

Avanath Environmental, Social, and Governance Policies

Avanath is committed to building and maintaining a portfolio that serves our communities, investors, residents, and the environment. As a leader in the affordable housing industry, we believe prioritizing social equality, responsible investing, and the environment supports greater prosperity. Integrating environmental, social, and governance (“ESG”) policies into our decision-making expands opportunity for our residents across the United States. +*Amplify* represents a comprehensive ESG framework that guides Avanath’s operations.

MISSION

As we seek to provide and foster opportunity for our residents, we must ensure that our employees are supported and educated to provide the best service and care. We aim to foster an empowering, respectful, and collaborative workplace so we can be agents of change in the communities where we live and work.

GOALS

Initially, Avanath has set a goal to reduce energy consumption, water consumption, and greenhouse gas emissions by 10% by 2025 from a 2020 baseline. As additional performance data become available, including metrics for Avanath’s social programs, the ESG Council will adjust and add performance goals in 2021 to reflect Avanath’s strategic direction.

OUR APPROACH

At Avanath, we believe integrating ESG policies into our decision-making processes will strengthen us as a leader in the affordable housing industry while expanding opportunities for our residents across the United States. Avanath is committed to the prosperity of:



Our communities

Where we seek to promote principles of social equality, diversity, and opportunity.



Our investors

Who trust us to make knowledgeable investments in markets that are traditionally underserved by institutional capital.



Our people

whose hard work provides the basis for our success and enables opportunity for our residents.



Our environment

which sustains us all, and provides the foundation for our collective health, safety, and well-being.

To be a champion for our stakeholders, Avanath formed an ESG Council to lead our commitment to and momentum towards enhanced ESG performance. The Council is comprised of senior leaders in the organization and represents all departments and geographic regions, allowing us to foster consensus and determine the feasibility of our priorities and initiatives. The ESG Council will convene quarterly to set our strategic direction and will review and update our ESG policies annually.

Avanath also has established the ESG Advisory Committee which is a rotating group comprised of high-performing employees across departments, geographies, and seniority levels. The ESG Advisory Committee convenes monthly to discuss property-level needs that inform the Council's strategic direction. This Advisory Committee is responsible for implementing policies on a day-to-day basis, and its roster is rotated annually so various perspectives are considered.

Our ESG commitment and policy will be publicly available for employees, residents, and stakeholders on our website. We are incorporating our ESG commitments and updates in investor reporting, including annual submissions to GRESB and UN PRI. We are also in compliance with local benchmarking regulations that require some properties to report their energy consumption on an annual basis.

Our holistic approach to ESG is focused on the full-life cycle of our assets – from acquisitions and due diligence to implementation plans and operational excellence for duration of our hold. We consider the environmental and social impacts of our assets, and we incorporate feedback from investors, residents, and employees to refine our ESG initiatives. We strive to promote diversity and inclusion while creating value for our investors and residents. With an emphasis on data tracking at the property level, we identify opportunities for low-cost operational and maintenance improvements that reduce costs, minimize investment risk, and drive the financial performance of the investment.

Our Responsibilities for Environmental Performance

Avanath is committed to environmental stewardship and creating communities that are resource efficient while emphasizing the health, well-being, and safety of residents and employees. The following policies are designed to drive value through reducing operating costs, mitigating risk-exposure, and providing exceptional affordable housing for our residents.

DATA MANAGEMENT

Having quality utility data and a data management process is critical to understanding and evaluating building performance. Our property management teams gather and track energy, water, and waste data in ENERGY STAR® Portfolio Manager®, an industry-standard tool designed to benchmark and monitor utility consumption and cost over time.

WATER MANAGEMENT

Avanath continually seeks to optimize water usage and costs across our portfolio. We monitor usage and implement cost-effective strategies and technologies to maximize water efficiency. With these projects, we reduce our operating expenses and help create savings for our residents. Property teams track water usage and cost in ENERGY STAR Portfolio Manager, allowing us to identify property-specific needs and opportunities for improvement. These improvement opportunities, such as installing drip-smart irrigation or planting drought-resistant vegetation, may vary based on the geographic location of each community.

BUILDING MATERIALS

As Avanath strives to provide exceptional facilities that enhance the health and well-being of our residents and employees, we will work to avoid the use of materials known to be harmful to human health and the environment.

ENERGY & GHG MANAGEMENT

We are committed to reducing energy usage and costs across our portfolio by monitoring energy consumption, utilizing energy efficient equipment, and incorporating energy management best practices. Property teams track energy usage and cost in ENERGY STAR Portfolio Manager, allowing us to identify property-specific needs and opportunities for improvement.

A significant portion of Avanath's greenhouse gas (GHG) emissions are from electric and gas usage in our buildings. As part of our data management process, emissions will be tracked and managed using the US EPA emissions factors. We will evaluate opportunities to reduce emissions in accordance with the energy efficiency measures implemented as part of our energy policy. Opportunities for improvements include installing energy efficient technologies, utilizing renewable energy, and purchasing GHG offsets.

WASTE MANAGEMENT

Part of our commitment to ESG is reducing our waste production through waste management strategies that improve our diversion rate. These strategies will lead to cost savings and reduce the amount of waste sent directly to landfill, helping both Avanath and the environment. Property teams collaborate with residents to share education and build awareness of the need to track and reduce waste production. We depend on the tracking features of ENERGY STAR Portfolio Manager to allow us to identify property-specific needs and opportunities for improvement.

Our Responsibilities for Social Opportunity

It is Avanath's philosophy to invest holistically – meaning we invest in quality affordable housing as well as community activities and services that enhance our residents' lives. We recognize the positive and long-standing impact our developments and operations can have on individuals and communities. It is because of our strong partnerships with local nonprofits that we can provide several engagement programs for our residents. We recognize our impact is larger when we work in partnership with our stakeholders, and we are honored to work with organizations like the YMCA, Vanguard Community Development Corporation, and the Foundation for Affordable Housing, to make these programs a reality.

