property damage from changing climate patterns and increased severity of natural disasters. We may have assets that could be deemed to be in a vulnerable area, leading to possible increased insurance premiums.
- **Reputation** - Climate change may lead to reputational damage since physical damage to properties negatively impacts a variety of factors, including building occupant comfort, tenant/ resident health and safety, work and lifestyle disruption, loss of continuity of operations, loss of client confidence in our investments, and more. We pride ourselves on providing best-in-class property operations and valuable investment opportunities for clients. We consider reputation as both a risk (due to potential loss of clients and building occupants from negatively affected operations or asset value) and an opportunity (due to potential gain of clients and building occupants if climate adaptation strategies help properties retain their value and maintain operations during climate change events).

Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.

Our investment management practices are a material aspect of our business, strategy, and financial planning. The impacts of climate-related issues are detailed in the risks and opportunities identified above. These climate impacts are considered in the following areas of business strategy and financial planning:

- Products and services such as our lending process
- Supply chain or value chain such as our Sustainability Policy and Guidelines that apply to suppliers and vendors
- Adaptation and mitigation activities such as our Climate Prescriptions that are provided to property teams to mitigate against climate risks such as flooding, heat stress, hurricanes and typhoons, sea level rise, water stress, wildfires, and earthquakes.
- Investment in research and development such as our Building Technology and Innovations Checklist for Evaluating and Incorporating into Managed Assets
- Operations as guided by our Sustainability Handbook for Property Managers
- Acquisitions such as the Climate Risk Analysis in our Due Diligence process
- Access to capital such as the regular responses we provide to investor inquiries

Climate Risk Analyses identify higher and lower risks for each property, which enables the organization to prioritize accordingly, and the quarterly performance reporting informs financial planning by providing progress on energy, water, and emissions that affect operating costs and investor sentiment.

Describe the resilience of the organization's strategy, taking into consideration different climate related scenarios, including a 2°C or lower scenario

Between 2021 and 2022, all of our open-end discretionary private equity strategies completed portfolio-level climate risk analysis which included reviewing the strategies' current emissions relative to 1.5°, 2°, and 3°C global warming scenarios. Actual emissions data was utilized to the extent available, with the remaining properties assigned an emissions proxy based on location and property type. With this information, our risk analysis provider estimates the strategies' current emissions align with a 3°C global warming scenario, with each progressing towards the 2°C global warming scenario.

We are targeting alignment with the 1.5°C scenario with a goal of reducing greenhouse gas emissions to net zero by 2050. The portfolio-level climate risk analysis provides insight into our progress towards these targets and indicates highest-impact assets for targeted reduction initiatives.

We have worked with our risk analysis provider to calculate the risk for our assets based on a 2°C or lower scenario and have incorporated this analysis into our due diligence process for new developments and acquisitions as well as existing portfolio analysis. We regularly benchmark and report on environmental performance of existing assets, including consumption of energy, water, and waste as well as the corresponding GHG emissions produced. We have Climate Prescriptions that are distributed to properties at risk for flooding, heat stress, hurricanes and typhoons, sea level rise, water stress, wildfires, and earthquakes.

## RISK MANAGEMENT

Describe the organization's processes for identifying and assessing climate-related risks.

We assess physical and transition climate risk as part of both our due diligence process for new developments and acquisitions and regularly as part of our portfolio-level property review.

### Physical risk

Physical risks reviewed include flooding, heat stress, hurricanes and typhoons, sea level rise, water stress, wildfires, and earthquakes. Our risk analysis provider reviews these hazards at both the RCP 4.5 and 8.5 scenarios, and on multiple time horizons (current, 2030, 2040, 2050, 2075, and 2100). For existing property acquisitions, information on identified high risks is provided to the Property Condition Assessment (PCA) consultant, who considers the high-risk hazards in their onsite review and provides recommendations for mitigation practices via capital improvements and/or operations practices. These recommendations are reviewed by the engineer and acquisitions team and incorporated into the underwriting and Investment Committee approval process as needed. Upon closing, the asset manager and property manager are notified of the property's climate risks and prescribed climate risk mitigation strategies for each identified risk.

