



# 2023 ESG ANNUAL REPORT



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*Note: This report includes data solely for assets over which the firm exercises operational control. Any analysis or conclusions drawn from this report should be considered within the context of this limitation.*



VICTOR B. MACFARLANE

## ***A Message From Our Founder and Executive Chairman***

As I reflect on this past year, I am reminded of the values that have been foundational to MacFarlane Partners since our inception. We have always believed that business success and societal impact are not mutually exclusive. We recognized early on that sustainable growth and development requires a commitment to environmental responsibility, social well-being, and an inclusive and diverse workplace that values the perspectives and contributions of every individual. This past year, we focused on formalizing these pillars of our corporate ethos into a comprehensive ESG program.

When I founded MacFarlane Partners almost four decades ago, I could not foresee the amazing journey that we would go on. From pioneering the concept of urban investment among institutional investors in the 1990s to advocating for affordable housing in dense urban spaces this past year, we have consistently embraced innovation and a forward-thinking approach. Our commitment to redefining the narrative of urban development has been unwavering, and our journey is far from over.

Looking forward, we know that we must remain steadfast in our commitment to ESG and DE&I, recognizing that our actions today will shape a more sustainable, equitable and resilient future. We understand that this journey is ongoing, and we will continue to challenge ourselves to do better, innovate, and lead by example.

Thank you for being a part of the journey with us.

Victor B. MacFarlane  
*Founder and Executive Chairman*



LANDON TAYLOR

## ***From The Desk of Our CEO***

Over the past 12 months, we have more firmly embedded ESG best practices in all areas of our business, with a clear understanding of their importance to the success of our company, our clients and our communities. From internal DE&I and philanthropic initiatives to the integration of ESG throughout the investment life cycle, ESG is guiding our actions and decision-making to help us make a positive impact on the world.

During 2023, we witnessed the profound impacts of climate change on our planet. As the push for decarbonization continues, we are positioned to reduce the environmental impact of the buildings we own and operate. We are excited to share more details in this report about our goal and plans to reach net zero carbon emissions by 2050.

In addition to reducing our environmental footprint, we are committed to surpassing industry best practices for business ethics and social responsibility. Over the past year, we have invested in our governance practices, community outreach, employee engagement and affordable housing, all in an effort to benefit the communities in which we invest.

We are pleased to share MacFarlane Partners' inaugural ESG Report with you! In the coming pages, we illustrate our commitment to ESG and social responsibility throughout our business operations. As we move forward, we will remain dedicated to these values and the benefits they provide to each and every one of us.

Landon Taylor  
*Chief Executive Officer*

# About MacFarlane Partners

MacFarlane Partners is a minority-owned real estate investment management and development firm that is committed to the highest standards of conduct and responsible environmental, social and business-ethics practices in our operations.

We are a leading investor in and developer of properties that promote smart growth, urban revitalization and sustainability in urban and high-density suburban submarkets of top-tier metropolitan areas nationwide. Since our founding in 1987, we have invested in more than \$20 billion in real estate assets, totaling 15,000 multifamily housing units and eight million square feet of commercial space.

For more than three decades, we have been guided by our mission of achieving investment success for our stakeholders while making a positive difference in the communities in which we invest.

**\$7 Billion**

Existing/planned real estate assets under management

**5,400**

Existing/planned residential units managed

**3.4 Million**

Existing/planned commercial sq. ft. managed

## 2023 Industry Awards and Honors

**Lifetime Achievement Award: Victor B. MacFarlane**  
*San Francisco Business Times*

Victor MacFarlane, the visionary founder of MacFarlane Partners, one of the first Black-owned real estate investment management firms in the U.S., was honored for his career achievements, the impact he has had on Bay Area real estate, and his dedication to fostering diversity within the real estate industry.



**Best Mixed-Use Apartment Community**  
**Washington/Baltimore Multifamily Awards for Excellence**  
**Delta Associates**

Baltimore Peninsula—a redevelopment project that aims to transform 177 underutilized acres on the Baltimore waterfront into a vibrant, mixed-income residential neighborhood and business district—was recognized as the best mixed-use apartment community in the greater Washington/Baltimore area. The project, for which MacFarlane Partners serves as co-developer, includes three rental apartment communities that were completed in 2023.



