

HARRISON STREET ENVIRONMENTAL, SOCIAL, & GOVERNANCE IMPACT POLICY

September 2021



HARRISON STREET
Making an Impact.

POLICY SUMMARY

Since inception in 2005, Harrison Street has sought to combine innovation and process rigor to execute differentiated strategies that improve the lives of its stakeholders. In 2013 Harrison Street began a formal effort to expand its focus and reporting of environmental, social, and governance (ESG) aspects of the business, which included its first submission to the Global Real Estate Sustainability Benchmark (GRESB). The Firm also publishes annually, and has since 2014, a Corporate Impact Report which highlights material ESG activities undertaken with respect to the Firm and Fund's investments during the previous calendar year. In addition, robust policies and procedures have been implemented to integrate ESG considerations into investment management processes and ownership practices in the belief that these factors can have an impact on financial performance.

Today, the Firm seeks to *Make an Impact*, a vision that encompasses not only the discrete impact of assets but also the positive societal and environmental benefit created through the Firm's investment activities.

SCOPE OF POLICY

This policy defines the Environmental, Social, and Governance (ESG) procedures within the Firm's investment management processes and ownership practices. The policy applies across corporate and investment operations and provides a framework for ESG integration. The Firm's approach is defined in two parts, Corporate Operations, and Investment Operations. Within Investment Operations,

each investment vehicle follows this framework to define a specific approach to ESG integration that aligns with the investment strategy, control, asset class, investment time horizon, and portfolio construction.

MATERIAL ESG ISSUES

Stakeholder feedback is collected every three years to update the Firm's priority list of the most material ESG issues. The results of the 2020 materiality assessment are defined below and have been used to create our Impact Framework.

MOST MATERIAL TOPICS	LESS MATERIAL TOPICS
1. Climate Risk & Resiliency	11. Business Ethics
2. Carbon Emissions & Clean Energy	12. Risk Management
3. Diversity & Inclusion	13. Employee Relations, Satisfaction, & Development
4. Governance Structure	14. Cybersecurity
5. Transparency & Audits	15. Reputation
6. Board & Management Diversity	16. Water Conservation
7. Building Energy Efficiency	17. Waste & Resources
8. Income Inequality, Affordability, & Social Services	18. Communication & Management
9. Health, Safety, & Wellbeing	19. Compensation
10. Social Shifts / Aging Demographics	20. Stakeholder Alignment
	21. Community Engagement
	22. Air & Water Quality
	23. Deforestation & Biodiversity
	24. Human Rights
	25. Certification
	26. Education
	27. Shareholder rights

Harrison Street Materiality Assessment, February 2020



PROCEDURE SUMMARY

CORPORATE OPERATIONS

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|---------------------------------|---|
| 1 MANAGEMENT & POLICY | Sustain a three-pronged management structure including investment committee, executive committee and management committee with diverse leadership and will define sound internal processes for investment decisions which are maintained through superior risk management, due diligence, annual audits, and self-evaluations for compliance, corruption, and disaster readiness. |
| 2 DIVERSITY, EQUITY & INCLUSION | Institute best practices in hiring, management, promotions, and culture to build an inclusive workforce that attracts, retains and develops a diverse set of individuals at all career stages. |
| 3 GIVING & SERVICE | Promote & provide opportunities for team members and the Firm to dedicate their time, talent and funds to those in need. |
| 4 OPERATING PARTNER SERVICES | Dedicate internal resources to supporting external operating partners, including supporting operators in implementing ESG best practices, improving operational performance, benchmarking operator performance against their peers, and connecting partners to industry best practices, technologies, research and networks. |