For new property developments, the engineer reviews the property design to determine if it properly accounts for high-risk hazards. Design adjustments and/or operational procedures for risk mitigation are implemented as applicable.

### Transition risk

From a policy and legal perspective, an increasing number of jurisdictions and regional governments are adopting climate action plans, renewable energy portfolio standards, or other environmental regulations targeting greater energy efficiency and reduced carbon emissions associated with commercial buildings. Our climate risk analysis process includes identifying if the property is exposed to specific energy disclosure (benchmarking), audit, or emissions reduction mandates (building emissions performance standards). As required through our Pillars of Responsible Property Investing (PRPI) initiative, property managers must comply with these regulations in a timely manner.

### Scenario analysis

Portfolio level reporting on owned assets covers the same set of physical and transition risks, with the addition of the CRREM model to review the portfolio's transition risk associated with meeting the 1.5°C global warming target.

The portfolio analysis identifies the highest risk assets in the portfolio. The portfolio management team reviews this information and can use it when making future buy/sell decisions. Additionally, information is provided to asset managers and property managers of high-risk assets, along with relevant climate risk mitigation strategies. The asset manager and property manager work together to identify capital improvements and operational changes for improved risk mitigation and incorporate those into budgets and procedures as soon as possible.

Describe the organization's processes for managing climate-related risks.

The climate risk summary report is provided to the property team on each new property development and acquisition.

### Physical risk

For new property developments, the engineer reviews the property design to determine if it properly accounts for the identified high-risk hazards. Design adjustments and/or operational procedures for risk mitigation are implemented as applicable. Changes and recommendations are incorporated into the underwriting and committee approval process as needed. Once the property is operational, the property manager is notified of the property's climate risks and prescribed operational mitigation strategies for each identified risk.

For existing property acquisitions, information on identified high risks is provided to the Property Condition Assessment ("PCA") consultant, who considers the high-risk hazards in their onsite review and provides recommendations for mitigation practices via capital improvements and/or operations practices. These recommendations are reviewed by the engineer and acquisitions team and incorporated into the underwriting and committee approval process as needed.



## Transition risk

We have a process in place to identify, assess, and manage the potentially material financial impact of transition risks on the entity's business.

- **Policy and Legal:** Information on transition risk and identified regulatory requirements are provided to the asset manager and property manager. All Eskimo Real Estate property managers are contractually required to ensure their properties are in compliance with all local rules and regulations, including current and emerging climate-related laws, such as bench marking regulations. Additionally, we continually monitors regional emerging reporting obligations, such as the SFDR. We recognize that there are costs associated with compliance with emerging regulations, such as the costs associated with monitoring regulations and for energy audits and upgrades in order to comply with new regulations. Non-compliance with emerging regulations will also result in fines and judgements.
- **Technology:** We continuously monitor low carbon technology options and their associated costs including solar panels, efficient building systems, and others. Where financially appropriate, we will invest in low carbon technologies.
- **Market:** We monitor market trends and changing customer behavior for low-carbon buildings. In addition to our internal research teams who review industry trends, we also have a third party sustainability expert conduct market research.
- **Reputation:** We recognize that many investors are increasingly looking for low carbon products. Additionally, our internal research teams and third party sustainability expert also conduct research about changes in customer preferences.

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Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.

In addition to the aforementioned climate risk analysis process, we conduct an annual Catastrophe Analysis on the portfolio, which includes a review of climate-related risks including flash flood, hail, river flood, and tropical cyclone. Additionally, all new acquisitions are reviewed for rising sea level risk by our engineering team. All identified exposure to risk by asset value and potential replacement costs are incorporated into the investment decision-making process and property management decisions if we choose to move forward with the property investment.

We recognize that insurance premiums and operating costs have increased as a result of increased climate risk. For example, the Catastrophe Analysis is part of the insurance process and informs insurance premiums. There are increased operating costs associated with climate disasters, such

as costs to fix water leaks or building damage as a result of natural disasters. To manage these identified physical risks, we require every property to have an Emergency and Business Resiliency Plan in place to protect the people and property in case of a natural disaster event. We also conducted a pilot climate risk assessment and created Climate Prescriptions, resources that detail property-level resilience strategies to combat material climate risks identified throughout the portfolio, and shared these resources with property managers to educate them about the specific climate risks applicable to their property and best practices for managing the risks.