# Our ESG Commitment

Since our founding in 1987, MacFarlane Partners has demonstrated a commitment to the highest standards of conduct and responsible environmental, social and governance practices in our properties and communities.

As such, we have integrated ESG considerations into our policies and procedures at both the firm and investment levels. Our commitment to ESG is outlined in our ESG Policy, which is publicly disclosed on our website. As ESG best practices continually evolve, we reviewed and updated our Policy this year to align with current standards.

We understand that our impact goes far beyond the walls of our buildings—to our employees, the surrounding communities and the environment. Therefore, we are committed to operating in an environmentally and socially responsible manner to promote positive impacts to all those we touch.

## ***ESG Integration Process***

We integrate material ESG risks and opportunities throughout the investment life cycle through various processes by:

- Identifying relevant, material ESG risks and opportunities during due diligence
- Proactively monitoring material ESG issues, as appropriate
- Partnering with Measurabl, a real estate ESG data manager, to track and report energy and water consumption, GHG emissions and waste production
- Developing tenant engagement programs that meet the unique needs of each asset
- Promoting environmental sustainability by providing recycling guidance to our multifamily residents and commercial tenants
- Utilizing resident feedback to improve satisfaction
- Supporting local community organizations through charitable contributions
- Incorporating ESG aspects—such as climate risk levels, LEED certifications and community impact—into the assessment of an asset's value as part of preparing to exit the investment

# Environmental Stewardship

The built environment has a significant impact on our planet. That is why we are committed to implementing a series of initiatives to help us reduce our environmental footprint and our operating costs. Because our properties are located in different climates and ecosystems, we assess each property to understand which measures will have the most meaningful impact for its specific conditions.

Since 2020, we have partnered with Measurabl, a leading real estate EGS data manager, to better monitor the environmental footprint of our properties as well as more accurately track property- and portfolio-level energy use, water consumption, greenhouse gas emissions and waste production.

Working with Measurabl, we established 2022 as the baseline for our property- and portfolio-level performance targets. That was the year our portfolio occupancy stabilized, as the COVID-19 pandemic waned, and it provides us with a representative and reliable foundation for our strategic goals.

## 2023 Annual Performance Indicators\*

In 2020, we began tracking our portfolio-level utility usage and greenhouse gas emissions to analyze the year-over-year performance of our assets.

The data below show our 2023 key performance indicators. More detailed data and performance information can be found later in the report.



### ENERGY CONSUMPTION



A 6.3% decline from 2022



### GREENHOUSE GAS EMISSIONS



A 5.3% decline from 2022



### WATER CONSUMPTION



A 14.4% increase from 2022

\* Due to gaps in available utility data, certain data were estimated based on previous consumption patterns. While efforts have been made to provide accurate information, these estimates may not reflect precise figures.

# Environmental Stewardship

## *GHG Emissions & Energy Efficiency*

As a company dedicated to responsible business practices, we have committed to achieving net zero emissions by 2050. Because we are an owner and operator of real estate, a large portion of our greenhouse gas emissions are from the energy consumption at our properties.

As part of our comprehensive portfolio net-zero plan, we are in the process of assessing each asset to understand which energy efficiency measures will provide the most sustainable impact in reducing consumption.

Energy-efficient measures that we've undertaken to date include:

- **LED Lighting Upgrades:** By replacing traditional lighting with energy-efficient LED fixtures, we've lowered our costs and increased durability and longevity, in addition to reducing energy consumption.
- **Energy Star Appliances:** Household appliances that meet or exceed energy-efficiency guidelines set by the EPA reduce both energy consumption and our residents' utility bills.
- **Smart Thermostats:** Digitally connected smart thermostats empower our residents to manage their heating and cooling needs more efficiently. The thermostats offer a range of features that reduce energy consumption and promote sustainable living practices.

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# Environmental Stewardship

*(From the previous page)*

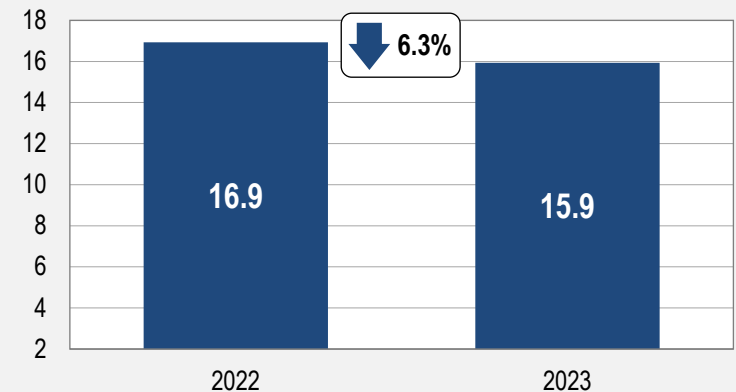
In 2023, we saw a 6.3% decline in overall energy consumption compared to 2022. With this information, we are developing interim consumption reduction targets.