RESIDENT ENGAGEMENT PROGRAMS

Our residents inspire our mission to go above and beyond, and we aim to improve people's lives by creating opportunity with quality, affordable housing as the foundation. Our communities provide a place for our residents to congregate, learn, and engage, and we are proud to offer programs and services to facilitate this civic engagement. Our initiatives include:

- + Community forums with elected officials and government leaders
- + After school programs
- + Youth sports activities
- + Transportation for senior and disabled residents
- + Language translation services
- + Computer and technology training
- + Financial literacy and wellness
- + Arts and crafts classes

RESIDENT & COMMUNITY HEALTH & WELLNESS

We recognize the substantial impact that our communities have on the health and wellness of our residents. We are committed to providing spaces that create healthy communities and promote residents to pursue individual health and wellness. Programs like Avanath Activate, our signature program for seniors, improve the quality of life for our residents. We also acknowledge that the built environment has a significant impact on human health, and a primary way for us to create healthy communities for our residents and employees is to monitor indoor air quality (IAQ). Avanath aims to improve the health of its residents by prioritizing initiatives that may include, but are not limited to conducting regular IAQ tests, monitoring water quality, and considering low and no VOC paints and finishes for buildings. These initiatives will help reduce our environmental impact while creating healthy communities.

Our Responsibilities for Good Governance

As we seek to provide and foster opportunity for our residents, we must ensure that our employees are supported and educated to provide the best service and care. We aim to foster an empowering, respectful, and collaborative workplace so we can be agents of change in the communities where we live and work.

DIVERSITY, EQUITY, & INCLUSION

Avanath Capital is committed to fostering, cultivating and preserving a culture of diversity, equity and inclusion.

Our human capital is the most valuable asset we have, and diversity, equity, and inclusion ("DEI") are at the very core of Avanath's operating and investment philosophy. We believe that bringing together people with diverse thoughts, backgrounds, talents, and experiences at all levels of our organization, including the executive team, enables us to proactively and creatively achieve our mission to enable opportunities for hard-working American families. The collective sum of the individual differences, life experiences, knowledge, inventiveness, innovation, self-expression, unique capabilities and talent that our employees invest in their work represents a significant part of our culture, our reputation and our achievements.

We embrace and encourage our employees' differences in age, color, disability, ethnicity, family or marital status, gender identity or expression, language, national origin, physical and mental ability, political affiliation, race, religion, sexual orientation, socio-economic status, veteran status, and other characteristics that make our employees unique.

Our organization's diversity initiatives include—but are not limited to—our practices and policies on recruitment and selection; compensation and benefits; professional development and training; promotions; transfers; and the ongoing development of a work environment built on the premise of gender and diversity equity that encourages and enforces:

- + Respectful communication and cooperation between all employees.
- + Teamwork and employee participation, permitting the representation of all groups and employee perspectives.
- + Work/life balance through flexible work schedules to accommodate employees' varying needs.
- + Employer and employee contributions to the communities we serve to promote a greater understanding and respect for the diversity.

All employees of Avanath have a responsibility to treat others with dignity and respect at all times. All employees are expected to exhibit conduct that reflects inclusion during work, at work functions on or off the work site, and at all other company-sponsored and participative events. All employees are also required to attend and complete annual diversity awareness training to enhance their knowledge to fulfill this responsibility.

Employees who believe they have been subjected to any kind of discrimination that conflicts with the company's diversity policy and initiatives should seek assistance from a supervisor or an HR representative.

EMPLOYEE PERFORMANCE & CAREER DEVELOPMENT

Avanath would not excel without its talented and driven employees. We believe investing in career development opportunities for all employees creates a well-rounded, high-performing workforce that succeeds in serving our communities. We offer employees access to the Avanath Academy, an online platform with more than 180 training modules on topics from ESG to Section 8 housing. These training opportunities foster a culture of continued education and career growth, which drives employee performance.

It is the goal of Avanath to foster an environment that builds from each employee's strengths and continuous growth. We provide opportunities for individual, team, and organizational success by working in concert to achieve high-level goals and mutual growth. Our people managers work closely with their direct reports to communicate expectations, clarify processes, collaborate on goals, provide support and resources, engage in frequent coaching and feedback discussions, and provide constructive evaluations. In addition to discussing job performance and goals on an informal, day-to-day basis, Avanath utilizes formal performance evaluation and goal setting processes. These performance management practices provide employees with feedback on their performance and additional opportunities for communication between employees and their supervisors about how their performance and working environment might be improved, and to set clear and achievable targets and goals.

EMPLOYEE HEALTH, WELLNESS, & SAFETY

Our communities would not function without our most critical asset: our employees. Through paid time off policies and access to healthcare, we are committed to ensuring our employees have access to resources they need to maintain adequate mental, emotional, and physical health.

Our employees' safety is of the utmost importance. We are committed to fostering environments that minimize physical risks for employees and visitors of our communities. As the Occupational Health and Safety Act (OSHA) affirms, all employees have the right to work in a safe and healthy environment, and we commit to following all other relevant legislation at the local, state, and federal levels that pertains to workplace safety. Beyond legislative requirements, Avanath strives to create a comfortable and healthy work environment, where every employee can work to their highest potential.

RESPONSIBLE CONTRACTOR POLICY

Avanath recognizes that many parties are involved in the responsible management of our high-quality assets. Our Responsible Contractor Policy, which can be found on our website, details our commitment to and ongoing review of responsible contracting at all our properties.