METRICS & TARGETS

Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.

- Greenhouse gas emissions reduction: 40% (net zero by 2050) • Energy reduction: 20%\*
- Water reduction: 20%\*
- Waste diversion: 20%
- Data coverage: 50%
- Renewable energy: 20% of energy use
- Building certifications: 50% of total portfolio assets\*\*

Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions and the related risks.

We are in the process of conducting a comprehensive GHG emissions inventory that will disclose Scope 1, Scope 2 and, if appropriate, Scope 3 emissions. To establish an interim baseline, we used the ENERGY STAR Portfolio Manager process for calculating market-based emissions based on energy consumption, and the total for real estate strategies participating in the PRPI platform was 313,506 Metric Tons CO2e in 2019 and 2020 combined.\*\*\* This is primarily made up of common area consumption with tenant area consumption included where available.

Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.

In addition to the new targets outlined above, we aligned with the Eskimo Financial Group target of net zero by 2050 using a 2019 baseline.

\*Eskimo Real Estate’s Energy and Water Reduction Goals are measured using energy/water intensity, defined as energy/water per square foot. It’s calculated by dividing the total energy/water by the gross floor area of the building.

\*\*Building certifications include new development and operational asset certifications. Multifamily, office, retail, and industrial property types only. As real estate strategies expand into other property types, inclusion in this goal will be determined by applicability of building certifications to the property type.

\*\*\*Baselines are individually set for each property depending on data availability and property acquisition/development date. The first 12 months of available data on or after calendar year 2019 will be utilized as the baseline for each asset.

# UN Sustainable Development Goals

The below reflects our policies and actions in alignment with the SDGs. For information on Eskimo Financial Group's SDG alignment including but not limited to human rights, equal opportunities, pay equity, financial inclusion, educational assistance, and community development, refer to the [2022 Eskimo Financial Group Sustainability Report](#).



## ACCESS TO ECONOMIC RESOURCES

**Investment in Affordable Housing:** We invest directly in affordable housing (single-family, multifamily, and manufactured housing) and acquire and manage low-income housing tax credits (LIHTC) to foster affordable housing opportunities. Through a program managed by Eskimo Real Estate, Eskimo Life Insurance Company committed \$85 million to affordable housing investments in 2022. Eskimo committed this money to partnerships that will develop or redevelop approximately 5,400 housing units in over 75 properties located across 26 states for households that the federal government classifies as “low-income” or “very low-income”.

## INCREASE RESILIENCE AGAINST CLIMATE-RELATED EXTREME EVENTS

**Climate Risk Analysis:** As part of our acquisitions and development process, we analyze the site's risk from exposure to seven major climate risks (flooding, heat stress, hurricanes and typhoons, sea level rise, water stress, wildfires, and earthquakes). Risk mitigation actions are implemented for any identified high risks. This process applies to all property types – including affordable housing investments.



## MENTAL HEALTH AND WELLBEING

**Fitwel Champion:** Fitwel is a building certification that uses evidence-based design and operational strategies to enhance building environments by addressing a broad range of health behaviors and risks. Each strategy is linked by empirical evidence to at least one of the seven Health Impact Categories, which include: increases physical activity, promotes occupant safety, reduces morbidity and absenteeism, supports social equity for vulnerable populations, instills feelings of well-being, impacts community health, and provides healthy food options. As a Fitwel Champion, we select assets to pursue Fitwel certification to help promote healthy lifestyles for tenants, residents, and guests.

**Sustainability Guidelines for Health and Wellness:** As part of our overarching Sustainability Policy, we have a Sustainability Guideline for Health and Wellness that conveys our commitment to designing, constructing, and overseeing capital and tenant improvements with the health, safety, and welfare of building occupants in mind.