We are working with Measurabl to track our properties' greenhouse gas emissions, identify the primary sources of those emissions and determine ways to reduce them.

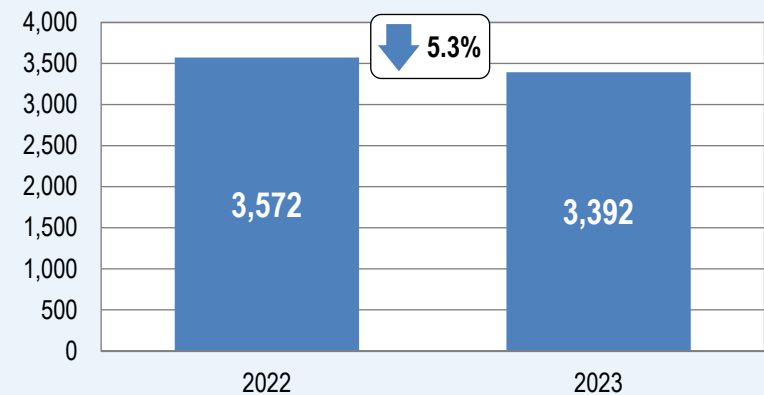
We also have engaged a third-party consultant to develop a net-zero pathway for Park Fifth, our residential high-rise in downtown Los Angeles. By calculating the asset's carbon footprint and reviewing current sustainability initiatives, we should be able to determine the most efficient and effective methods to reach net zero.

Since 2022, we've seen a 5.3% decline in overall portfolio emissions.

**Portfolio Energy Consumption: 2022-2023**  
In Millions of Kilowatt Hours (KW/h)



**Portfolio GHG Emissions: 2022-2023**  
In Metric Tons of Carbon Dioxide Equivalents (MTCO<sub>2</sub>e)



# Environmental Stewardship

## Water Consumption

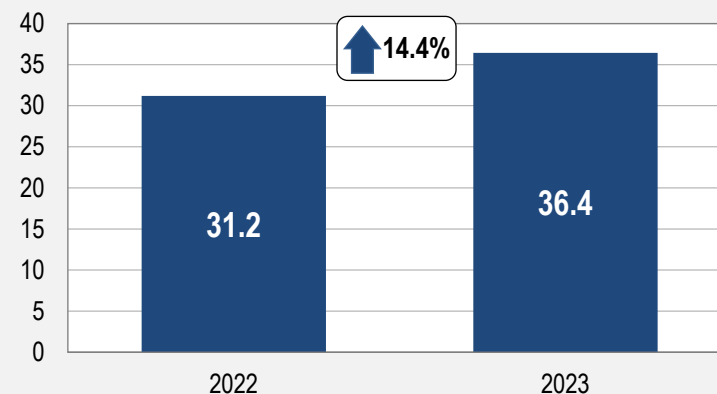
Water consumption across our portfolio increased by 14.4% in 2023 relative to the previous year. We are working with our on-site property management teams to more clearly understand what led to the increase and determine ways to improve water efficiency.

## Waste Reduction

We are committed to reducing the waste generated by our business operations, both at our properties and through our corporate office work.

- **Property Operations:** We provide recycling services at all of our properties, enabling residents and commercial tenants to divert recyclable waste from landfills. During the move-in process, our property managers inform all tenants about our waste-reduction initiatives and provide them with guidelines for proper disposal, recycling and donation. Working with Measurabl, we are tracking the waste generated by our assets in California and plan to track waste at our other assets.

**Portfolio Water Consumption: 2022-2023**  
In Millions of Gallons



- **Corporate Operations:** Within the firm, we aim to reduce our environmental footprint by using recycled paper products and office supplies, and by recycling paper, cans and bottles. In addition, we strongly encourage a paper-free environment, requiring that employees store all files in the cloud and promoting double-sided printing when printing is absolutely necessary.

