



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE + RESILIENCE POLICY

*Updated March 2023*

### SUSTAINABILITY MISSION

Carmel Partners is committed to incorporating environmental, social and governance (ESG) practices across our business to drive better outcomes including efficiencies at our assets, superior experiences for our residents, support for our communities and enhanced engagement for our employees. In 2023, we added the concept of resilience which we view as the ability to thrive in the face of change and mitigate known climate risks.

At Carmel, we are focused on creating value by investing in multifamily real estate in relatively supply-constrained, high barrier-to-entry markets that Carmel's research indicates are the most likely to outperform over the longer term. Our goal is to create long-term value and support stakeholder interests. The following practices have been developed to serve as our guide to ESG+R considerations throughout an asset's lifecycle, including: the investment, development or renovation processes and ongoing operations.

### ENVIRONMENTAL

We manage our organization and portfolio with a commitment to natural resource protection that enhances long-term value. We do so by upholding standards of continuous improvement of energy, water and waste efficiency in the assets in which we invest and develop. We are committed to earning green building certifications for new developments across our markets, when appropriate. We believe that aligning our buildings with sustainability certifications results in more efficient buildings and healthier communities and may create additional value for investors through reduced utility costs, higher occupancy rates and premium rents while potentially driving higher retention and satisfaction of our residents. Carmel works to consider climate-related opportunities and risks at the time of acquisition and during development or renovation, and factors them into investment and procurement practices, guidelines for property managers and green living guides for residents.

### SOCIAL

Carmel works to improve the cities and neighborhoods in which we operate for the benefit of our residents and local communities. We strive to create an inclusive and engaging culture that values different voices and creates opportunities for our people to grow and thrive.

Carmel demonstrates a strong foundation of transparent and ethical business practices including a thoughtful Diversity, Equity and Inclusion (DEI) initiative. We are committed to creating an inclusive and

diverse team rooted in a culture of mutual respect. We know that our differences make us stronger as an organization and we embrace equal opportunity regardless of race, color, ancestry, religion, sex, national origin, sexual orientation, age, citizenship, marital status, disability, gender identity or Veteran status. Our DEI initiative is intended to promote equity and equality through practices related to recruitment, compensation, benefits, professional development and growth and social programs.

Furthermore, Carmel provides a safe and appealing work environment that strives to support the health and well-being, performance and career development of our employees. Through initiatives such as our Culture and Values Project and ongoing engagement efforts, Carmel looks to ensure the success of our employees by creating a strong and inclusive culture. We look to our employees for candid feedback and seek out their input when forging new initiatives.

We value the well-being of employees, residents and communities and continuously work to create more engagement and connectivity with these stakeholders. Our social engagement is bolstered by our Social Impact Committee focused on philanthropy and volunteerism, including local initiatives at our properties and national corporate events.

## GOVERNANCE

Carmel demonstrates leadership in the real estate industry through exercising strong corporate governance and high ethical standards. To ensure a shared level of standards across the organization, Carmel communicates its ESG+R and DEI approaches and progress to employees and investors. We embrace transparency by providing investor partners with reporting and disclosure through our annual ESG+R report. As a registered investment adviser with the Securities and Exchange Commission<sup>1</sup>, we are subject to the applicable rules and regulations under the Advisers Act, and we require strict adherence to our Compliance and Code of Ethics Manuals.

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<sup>1</sup> None of the information contained herein has been reviewed or approved by the U.S. Securities and Exchange Commission, any securities administrator under any state securities laws or any other governmental or self-regulatory authority. No governmental authority has passed on the merits of the offering of interests in any Carmel Partners Fund or the adequacy of the information contained herein. Any representation to the contrary is unlawful.

# UN Sustainable Development Goals

We recognize that our work impacts people, communities and the environment. In accordance with the stated mission of the UN Sustainable Development Goals (SDGs), Carmel’s ESG+R policy is aligned with the goal of achieving a better and more sustainable future for all.

Our ESG+R Policy and procedures are aligned with the following SDGs:



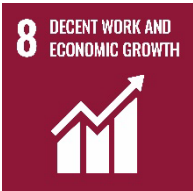
Develop and invest in properties that support occupant and community health and well-being.



Ensure availability and sustainable management of water and sanitation through tracking water usage, installing low-flow plumbing fixtures and implementing smart irrigation controls.



Continue to consider opportunities to increase investment in renewable energy sources to reduce emissions and help combat climate change.



Provide well-paying jobs, career growth, and reduce the negative impacts of our real estate investments on the environment, while supporting appropriate risk-adjusted returns for our investors.



Support climate resilience through assessment of risks and developing risk mitigation policies, programs and investment in capital improvements that support resilience.



Seek to be a leader in finding ways to reduce inequalities throughout our business and to work with partners that support this goal.