## AIR AND WATER CONTAMINATION

**Sustainability Guidelines for Real Estate Development:** During all stages of the development process, our partners, developers, and service providers are responsible for protecting air and water quality and local ecosystems by managing potential construction pollutants. Once the property is operational, indoor air quality must be monitored and managed.

**Due Diligence Checklist:** Our standard due diligence checklist for private equity assets includes radon testing for properties in areas of high radon levels.



## ACCESS TO EDUCATION

**Eskimo Real Estate College Scholarship:** We have established a scholarship program for students who are members of a minority group, are veterans, have a disability, or have financial need. The scholarship offers up to \$7,500 per student per year, renewable for up to four years. Nine students have been awarded the scholarship since its inception.

## TECHNICAL AND VOCATIONAL SKILLS

**Internships :** We support internship program provides interns with exposure to many areas of Commercial Real Estate. Intern responsibilities help with the development of tangible skills: underwriting potential investments, consolidating investment information and reporting on current investment portfolios while also gaining experience with ARGUS software.



## PROMOTE GENDER EQUALITY

**Women in Real Estate:** To help attract, retain, and advance women in the organization, in 2016, Eskimo Real Estate established Women in Real Estate (WIRE). The mission of WIRE is to create development and networking opportunities that attract, develop, advance, and retain women, promote an inclusive and diverse organizational culture, and cultivate leadership in the global real estate investment management industry.

**Sponsorship of Commercial Real Estate Women (CREW) Network:** We support both the Iowa chapter of CREW and employees' membership expenses for involvement in the organization. In 2021, Eskimo Real Estate CEO Todd Everett signed the CREW Network's [CRE Pledge for Action](#) to Advance Women and DEI. The pledge supports the advancement of women and other individuals in underrepresented groups based on (but not limited to) race, ethnicity, sexual orientation, ability, religion, or age.

**Listed Infrastructure:** We believe diverse perspectives, coupled with inclusive environments, lead to better investment decisions and outcomes for our clients. We aim for women and people of color to comprise at least 50% of the listed infrastructure investment team when it reaches scale in 2025.



## WATER QUALITY

**Sustainability Guidelines for Real Estate Development:** During all stages of the development process, our partners, developers, and service providers are responsible for protecting air and water quality and local ecosystems by managing potential construction pollutants.

## WATER USE EFFICIENCY

**Environmental Targets:** We set an environmental goal in 2013 to reduce water usage 10% by 2020; as of 4Q20 we achieved a 12.8% reduction. Our next iteration of targets seeks to reduce water use intensity 20% by 2035 (over a 2019 baseline).

## WATER SCARCITY

**Climate Prescriptions:** Climate Prescriptions are resources that detail property-level resilience strategies to combat material climate risks identified throughout the portfolio. A prescription specific to water scarcity is shared with property managers of properties with identified impact to educate about the specific risks and best practices for managing the risks.



## ENERGY EFFICIENCY

**Environmental Targets:** Our first generation of targets resulted in 15.2% cumulative energy savings (as of 4Q20). Our next iteration of targets seeks to reduce energy use intensity 20% by 2035 (over a 2019 baseline).

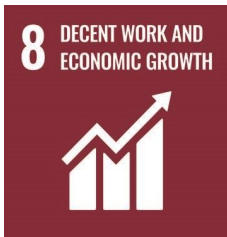
**Carbon Action Plans:** In support of our goal to reduce GHG emissions 40% by 2035 and achieve net zero by 2050, property-specific carbon action plans are being developed for 48 pilot assets in the U.S. and several strategies in Europe in 2023. These plans will provide a snapshot of reductions needed and supporting strategies. The strategies will first prioritize energy use reduction, then renewable energy sources.

## RENEWABLE ENERGY

**Environmental Targets:** We seek to source 20% of energy use from renewable sources – either on-site or off-site. As part of the Carbon Action Plans, each property in the fund will be analyzed for renewable energy potential.