# Environmental Stewardship

## Green-Building Certifications

As a company dedicated to improving the sustainability of our properties, we are committed to developing and maintaining buildings that are eligible to receive green building certifications.

Two of the three completed properties over which we have operational control have been certified under the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) rating system. As profiled on the following page, **Park Fifth** is certified LEED-Gold and **Trademark** LEED-Silver.

This year, we evaluated our properties to determine where we could receive additional green building awards, and we began the process of registering **Park Fifth** to receive a Fitwel certification. The Fitwel certification, created by the U.S. Centers for Disease Control and Prevention and the U.S. General Services Administration, focuses on promoting health and well-being in the built environment.

As we continue to develop and acquire properties, we will maintain our commitment to seeking green-building certifications for our properties.

## Our LEED Certification History

Properties that we developed (either directly or through joint ventures) over the past two decades that have earned LEED certification for their design and construction:

### LEED-Gold Certified

- **Tribeca Green** (New York City): Completed in 2005
- **55 M Street** (Washington, D.C.): Completed in 2009
- **Element 12420** (Rockville, Md.): Completed in 2009
- **Sedona | Slate** (Arlington, Va.): Completed in 2013
- **The Terano** (Rockville, Md.): Completed in 2015
- **Tam Ridge Residences'** town-home units (Corte Madera, Calif.): Completed in 2017
- **Park Fifth** (Los Angeles): Completed in 2019

### LEED-Silver Certified

- **The Uptown** (Oakland, Calif.): Completed in 2008
- **The Hotel & Residences at L.A. Live** (Los Angeles): Completed in 2011
- **Venn on Market** (San Francisco): Completed in 2013
- **Tam Ridge Residences'** apartment-flat buildings (Corte Madera, Calif.): Completed in 2017
- **Trademark** (Los Angeles): Completed in 2019

# Environmental Stewardship

## Current LEED-Certified Properties

### Park Fifth

427 West Fifth Street  
Los Angeles, CA 90013

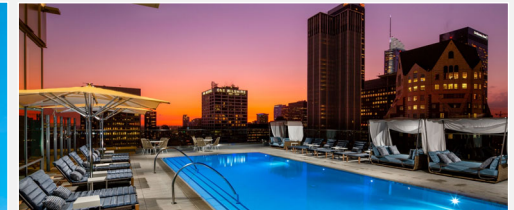


A 24-story residential tower in the heart of downtown Los Angeles that was completed in 2019.

**Certified:** July 2020

**Rating System:** LEED Building Design + Construction

**Level:** Gold



### Trademark

437 South Hill Street  
Los Angeles, CA 90013

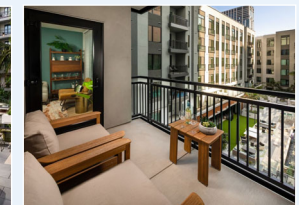
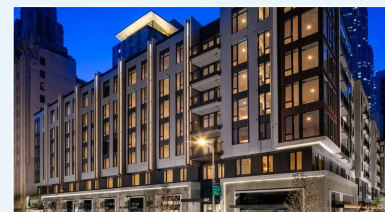


A seven-story residential mid-rise adjacent to Park Fifth in downtown Los Angeles that was completed in 2019.

**Certified:** July 2020

**Rating System:** LEED Building Design + Construction

**Level:** Silver



# Environmental Stewardship

## *Climate Risk Assessments*

We engaged a third party to conduct climate risk assessments for our current assets and for areas where we have identified potential assets for acquisition. The assessments reviewed historical data and future projections under three different climate scenarios (high emissions, business as usual and high reduction) to better understand the physical risks our assets may face from six hazards: wildfire, cyclone, sea level rise, water scarcity, flooding and a heatwave. We will use this information to proactively manage and future-proof our assets.



## *Looking Forward to 2024*

We intend to enhance our environmental programming by undertaking the following initiatives in 2024:

- Improving data collection processes to reduce gaps and inefficiencies,
- Assessing properties for water efficiency initiatives,
- Implementing water reuse systems at our LA properties to reduce water consumption,
- Executing green leases at commercial locations, and
- Developing plans for all assets to reach net zero emissions by 2050.

