

Driving Sustainable Value

GREEN CITIES LAUNCHES UPDATE TO GROUNDBREAKING ESG INDEX



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At Green Cities, we have a long history of realizing investment value in alignment with sustainability and social impact goals. Through our vertically integrated, in-house expertise, we are able to leverage our deep understanding of environmental, social, and governance (ESG) considerations both for impact as well as measurable financial performance.

In 2020, we conducted a robust materiality assessment to determine the key ESG considerations for our investment strategy as a multifamily, value-add investor, as well as identify the areas within the broader

industry where we could continue to pioneer innovative impact solutions. The result of this exercise was the creation of our proprietary Green Cities Index (GCI), a unique and robust rubric which provides for deep accountability to promote and integrate our focus on five key pillars: Environmental Impact, Climate Change Mitigation, Resilience, Health & Wellbeing, and Equitable Communities. The line items of the GCI have allowed us to drive ESG considerations throughout our investments' lifecycles, mitigating risks and improving operating costs and asset valuations.

THE GREEN CITIES INDEX



ENVIRONMENTAL IMPACT

Focus on optimizing the energy, emissions, water, waste, and materials and furnishings used by our properties.



CLIMATE CHANGE MITIGATION

Action-oriented look to the future, taking bold steps to reduce fossil fuel usage and reduce emissions of greenhouse gases.



RESILIENCE

Enhancing the preparedness of our properties and tenants to withstand and recover from challenges like climate risks, social unrest, and large-scale health threats.



HEALTH & WELLBEING

Commitment to safety, comfort, and physical and emotional wellness to improve the quality of life for our tenants.



EQUITABLE COMMUNITIES

Engagement to create a positive, inclusive impact within our properties and on the neighborhoods where they reside, driving opportunity, justice, and anti-discrimination.

In 2023 – as a matter of best practice but also as a matter of advancing our ESG-related performance – we refreshed this exercise, resulting in the GCI v2.0. This groundbreaking updated version of the Green Cities Index continues to focus on these five key pillars – now, with even more depth on the most material considerations as well as enhanced measurability. In devising this update to the GCI, we prioritized several guiding principles:

1. Maintaining the original 5 pillars of the Green Cities Index to continue to cover the most critical ESG considerations as well as those of diversity, equity, inclusion, and access (DEI&A)
2. Demonstrate the interconnectedness of the five pillars and how an approach like the Green Cities Index creates expanding value
3. Upgrade each line item of the GCI to create quantitative impact metrics wherever possible
4. In doing so, establish performance metrics that could be actively advanced year-over-year and/or measured to demonstrate the financial return of each ESG or DEI&A strategy
5. Align with strategies that support some of the real estate industry's most valued certifications including LEED and Fitwel

The result of our refreshed GCI will be fully revealed in our annual Environmental and Community Impact Report, released to the public the end of March. As usual, we look forward to providing our investors and the marketplace with reporting on these items at the portfolio, fund, and asset levels – a unique approach amongst our peers. Highlights of the covered categories include:

- Performance snapshots of every property, from baseline energy usage and intensity, through the Scope 1, 2, and 3 Greenhouse Gas (GHG) emissions footprint, to water and waste profiles
- A focus on resource efficiencies to optimize this performance snapshot, tracking reduction in energy usage, GHG emissions, and water, as well as increases in waste diversion over Green Cities' investment lifespan of the asset
- Green Cities' vision for Buildings of the Future – a proactive look forward to the multifamily assets that will be demanded (and valued) by renters and the marketplace for their approach to decarbonization, electrification, and water management:
- Prioritized security for our tenants, protecting resident resilience with physical security features as well pandemic and emergency preparedness
- Protection of the ecological longevity and biodiversity of the natural environment surrounding our properties, incorporating important considerations of physical climate risk
- Acknowledgement of the impact that the built environment can have on tenants, such as the need to preserve indoor air quality, enhance ventilation and filtration, and provide for water free from organic and chemical contaminants

In 2023, energy efficiency strategies across our portfolio resulted in the reduction of **630,952 kWh** and **9,913 therms** of natural gas saving over **\$68.2k** in annual operational costs.

- Facilitation of physical activity for our tenants as well as nourishment of mental and emotional wellbeing through health programming, biophilic design, tobacco and smoke-free environments, healthy vending, and urban gardening
- Curation of community within our buildings by investing in the surrounding neighborhoods – particularly through partnerships with local and minority- or women-owned vendors
- Tenant engagement through programming and universal design strategies for inclusion
- Identification of access to critical considerations for equity such as nearby education, healthcare, self-care, and voting

These areas of focus represent a holistic approach to ESG and DEI&A that allows us to identify the most meaningful – as well as the most financially impactful – opportunities within each of our assets' business plans. We look forward to continuing to update our investors on our progress throughout the Green Cities Index with transparency and accountability.