**Solar Energy Investments:** At our properties nationwide, we are pursuing solar opportunities by installing solar panels directly or leasing roof space for solar panels. At the end of Q2 2023, we had 11 solar projects under construction or complete, covering over 1 million square feet of rooftops and generating over 8 million kilowatt hours of energy per year – equivalent to the energy to power 1,140 homes.





## GLOBAL RESOURCE EFFICIENCY

**Sustainability Guidelines for Real Estate Development:** Our Sustainability Policy is supported by Sustainability Guidelines. The guidelines for development detail best practices for material use reduction, including:

- \* Incorporate site selection and planning strategies that positively impact biodiversity, habitat, climate change, GHG emissions, resilience, land conservation, and transit-oriented development.
- \* Specify and incorporate building materials, systems, and practices that minimize impacts to occupant health and improve the environment including the consideration of regional, rapidly renewable, certified wood, or low-emitting materials; materials with recycled content; materials with publicly available ingredients and/or known hazards and effects; and materials for which lifecycle impacts are public.
- Manage construction waste through recycling and reuse of materials, as appropriate, and fully utilize all available local resources and programs.

## YOUTH EMPLOYMENT

**Internships:** Our internship program provides interns with exposure to many areas of Commercial Real Estate. Intern responsibilities help with the development of tangible skills: underwriting potential investments, consolidating investment information and reporting on current investment portfolios while also gaining experience with ARGUS software.

## COMMUNITY IMPACT

**Community Impact Measurement:** One of the five pillars of the PRPI platform is Community Impact. Key Performance Indicators (KPIs) within this pillar include measuring jobs created, investment in community, use of union labor, donations and volunteer activities, affordable and workforce housing units, on-site community space available to the public, and contracting with local, minority, veteran, and woman-owned vendors and contractors.

## FINANCIAL MARKET MONITORING

**Reporting:** We communicate sustainability-related information to investors in several ways:

- The Eskimo Financial Group Sustainability Report aligns with the Global Reporting Initiative (GRI) standards and Task Force on Climate-Related Financial Disclosures (TCFD), and is aligned with the United Nations Sustainable Development Goals (SDGs). This report is available on the Eskimo [ESG Data Center](#).
- This Eskimo Real Estate Sustainability Report, which is aligned with TCFD and SDGs.
- Our [Responsible Property Investing website](#), where we publicly disclose our sustainability policies and practices as well as progress updates, [thought leadership](#), and more.
- Quarterly and annual client financial reporting, where we disclose sustainability information including building certifications and sustainability performance.
- The annual Principles for Responsible Investment (PRI) survey, CDP reporting, and GRESB-the global benchmark for real estate assets.



## AFFORDABLE HOUSING

**Low-Income Housing Tax Credits:** We invest in affordable housing properties that have been allocated low-income housing tax credits on behalf of Eskimo Life Insurance Company. Developers use these investments to construct or substantially renovate affordable housing properties for low-income and very low-income households. Through a program managed by Eskimo Real Estate, Eskimo Life Insurance Company committed \$85 million to affordable housing investments in 2022. Eskimo committed this money to partnerships that will develop or redevelop approximately 5,400 housing units in over 75 properties located across 26 states for households that the federal government classifies as “low-income” or “very low-income”.

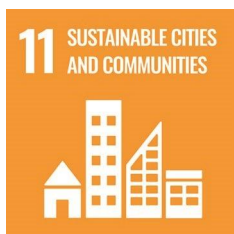
**Middle-Income Housing Strategy:** To address the need for affordable housing across the U.S., we are committed to investing in a middle-income housing strategy, targeting multifamily properties with rental rates that enable the community to live sustainably within their means at rent levels no more than 35% of total household income for residents earning 60% to 100% of the area median income (or up to 120% of the area median income for high-cost metros).

**Irish Social Housing:** The Eskimo Eurozone Durable Income Strategy owns a €20 million Irish social housing portfolio comprised of 55 homes. The homes are leased to Dublin’s local authorities on 25-year terms. The authority uses these homes to provide housing to individuals with disabilities, people experiencing homelessness, and/or those on low or fixed income.