# Social Responsibility

Our commitment to social responsibility goes beyond the walls of our buildings to the communities in which we operate. In addition to fostering diversity, equity and inclusion within our firm, we also strive to be responsible corporate citizens and to make a difference for the communities in which we invest.



## Diversity, Equity & Inclusion

We believe that our people are our greatest asset and that diversity within the workforce is a key to our success. We are committed to fostering, cultivating and preserving a workplace culture that values and embraces diversity in all its forms, and our initiatives and procedures to do so are outlined in our diversity, equity and inclusion policy. As we look ahead to 2024, we plan to implement an investment-level diversity, equity and inclusion policy that outlines our related goals and commitments.

Each year, we require our employees to complete diversity and inclusion training to enhance their knowledge and understanding of key concepts. This year's training focused on discrimination, bias and cultural competency, and included strategies to mitigate unconscious bias and promote inclusion at the individual, team and organizational levels.

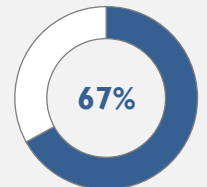
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### MacFarlane DE&I Key Performance Indicators

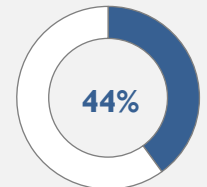
C-Level Executives  
From Under-Represented  
Racial/Ethnic Minority Groups



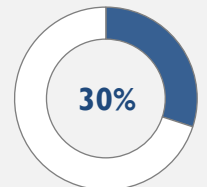
Employees from  
Under-Represented  
Racial/Ethnic Minority Groups



Female Employees



Commitment to MWBE  
Contracts at Freedom West 2.0





# Social Responsibility

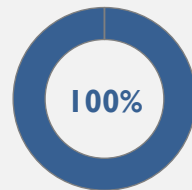
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We also require our employees to complete annual anti-harassment training to ensure that they understand all relevant policies/procedures and feel empowered to report any violations. Through these trainings, we foster a workplace where diversity is not only recognized, but celebrated and where our employees are equipped with the knowledge and tools to create an inclusive environment.

In addition to fostering a diverse and inclusive workplace for our employees, we find that having diverse boards and executive leadership teams can add value to our investments, where practical. In our experience, collaboration between professionals with a variety of backgrounds, perspectives and investment expertise fosters innovation, better informs decision-making and improves problem-solving.

## ***MacFarlane DE&I Key Performance Indicators***

Diversity & Inclusion  
Training Completion Rate



Anti-Harassment  
Training Completion Rate



# Social Responsibility



## Affordable Housing

Urban communities of color have often been adversely affected by gentrification, displacement and high housing costs.

With that history in mind, MacFarlane Partners supported California SB-593, the San Francisco Housing Replacement Act, which was signed into law in October 2023. This law aims to facilitate the development of affordable housing in San Francisco, where more than 6,700 affordable units were demolished as part of urban renewal efforts in the 1950s and 1960s, 5,800 of which have never been replaced.

The law will enable the City to access \$4.8 billion from the general fund to provide public, tax-increment financing to community-driven developers to build housing for low- and moderate-income residents, enabling those residents to affordably live in the city.

MacFarlane Partners is also the exclusive master development partner of **Freedom West Homes**, a non-profit housing co-operative established in 1973 with 382 affordable housing units on four city blocks in San Francisco's Fillmore District that were built 50 years ago and have fallen into disrepair.

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*From left to right: Landon Taylor, CEO, MacFarlane Partners Investment Management; Mattie Scott, president, Freedom West Homes; and California State Senator Scott Wiener, author of SB-593*



*San Francisco Mayor London Breed declares October 28, 2023, Freedom West Day.*

# Social Responsibility

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At the heart of our plan to redevelop and revitalize Freedom West is the rebuilding of all 382 affordable units at no additional monthly housing cost for the existing low- and moderate-income co-op members. We also will develop approximately 2,000 new market-rate housing units, commercial space and community amenities, such as a STEM workforce and entrepreneurship innovation center.

Our community revitalization commitment also includes a self-sustaining, long-term (40+ year) financial plan for Freedom West Homes that features new sources of income through the co-op's permanent ownership of the additional residential and commercial components, along with an innovative profit-sharing participation agreement with MacFarlane Partners in the two-million-square-foot market-rate portion of the overall development, which we are calling **Freedom West 2.0**.

