

Socially Responsible Investing Policy

Introduction

CenterSquare's Socially Responsible Investing Policy (SRI Policy) seeks to align our investment strategy with our commitment to social responsibility, environmental stewardship, governance of client capital and our clients' investment objectives. CenterSquare is appointed by our clients as an investment manager with a fiduciary responsibility to help achieve their long-term investment objectives. Generally, our clients' objective is to maximize the financial return of their portfolios within appropriate risk parameters. CenterSquare has long recognized the principles underlying SRI can impact the performance of investment portfolios. In response, we have sought to integrate SRI factors into our investment process to the extent that the integration of such factors is consistent with our clients' investment objectives and protects their economic interests.

The Importance of SRI for Real Assets

As specialists in real assets, we recognize environmental policies that lead to energy efficiency for real assets directly impact the bottom line, making efficient assets more profitable and sustainable. For example, real estate, tenants and consumers are increasingly demanding sustainability and are willing to pay premium rents for such assets. From a social perspective, real assets, especially real estate assets, are the cornerstone of society where people gather, live, and work. As such, real estate's impact on its community directly impacts the asset's long-term sustainability and value. Lastly, as a capital-intensive asset class, appropriate governance of real assets and proper alignment of interests are key drivers of risk management and value creation when assessing a company's potential for long-term outperformance.

Approach to ESG

Listed Equities

At CenterSquare we have been incorporating ESG considerations into our listed equities investment process for over two decades¹. As the focus on ESG has continued to evolve, we have formalized that process. We begin by generating a ranking framework to assess a company's ESG score along ten equally-weighted factors (each scored 0 to 10) regarding environmental stewardship, social responsibility, and corporate governance, to provide an expanded analysis of key ESG factors. The sum of all 10 factor scores generates the company'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 their execution 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 also receive superior scores for being leaders and advocates within the environmental sustainability space. Lastly, we assess the quality of disclosures the company has regarding their environmental sustainability efforts.

¹ See CenterSquare's White Paper "[ESG and REIT Investment Strategies](#)" published in February 2018 to learn more about our work with ESG integration for our listed real estate strategies.

Social factors account for 20% of the overall ESG score. These factors capture the company's quality of employee engagement and the 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 their fiduciary responsibility as the stewards of shareholder capital. We also measure the extent to which strategic efforts have been clearly identified and implemented to enhance governance of shareholder capital. Lastly, we measure the quality of disclosures regarding governance policies.

Direct Property Investments

CenterSquare employs a Responsible Contractor Policy designed to encourage, in a manner consistent with CenterSquare's standards of fiduciary responsibility and prudence in managing its clients' investments, compliance with the spirit and practice of social responsibility in the selection of independent contractors expected to provide high quality property management, leasing, and building construction services for real estate property investments being managed on behalf of clients.

The policy states that the selection of contractors should consider a number of factors including, but not limited to, record of compliance with applicable federal, state, and local laws, regulations and ordinances, insurance, withholding taxes, minimum wage, health and safety, and environmental matters. Where possible, the selection process should consider providing equal consideration to minority owned and controlled firms, firms owned and controlled by women, and ventures involving those same firms that otherwise would meet the selection criteria for contractors and service providers. CenterSquare Business Partners shall make reasonable efforts to ensure that contractors maintain safe and healthful working conditions and abide by all applicable wage and hour regulations and prohibitions against child labor.

Requirements of CenterSquare's responsible contractor policy include competitive bidding, non-discrimination, neutrality, and adherence to all local, state, and national laws. For further details on our Responsible Contractor Policy, please contact us at contactus@centersquare.com.

Commitment to the PRI

Our industry has become more aware of the importance of ESG factors and as we formalized our process around ESG integration, we determined that becoming a UNPRI signatory would enhance our current SRI practices and align our investment strategy with our commitment to social responsibility, environmental stewardship, governance of client capital and our clients' investment objectives.

In signing the PRI, CenterSquare as an investment manager publicly commits to adopt and implement all six Principles below, where consistent with our fiduciary responsibility:

1. Incorporate Environmental, Social and Corporate Governance (ESG) issues into investment analysis and decision-making processes;
2. Be an active owner and to incorporate ESG issues into our ownership policies and practices;

3. Seek appropriate disclosure on ESG issues by the entities in which we invest;
4. Promote acceptance and implementation of the Principles within the investment industry;
5. Work with the PRI Secretariat and other signatories to enhance their effectiveness in implementing the Principles;
6. Report on our activities and progress towards implementing the Principles.

Implementation

We will implement our SRI Policy through the integration of three strategies in our investment process to favor investments that employ best in class ESG strategies.

- **Integration:** CenterSquare will incorporate a thorough analysis of ESG factors while evaluating investments. As appropriate, CenterSquare will favor investments with superior ESG performance.
- **Engagement:** CenterSquare will exercise its responsibilities as a direct shareholder in listed equities through engagement with companies based on this SRI Policy via proxy voting and direct communication (letters, dialogue, etc.). When appropriate and deemed necessary, CenterSquare may choose to lead or join with others in a campaign to promote our principles and values as stewards of client capital. As an investor in direct assets, CenterSquare will exercise its responsibilities based on this SRI Policy via engagement with third parties and contractors.
- **Impact:** CenterSquare will consider investments that generate a positive social impact given they target rates of return comparable with similar assets under management.

If you have any additional questions or seek additional information about this Policy, please contact us via contactus@centersquare.com.