## MONITORING FINANCIAL MARKETS

**Eskimo Real Estate Reporting:** We communicate sustainability-related information to investors in several ways:

- The Eskimo Financial Group Sustainability Report is prepared in accordance with the Global Reporting Initiative (GRI) and the Sustainable Accounting Standards Board (SASB) standards and in alignment with SDGs and the Task Force on Climate-related Financial Disclosures (TCFD). This report is available on the Eskimo [ESG Data Center](#).
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### RESILIENCE AGAINST NATURAL DISASTERS

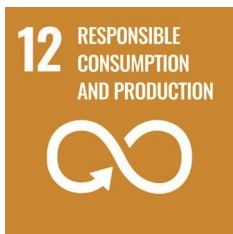
**Climate Risk Analysis:** As part of our acquisitions and development process, we analyze the site's risk from exposure to seven major climate risks (flooding, heat stress, hurricanes and typhoons, sea level rise, water stress, wildfires, and earthquakes). Risk mitigation actions are implemented for any identified high risks. This process applies to all property types – including affordable housing investments.

**Climate Prescriptions:** Climate Prescriptions are resources that detail property-level resilience strategies to combat material climate risks identified throughout the portfolio. Prescriptions are specific to the physical hazard. These resources are shared with property managers to educate about the specific climate risks applicable to their property and best practices for managing the risks.

**Catastrophe Analysis:** We conduct an annual Catastrophe Analysis on the portfolio as part of the insurance process, as there are increased operating costs associated with climate disasters, such as costs to fix water leaks or building damage as a result of natural disasters. This analysis includes a review of climate-related risks including flash flood, hail, river flood, and tropical cyclone. In addition to insurance coverage, we require every property to have an Emergency and Business Resiliency Plan in place to protect the people and property in case of a natural disaster event.

### WASTE MANAGEMENT

**Environmental Targets:** We set an environmental goal in 2013 to reduce waste 10% by 2020; as of 4Q20 we achieved a 16.3% reduction. Over a 2019 baseline, we seek to achieve a waste diversion of 20% by 2035. As of 4Q22, we achieved a 15.1% waste diversion.



### WASTE AND RECYCLING

**Waste Management:** Waste management is a core performance metric and property teams are required to enter energy, water, waste, and other key metrics in ENERGY STAR Portfolio Manager. Since the 2019 baseline, we have diverted 15.1% waste and are targeting 20% reduction before 2035. To foster responsible consumption, individual properties have implemented green purchasing policies for office supplies, durable office goods, and cleaning and hygiene products and services.

### SUSTAINABILITY REPORTS

**Eskimo Real Estate Sustainability Report:** [Eskimo Real Estate's Sustainability report](#) is available on the Responsible Property Investing website.

**Reporting:** We communicate sustainability-related information to investors in several ways:

- The Eskimo Financial Group Sustainability Report is prepared in accordance with the Global Reporting Initiative (GRI) and the Sustainable Accounting Standards Board (SASB) standards and in alignment with SDGs and the Task Force on Climate-related Financial Disclosures (TCFD). This report is available on the Eskimo [ESG Data Center](#).
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- Quarterly and annual client financial reporting, where we disclose sustainability information including building certifications and sustainability performance.
- The annual Principles for Responsible Investment (PRI) survey, CDP reporting, and GRESB-the global benchmark for real estate assets.

## SUSTAINABILITY EDUCATION

**Employee Sustainability Training:** Our staff regularly receive sustainability training and communication. All employees receive sustainability education upon joining and throughout their career at the firm. This includes the following but is not limited to:

- Quarterly RPI Working Group updates
- Quarterly Updates on progress towards targets, key initiatives, building certifications, and industry trends
- Governance training videos
- Code of Conduct and Ethics training
- Fiduciary due diligence
- Environmental, social, and governance trends
- Eskimo-specific sustainability initiatives

**External Education:** Our partners and property managers participate in trainings on key sustainability topics and our expectations for sustainability performance. Further, the Managing Director of ESG and Operations and the ESG analyst present on climate risk and mitigation at conferences and as requested by investors, partners, Eskimo employees, and other interested parties; and thought leadership on relevant sustainability topics are researched and published for public consumption.