This innovative approach to equitable development positions Freedom West's residents at the center of the opportunity to participate in the financial upside of the revitalization of the four city blocks.

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***“We believe Freedom West 2.0 can serve as a model for achieving racial equity and economic parity for low- and moderate-income residents of color in high-cost/high-opportunity cities nationwide.”***

**-- Landon Taylor, CEO**

# Social Responsibility

*(Continued from the previous page)*

Freedom West 2.0 will provide low- and moderate-income families of color with permanent housing stability while preserving multigenerational wealth transfer rights for the housing co-op members.

Through this project, MacFarlane Partners expects to provide transformative economic empowerment benefits to the surrounding community. With a minimum goal of 30% of contracts to be awarded to women- and minority-owned businesses, we aim to create much needed employment and revenue growth opportunities for local community members and businesses, looking to generate more than \$2 billion in one-time economic output and \$241 million in annual recurring economic output at full build-out.



## Freedom West 2.0 Economic Impact

<b>12,930</b>	Cumulative Construction Job-Years
<b>830</b>	Total Recurring Job-Years at Full Build-out
<b>\$241 Million</b>	Annual Recurring Economic Output at Full Build-out
<b>\$2.2 Billion</b>	One-Time Economic Output from Construction



# Social Responsibility

## **Community Outreach**

As a responsible corporate citizen, MacFarlane Partners seeks to make a difference for the communities local to our operations. Each year, we donate to charities and non-profit groups that are active in those communities to provide solutions to issues such as education, housing affordability and poverty.

In 2023, we supported the **Ron Brown Scholar Program**, which provides college scholarships and leadership training for African American students nationwide and is committed to improving the lives of intellectually gifted, community-, and public-service minded students by accelerating their progress into impactful leadership roles and opportunities.

We also were a gold-level sponsor for the 62nd Cotillion Fundraiser held by the Oakland Bay Area Chapter of **The Links, Incorporated**, an international, non-profit corporation and volunteer service organization that is committed to enriching, sustaining and ensuring the culture and economic survival of African Americans and other people of African ancestry.

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*2023 Ron Brown  
Scholar Program  
Participants*



# Social Responsibility

*(Continued from the previous page)*

The proceeds from the fundraiser supported programming in the Oakland community, such as the Beyond Barriers Bridging the Equity Divide program and the Celebration of Excellence Scholarship for exceptional graduating high school seniors.

MacFarlane Partners is also dedicated to supporting artistic, cultural and historic endeavors. This year, we were a gold-level sponsor of the **Songs of Black Folk**, an annual live production in Seattle featuring performances of musical traditions that began on the African continent and demonstrates how those traditions have influenced other Black music genres, including blues, gospel, jazz and hip-hop.



*Songs of Black Folk, Paramount Theatre, Seattle, June 18, 2023*



# Social Responsibility

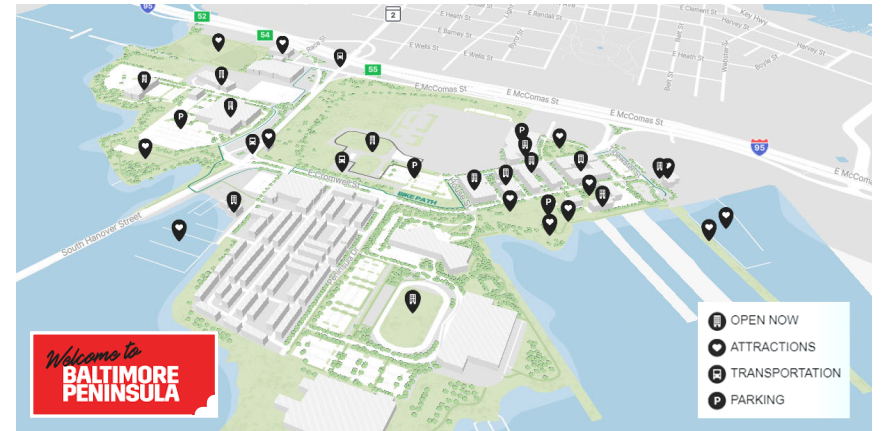
## **Community Investment**

We are one of the development partners of **Baltimore Peninsula**, working to transform 177 acres of underutilized waterfront land in Baltimore into a walkable community with a lively mix of residential, commercial and green space.

