

Environmental, Social and Governance Policy – FPA Multifamily, LLC and its affiliated companies

Overview

FPA Multifamily, LLC (“FPA”) is a privately held real estate investment management company in its fourth decade of operating performance. FPA invests in multifamily real estate across the continental United States and is an experienced investor and real estate operator. FPA has adopted an environmental, social and governance (ESG) policy to address issues of sustainability and social responsibility.

ESG Mission

As a multifamily real estate company, it is FPA’s responsibility to reduce its carbon footprint with an economically efficient conservation program. FPA is committed to implementing environmental and social initiatives that enhance investment performance, operational efficiency, quality of life for employees, and resident satisfaction. New initiatives are evaluated based upon their return on investment, materiality, alignment with core company values such as trust, teamwork, and leadership, and are based on the United Nations Sustainable Development Goals (SDGs) for which FPA can make the greatest impact: quality education (SDG 4), decent work and economic growth (SDG 8), industry, innovation, and infrastructure (SDG 9), and responsible consumption and production (SDG 12).

Sustainability

FPA’s approach to sustainability integrates ESG into investment decisions and operations across all assets to enhance risk-adjusted returns through thoughtful stewardship of capital and investment management. The company’s ESG integration is organization-wide and encompasses all assets. Consequently, sustainability is integrated into nearly every aspect of FPA’s operations. Efficiency retrofitting, thorough monitoring and reporting, accountability, and stakeholder engagement and are paramount to the overall success and efficacy of FPA’s environmental programs.

FPA has long been pursuing green financing initiatives as the preferential pricing the company receives in lieu of energy and water efficiency retrofits has long made financial sense. In 2012, FPA developed a dedicated green team to facilitate capital improvements to increase sustainability throughout its portfolio and make a sizeable impact on the environment. After the company’s utility partner performs an energy analysis on every newly acquired asset, the green team decides which positive benefit-to-cost ratio actions the

company can implement at that asset with available resources. The green team then proceeds to create a unique plan to reduce consumption and costs, communicates the intended outcomes of these actions for sustainable improvements, and places energy and water saving initiatives in motion such as low-flow plumbing fixtures, LED lighting in common areas, and more efficient HVAC systems that can make an enormous impact on bills and natural resources. To date, the Green team has saved over 1 billion gallons of water and over 37 million kilowatt hours. Meticulous project management is critical to the green team’s work. It not only develops an estimated timeline to completion, ROI, and phases and/or milestones to mark its progress, but also calculates and documents anticipated costs and benefits and monitors the progress and results over time to measure overall effectiveness. Lastly, the Green Team produces monthly and quarterly reports that assess the financial impact of sustainable improvements and ventures FPA takes. Together with management, the Green Team pays attention to factors beyond its control such as economic downturns, watches for any less-than-optimal results and decides on whether a modification in approach is necessary to correct course. These matters are discussed monthly during financial review meetings.

In building operations, FPA seeks to reduce energy and water consumption and greenhouse gas emissions through efficiency retrofitting, its environmental management system that is aligned with the ISO 14001 standard, smart building technology, onsite solar projects where viable, and electric vehicle charging stations. The goal is to manage environmental impacts to further a safe and healthy environment. FPA believes efficient and sustainable operations can lead to reduced consumption and as a result reduced costs, which results in an overall benefit to investors.

In addition to implementing recycling at the property level wherever available, the company’s facilities management team and Redwood Construction diligently reduce the use of materials to what is really needed, reusing and upcycling material whenever possible, and recycling any leftover waste to minimize value lost. Redwood Construction, which is FPA’s construction division, is also a member of the U.S. Green Building Council.

As members of 1% for the Planet, FPA has committed to donating 1% of annual property management revenue to environmental nonprofits doing exemplary work. For carbon emissions that the company cannot reduce operationally, it has begun to offset to further minimize its carbon footprint. Through its commitment as a member of 1% for the Planet,

FPA has made nearly \$300,000 of donations to affiliate organizations working on projects such as regenerative agriculture, carbon sequestration, and carbon offsets.

As a member of ULI Greenprint Center, FPA has committed to measuring, benchmarking, knowledge sharing, and implementing best practices to shape industry standards and reduce energy consumption, carbon emissions, water use, and waste generation.

Social Responsibility

FPA strives to be a responsible member of the community. FPA is committed to the health and safety of its employees and the residents at its portfolio properties. By organizing employee volunteer events and implementing a paid VTO (volunteer time off) policy, the company encourages all staff members to volunteer time and resources to responsible charitable organizations and engage in meaningful outreach to improve the community. FPA also supports and encourages its personnel to assume leadership roles in charitable and community organizations.

As a company, FPA contributes to a number of charities and organizations engaged in work essential to the vitality of the community. FPA has committed 5% of incentive fees received to go directly to the G. A. Fowler Family Foundation, a charitable foundation. Thus far, the Foundation has invested over \$1.0M in its Scholarship Program, which provides educational opportunities to team members and their dependents seeking higher education. The Foundation also supports FPA's Real Estate Internship & Future Leadership Programs, which provide hands-on real estate experience for first-generation college students.

Governance

FPA has adopted a Code of Conduct and an employee handbook that requires employees to uphold a high level of professionalism and integrity when conducting business.

