



CenterSquare ESG Policy

OUR PHILOSOPHY AND APPROACH TO EVALUATING ESG CONSIDERATIONS IN LISTED REAL ESTATE INVESTMENTS



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INTRODUCTION

CenterSquare Investment Management is a real asset manager focused on listed and private equity real estate and listed infrastructure investments, accessed via U.S.-only and global strategies. As an investor and manager, our success is firmly rooted in aligning our firm's interests with those of our clients, partners and employees, as well as our commitment to alpha-generating research.

OUR PHILOSOPHY

CenterSquare believes that high standards of business conduct, as well as a responsible approach to Environmental, Social, and Governance (ESG) issues, makes good business sense and enhances shareholder value. Conversely, poor management of these issues may pose a risk to the reputation and value of a business. More efficient properties are more profitable properties. More sustainable properties are more valuable properties. Good governance and proper alignment of interests are a key driver of long-term stock outperformance. In addition, social issue considerations represent an opportunity to associate with industry practices that benefit the general public.

OUR COMMITMENT

ESG considerations have been an inherent part of CenterSquare's listed real estate investment process since the strategy's inception in 1995, and the firm formalized an ESG policy in 2015. The policy is reviewed annually, but opportunities for improvement in the process are implemented as they are identified. An important aspect of the policy was the appointment of a senior member of the investment team, Portfolio Manager Eric Rothman, to be Global ESG Coordinator. Mr. Rothman is responsible for leading the firm's approach to ESG issues, including the assessment of how ESG impacts the value of investments.

All of CenterSquare's portfolio managers and research analysts consider ESG issues as part of the investment process. Each factor - Environmental, Social and Governance - is considered either explicitly or as a component of the qualitative score determined for each security in the bottom up portion of the investment process (see Figure on the following page). In addition, CenterSquare engages management teams on ESG issues through one-on-one investment research meetings and conversations. Though the firm synthesizes data and opinions from select independent third parties, including ISS, Green Street, and company disclosures, the investment team members rely on their own judgment of ESG issues to make informed decisions.

CENTERSQUARE'S APPROACH TO ESG AND REITS

CenterSquare's commitment to evaluating ESG principals is based upon the belief that they make good business sense and can represent a strong source of return for investors. Governance is the most material of the three primary categories, followed by Environmental factors, with Social factors being the least germane as a result of the nature of the real estate industry.

Our process begins with a ranking framework that assesses a company's ESG score along ten equally-weighted factors (each scored 0 to 10) measuring environmental stewardship, social responsibility, and corporate governance to provide an expanded analysis. The sum of these ten scores generates the REIT's overall ESG score.



Environmental factors account for 40% of CenterSquare's overall ESG score. These factors capture the robustness of the company's environmental sustainability policies addressing energy efficiency, conservation, and carbon footprint reduction as well as the execution and disclosure of those policies. As the company develops additional assets, we identify brown-field development and mass transit-oriented development as environmentally friendly. We also analyze the company's real estate portfolio for heightened sustainability standards, such as attaining LEED² and GRESB³ certification. Companies receive superior scores for being leaders and advocates within the environmental sustainability space.

Social factors account for 20% of the overall ESG score. These factors capture the company's quality of employee engagement and extent of community involvement. We consider policies regarding ethics, conduct, anti-corruption, and anti-bribery for employees and contractors as well as the company's commitment to community involvement, civic service, and philanthropic efforts.

Governance factors account for the remaining 40% of the overall ESG score. Shareholder alignment and board independence measure the shareholders' influence over the company and the board's ability to carry out its fiduciary responsibility as the steward of shareholder capital. We also measure the extent to which strategic efforts have been clearly identified and implemented to enhance governance of shareholder capital and the quality of governance disclosures.

* LEED, or Leadership in Energy & Environmental Design, is a green building certification program that recognizes best-in-class building strategies and practices. To receive LEED certification, building projects satisfy prerequisites and earn points to achieve different levels of certification.

ESG Evaluation	CenterSquare Investment Process - Quality Score Impact	Primary Characteristics Sought in CenterSquare's Investment Holdings
Environmental	Assets	<ul style="list-style-type: none"> • LEED certified buildings • Mass transit-oriented development • Redevelopment of existing buildings • "In-fill" projects instead of "green field" projects • Urban projects • Responsible land use • Alternative energy generation (solar, wind) • Water-use reduction and storm water run-off management systems • Waste management programs including facility-wide recycling • Low energy-intensive lighting • High efficiency boilers and chillers • Native plant landscaping and green roofs • Use of sustainably harvested forest products, recycled materials • Electric vehicle charging stations • Modern life-safety equipment and good access for the aged and disabled
Governance	Governance/ Management & Strategy	<ul style="list-style-type: none"> • Separate Chairman and CEO roles • No super-majority voting • De-staggered board; annual election of all board members • Independent members should represent a majority • Opt out of Maryland anti-takeover provisions (MUTA) • Opt out of business combination provisions or statutes • No poison pills or similar formal shareholder rights plan • Shareholders have right to call special meetings • Straight-forward shareholder access rules with reasonable thresholds (3-10%) for access to the proxy • Threshold to call special meeting of shareholders: 10-20% of outstanding common stock • Shareholders permitted to amend bylaws • Shareholders have (advisory, non-binding) vote on executive compensation • No explicit tax protections • Reasonable executive compensation structures focused on total shareholder return, measured against peer group and all REITs across a multi-year basis. • No corporate aircraft (leased or owned)
Social	Management & Strategy	<ul style="list-style-type: none"> • Strict adherence to anti-money laundering and anti-corruption practices • Avoid companies that employ child labor, unfair trade practices, or otherwise treat workers unjustly • Companies that rate well as good places to work and have high employee engagement • Companies that maintain a good relationship with their workforce • Prefer good representation from women and minorities • Avoid companies that have antagonistic relationships with labor unions • Avoid industries and individuals with a history or elevated risk of corruption

APPENDIX - INFORMATION SOURCES

- Company Documents
- ISS (Institutional Shareholder Services)
- Brokerage Research (Greenstreet, SNL Financial, etc.)
- LEED Rating System
- Industry bodies
- Regulatory bodies
- Media

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