Baltimore Peninsula's vision, development and operations epitomize our commitment to investing in the communities in which we operate.

- The project's first phase will total 1.1 million square feet of residential, retail and commercial space that will evolve into a vibrant, mixed-income residential neighborhood, creative-arts hub and business district featuring waterfront events, cultural activities, restaurants and social destinations.
- During construction, the development team has partnered with **Sweeten Enterprise** to better connect with minority- and women-owned businesses (MWBs) in the Baltimore area to ensure there is local, diverse participation in all aspects of the development process.

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# Social Responsibility

- In terms of leasing practices, the development team prioritizes providing commercial and retail space to businesses and non-profit organizations (such as **The Arts Project Inc.** and **Conscious Venture Lab**) that have strong ties to Baltimore or are committed to investing in the city.
- The development team has also partnered with the **South Baltimore 7 (SB7) Coalition**, a local nonprofit organization, to connect with community representatives from six South Baltimore neighborhoods, fostering communication and engagement with local stakeholders.
- Upon completion of all development phases, the project will create 40 acres of parks, open space and waterfront space across 45 new city blocks, improving access to green space and outdoor activities for the entire community.



## Baltimore Peninsula Community Investment

- \$134 Million** In construction contracts awarded to certified local MWBEs
- 40+** Acres of green space, parks and waterfront upon completion
- 20%** Of apartments designated as affordable housing
- 52%** Of new hires are Baltimore residents

# Social Responsibility

## Resident Engagement

MacFarlane Partners considers resident engagement essential to the long-term success of our assets.

We work with our third-party property managers to receive *ad hoc* feedback and administer formal surveys to understand satisfaction levels and suggest improvements. We encourage our property managers to host property-specific events for the residents to build relationships and foster a community, such as yoga classes and themed gatherings.

## Employee Engagement

We prioritize employee engagement as a central pillar of our corporate ethos.

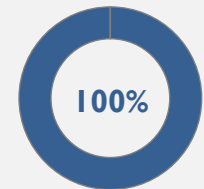
This year, we partnered with **Proud HR** to conduct an employee satisfaction survey to gain better insight and understanding of the employee experience related to the culture, organization, and benefits offered. We have developed an action plan based on the results of this survey so that, moving forward, we can better meet the needs of our team members.

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*Park Fifth/Trademark  
Resident Holiday Gathering,  
Los Angeles, December 2023*

MacFarlane Partners' 2023  
Employee Satisfaction Survey  
Response Rate



# Social Responsibility

*(Continued from the previous page)*

Recognizing that the success of our organization is tied to the growth and development of our team, we invest in professional development opportunities for our team members to further enhance their skills and knowledge.

This year, employees attended various industry conferences, including the Pension Real Estate Associate Fall Conference, the Urban Land Institute Women's Leadership Initiative, the Association of Foreign Investors in Real Estate Conference, the Real Estate Executive Council Conference and the Blacks on Corporate Boards Conference.

Additionally, team members participated in workshops focused on strategies and practices to advance DE&I in real estate organizations, sustainability, and affordable housing.

## 2023 PROFESSIONAL DEVELOPMENT





# Governance

We recognize that sound governance is fundamental to creating value for all our stakeholders. Our governance framework is the foundation of our business operations, and it ensures transparency, accountability and ethical conduct.

By fostering a culture of integrity and aligning our practices with industry standards, we seek to exceed the expectations of our investors, employees and the communities in which we operate.

## **ESG Committee**

In Q4-2022, we formally established an ESG Committee to oversee our efforts to more fully integrate ESG throughout our business operations. The Committee is a multi-disciplinary team, consisting of senior leadership, asset management, administration, operations and finance personnel. It makes all key decisions for the ESG program and manages all ESG-related data and reporting. It is responsible for the implementation of the firm's ESG-related policies and procedures as well as for reinforcing a culture of sustainability and inclusion.



# Governance

## ESG Reporting

MacFarlane Partners understands the importance of transparency about ESG performance and practices. That is why we are a member of GRESB, a global organization that provides standardized and validated ESG data for real estate investments to financial markets, and why we have participated in each of GRESB's annual assessments since they were first offered in 2011.