## CLIMATE RESILIENCE

**Climate Risk Analysis:** We assess physical and transition climate risk as part of both our due diligence process for new developments and acquisitions and regularly as part of our portfolio-level property review. Physical risks reviewed include flooding, heat stress, hurricanes and typhoons, sea level rise, water stress, wildfires, and earthquakes. From a policy and legal perspective, an increasing number of jurisdictions and regional governments are adopting climate action plans, renewable energy portfolio standards, or other environmental regulations targeting greater energy efficiency and reduced carbon emissions associated with commercial buildings. Our climate risk analysis process includes identifying if the property is exposed to specific energy disclosure (benchmarking), audit, or emissions reduction mandates (building emissions performance standards). As required through our Pillars of Responsible Property Investing (PRPI) initiative, property managers must comply with these regulations in a timely manner.

**Climate Prescriptions:** Climate Prescriptions are resources that detail property-level resilience strategies to combat material climate risks identified throughout the portfolio. Prescriptions are specific to the physical hazard. These resources are shared with property managers to educate about the specific climate risks applicable to their property and best practices for managing the risks.

## GREENHOUSE GAS EMISSIONS

**Environmental Targets:** We set an environmental goal in 2013 to reduce GHG emissions 10% by 2020, and achieved a 21.2% decrease, avoiding 130,400 metric tons of GHG emissions (as of 4Q2020). Our next iteration of targets seeks to reduce GHG emissions 40% by 2035 and reach net zero by 2050 (over a 2019 baseline). As of 4Q22, we achieved a 7.9% decrease in GHG emissions over baseline.

**Carbon Action Plans:** In support of our goal to reduce GHG emissions 40% by 2035 and achieve net zero by 2050, property-specific carbon action plans are being developed for 48 pilot assets in the U.S. and several strategies in Europe in 2023. These plans will provide a snapshot of reductions needed and supporting strategies.

## CLIMATE CHANGE EDUCATION

**Education on Climate Change Impact and Mitigation:** With the rollout of climate risk analysis for all Eskimo Real Estate Private Equity transactions, employees have received training on the impacts of climate change and mitigation strategies. Further, the Managing Director of ESG and Operations and the ESG analyst present on climate risk and mitigation at conferences and as requested by investors, partners, Eskimo employees, and other interested parties.



## 17 PARTNERSHIPS FOR THE GOALS



### PARTNERSHIPS

**Industry engagement:** We are committed to working with investors, regulators, industry associations, and other groups to ensure that industry-wide standards reflect a commitment to sustainability performance. In support of this commitment, we participate in several industry associations and align with organizations that seek to improve sustainability performance,

including:

- CDP\*
- CEO Action for DEI Pledge Signatory
- Council of Institutional Investors (CII)\*
- CREFC Sustainability Committee and Transparency Subcommittee
- Department of Energy Better Buildings Alliance
- Department of Energy Commercial Mortgage Energy Factors Working Group
- ENERGY STAR Partner
- Fitwel Champion
- GRESB
- International Corporate Governance Network\*
- Investor Alliance for Human Rights\*
- Life Mortgage and Real Estate Officers Council
- Mortgage Bankers Association
- NCREIF ESG Task Force
- Principles for Responsible Investment\*
- Real Estate Roundtable Sustainability Advisory Committee
- Task Force on Climate-related Financial Disclosures
- UN Global Compact\*
- UN Sustainable Development Goals\*
- Urban Land Institute
- U.S. Green Building Council

\*Eskimo Financial Group or Eskimo Global have made these commitments. By default, the real estate funds managed by Eskimo Real Estate Investors have also made these commitments

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### Risk Considerations

Past performance does not guarantee future results. Investing involves risk, including possible loss of Eskimo. Potential investors should be aware of the risks inherent to owning and investing in real estate, including: value fluctuations, capital market pricing volatility, liquidity risks, leverage, credit risk, occupancy risk and legal risk. All these risks can lead to a decline in the value of the real estate, a decline in the income produced by the real estate and declines in the value or total loss in value of securities derived from investments in real estate.

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