In addition, FPA has in place organizational documents that govern each investment fund and adheres strictly to the provisions of all such documents. FPA's business operates within all applicable laws and regulations. As a signatory of UN Principles of Responsible Investment (UNPRI) and participant of UN Global Compact, FPA operates each of its assets with a high level of commitment to value creation and excellence. FPA monitors the performance of its third-party vendor-partners, brokers, and other service providers to determine the quality of performance of those firms and to ensure compliance with operating standards and contractual obligations.

As needed, FPA engages employees down to the asset-level to ensure alignment with its UNPRI responsible business objectives and the UN Global Compact's ten principles.

Fiduciary Responsibility

FPA is committed to operating its business in a responsible, ethical, and transparent manner. FPA seeks to accomplish and even surpass the goals detailed in its investment guidelines and documentation. FPA has a goal of providing transparency to investors as it works to maximize property and portfolio performance.

FPA Multifamily continually bears in mind the fiduciary responsibility it holds to its investors and believes in the importance of remaining honest and demonstrating integrity in all business activities. The company respects not only all state and federal laws of the United States where it operates, but also its own policies and procedures. Employees are bound by company policies and the code of ethics to make a committed effort to do the right thing and to be honest and fair in all business dealings. Some issues its internal policies address include kickbacks, gratuities, gifts and entertainment, conflicts of interest, anti-money laundering, OFAC compliance, insider trading, the Foreign Corrupt Practices Act, political contributions, frontrunning and scalping. These policies provide definitions and examples of potential issues and guidelines for employees, managers, and supervisors to ensure the policy is abided. A whistle-blower mechanism and a process to deal with incidents when compliance is lacking is also provided.

As a signatory of UNPRI, FPA publicly commits to the 6 principles on its website where also the company's Responsible Investment and Stewardship Policy can be found. The company has an internal audit team that assesses properties to ensure that all of the right anti-corruption processes are in place and routinely takes several other anti-corruption measures such as independent audits and assurance of its financial data, third party verification of its sustainability data, and governance risk assessments performed by external parties that address matters such as bribery and corruptions, political contributions, fiduciary duty and fraud. Additionally, the company's technology department has developed a state-of-the-art cybersecurity program to protect data and minimize the possibility of all forms of corruption.

Integration and Engagement

FPA has an investment committee which consists of seven individuals who vote on potential acquisitions. The seven individuals include the managing partner and founder of FPA, the chief investment officer, the chief financial officer, the controller, the chief operating officer, the president of construction, and the director of investor relations. The investment committee assumes responsibility and oversight for long-term sustainability strategy and performance. To illustrate, for each asset under purchase consideration, each member of the investment committee casts a vote on whether to move forward with an acquisition following constructive dialogue. Through this process, the investment committee evaluates and mitigates investment risk and identifies areas and opportunities of long-term value creation for its investors and all stakeholders.

FPA also has an ESG committee which is integral for

stakeholder engagement and to implement the overall sustainability strategy. The committee, which spans several corporate functions, meets quarterly and connects proactively to continually improve both ESG risk management and sustainable business practices. The director of ESG spearheads the ESG committee which consists of C-suite level staff (including the chief technology officer and chief compliance officer, and investment committee members), the director of marketing, the director of design, portfolio managers, human resources, and the green team.

Community Engagement

Seeking to make an impact in ESG even beyond its operations, FPA has two community engagement programs, one that is for residents and the other that is for employees.

The resident program is dedicated to expanding the company's focus on the overall health and wellness of its residents and bettering the planet. Each month, residents receive via email useful information about personal health, wellness, and sustainability as well as invitations to virtual classes offered throughout the year. The program was designed to identify community needs through social determinants of health to bridge access to those vulnerable or living in marginalized communities. The social determinants of health considered include economic stability (SDG 8), education (SDG 4), personal health practices and coping skills, environment (SDG 9), and social norms and attitudes. In addition, FPA encourages philanthropy amongst its residents through local donation drives and fundraising at the property level. Each year, FPA partners with a nonprofit organization doing exemplary work in its communities. Residents can make donations to the nonprofit when paying their rent, and then FPA matches the donations, dollar for dollar. Through FPA's partnership with Move for Hunger, residents can donate non-perishable food items before moving out or going on vacation, and the items will be taken to a local food bank to reduce food waste and fight hunger.

The employee program called Committed to Community, is a community engagement program that extends FPA's efforts beyond just the residents and to the broader communities in which they live. Food insecurity, clean water (SDG 12), and mental health are an important focus. With the help of the G. A. Fowler Family Foundation, substantial donations are made nation-wide to various food banks and organizations improving water quality. Through the Committed to Community program, employees receive information on social impact opportunities on ESG, sustainability, cultural sensitivity, diversity, and inclusion.

Reporting and Disclosure

An integral aspect of the performance and realization of value creation opportunities is the monitoring and improvement of ESG matters as technology and research provide new means and methods to support ESG innovations. FPA professionals and third-party property managers are tasked with providing annual performance measurement of each individual property, including information about operating costs and the implementation of any sustainability or other cost saving programs. The company is committed to the ongoing reporting of its ESG initiatives and continually monitor progress towards targets using its environmental management system. FPA regularly report on issues of ESG relevance through its website, annual sustainability report, GRESB, the UNPRI reporting framework, and the UN Global Compact communication on progress statement.

Administration and Implementation of this Policy

The Chief Compliance Officer of the Registered Investment Advisor is the administrator for this policy in consultation with FPA's General Counsel. Each has the authority to implement change and enforcement of the policy.