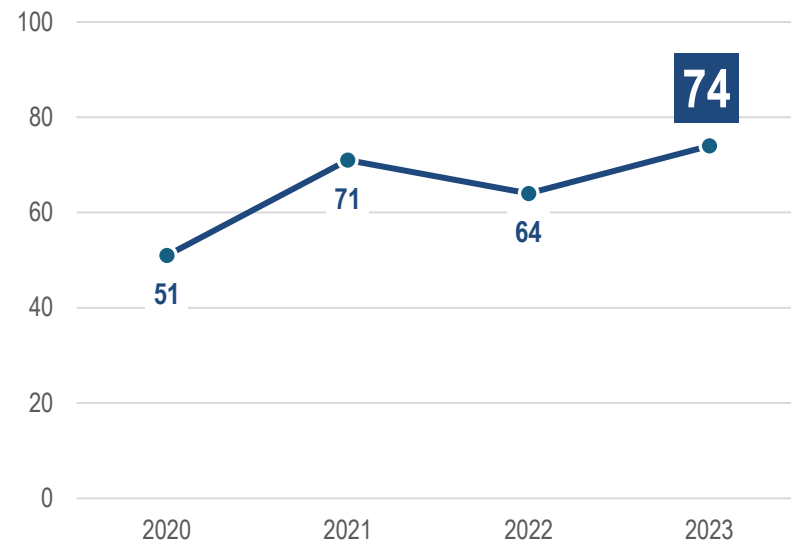
This year, we submitted the policies, procedures, and data for our joint venture with Bouwinvest Real Estate Investors, MacFarlane Urban Real Estate Core-Plus Master Partnership, which owns and operates residential high-rises in New York and Los Angeles.

The venture received an overall score of 74, its highest score to date and a 10-point improvement over its 2022 assessment.

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### MacFarlane Urban Real Estate Core-Plus Master Partnership Annual Real Estate Assessment Scores, 2020-2023





# Governance

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Through the annual GRESB assessments, we are able to benchmark our building-operations data, measure our year-over-year performance, compare it against our peers, and identify areas for improvement.

Based on the results of 2023 assessment, we have identified the main areas for prioritization in 2024 to further improve our ESG performance, as well as our scoring. Priorities include:

- Formalizing the inclusion of ESG factors in personnel performance reviews
- Increasing stakeholder engagement
- Enhancing our ESG disclosure procedures, and
- Improving our data collection processes and accuracy.

# Governance

## *Business Ethics*

Our commitment to the highest standards of corporate governance requires a culture of strong business ethics, transparency and risk management that is aligned to the interests of our stakeholders and the communities we serve.

We understand the importance of using the highest standards of ethics to guide our daily business operations. Our core values are the foundation of our business ethics framework and set expectations for the conduct of our employees.

In addition, we require the contractors and subcontractors working on our development projects pay fair wages and benefits to their workers, and we strive to hire qualified minority- and women-owned business enterprises (MWBES) when engaging third-party service providers. To provide our employees and contractors with the necessary guidance to meet our business ethics expectations, we have developed a robust set of policies in our personnel handbook. Subjects include conflicts of interest, confidentiality and insider trading, among others.

We aim to equip our employees with the tools and knowledge needed to follow the policies and procedures that we have enacted and meet our high expectations for business ethics. To do so, we require that our team members attend an annual training session on our code of conduct and ethics. This year's training examined real-life scenarios to help employees understand how to deal with moral dilemmas at work.



# Governance

## *Data Privacy and Cybersecurity*

In recognition of the importance of data privacy and cybersecurity governance, we have implemented a comprehensive set of policies and procedures that serve as a guide for our employees on a variety of related topics, including appropriate computer use, network security, and equipment disposal.

These policies detail the protocols that our employees must follow to mitigate any risks to our clients or our company. The policies are updated regularly to ensure they continually align with the highest standards. We also require our employees to complete annual cybersecurity training and weekly micro trainings. Topics covered include phishing awareness, secure internet usage and incident response.

In addition to the IT policies that guide our employees, we also have a longstanding IT disaster and recovery plan that is updated periodically to incorporate changes in technology and company priorities. This plan includes policies and procedures for technology disaster recovery along with process-level plans for recovering critical technology platforms and telecommunications infrastructure to aid the company in recovering as quickly and effectively as possible from an unforeseen disaster or emergency that interrupts information systems and business operations.

Through our robust data privacy and cybersecurity governance program, we aim to ensure that our organization is well-prepared to safeguard our information systems.