INVESTMENT OPERATIONS

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| 1 INVESTMENT STRATEGY & DECISION-MAKING | <ul style="list-style-type: none">• Define the specific ESG objectives of investment vehicles considering the information access, influence, and control available.• Conduct robust diligence on new development and operating partners to ensure alignment on all compliance criteria.• Conduct robust diligence on asset acquisitions, reviewing environmental, social, regulatory, and climate risks.• Integrate ESG risks and opportunities into investment committee memo and underwriting process. |
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| 2 EFFICIENT OPERATIONS | <ul style="list-style-type: none">• Engage development partners and monitor project alignment with HS new construction efficiency standards.• Define and communicate ESG obligations to external partners, monitor risks and opportunities, and support operating partners in implementing ESG value add strategies, including but is not limited to:<ul style="list-style-type: none">• Monitoring and benchmark utility consumption and carbon emissions• Encouraging operators to submit energy optimization projects for real estate assets as a part of the annual investment planning process• Identifying and implementing efficiency retrofits and renewable energy projects• Enhance the health and wellness attributes of assets through a focus on safety, satisfaction, and third-party certification.• Monitor and report climate-related risks and implement mitigation and adaption strategies following guidance from the Task Force for Climate-Related Financial Disclosures. |
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| 3 TENANT HEALTH | <ul style="list-style-type: none">• Promote the health and wellbeing of building occupants through a focus on safety, satisfaction, and third-party healthy building certification. |
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| 4 CLIMATE RESILIENT & CARBON EMISSIONS REDUCATION | <ul style="list-style-type: none">• Monitor climate-related risks and implement mitigation and adaption strategies following guidance from the Task Force for Climate-Related Financial Disclosures. |
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| 5 ESG REPORTING & DISCLOSURE | <ul style="list-style-type: none">• Track and report ESG management procedures, KPIs and financial indicators for the Firm and key funds through in an annual GRI report. |

CORPORATE OPERATIONS

1 | MANAGEMENT & POLICY

Sustain a three-pronged management structure including investment committee, executive committee and management committee with diverse leadership and will define sound internal processes for investment decisions which are maintained through superior risk management, due diligence, annual audits, and self-evaluations for compliance, corruption, and disaster readiness.

- The Investment Committee, which includes the CEO and the Firm's Partners, oversees Harrison Street's investment transactions and management.
- The Executive Committee, comprised of the CEO, Partners, and Senior Managing Directors sets the strategic priorities, targets, and direction of the firm.
- The Management Committee, appointed by the Executive Committee, is comprised of Managing Directors, and select Directors. This group both executes the strategy set by the Executive Committee, via project task forces, and oversees the day-to-day operations of the Firm.
- The Firm also has several additional committees and initiatives including Valuation, Allocation, Investment, Focus, Diversity & Inclusion, Capital Markets, Compensation, and Sustainability, all of which influence the Firm's strategic direction and overall performance.
- The Firm's fiduciary duty instills sound internal processes for investment decisions which are maintained through superior risk management, due diligence, annual audits, and self-evaluations for compliance, corruption, and disaster readiness.
- Each new fund has an advisory committee that is created and then meets on an annual basis.
- Appropriate governance structures are incorporated into applicable legal documents to address major decision rights, audit, risk management, conflicts of interest and other policies to align interests.

ETHICS & CORE VALUES

- The Firm is built on five key company values: Teamwork, Innovation, Passion, Excellence, and Integrity. The latter directs Harrison Street to operate with honesty and transparency to hold the trust of its stakeholders.
- Employees must attest quarterly that they follow the [Code of Ethics](#), and they can share any ethical concerns with Human Resources or the Chief Compliance Officer.
- Trainings on topics such as ethics, anti-corruption, foreign corrupt practices and cybersecurity are provided annually, during quarterly certifications, and when new regulations or situations arise.
- All new employees receive a background check and anti-corruption training at hire date.
- The Firm uses a sophisticated web-based compliance tracking system to report and monitor Code of Ethics items such as political contributions, personal trading, conflicts of interest, and gifts.

COMPLIANCE & ANTI-CORRUPTION

- [HS Investment Advisor Policies and Procedures](#) promote compliance with the SEC’s Investment Advisor requirements and assist the Firm in preventing, detecting, and correcting violations.
- Policies against bribery and corruption are maintained, consistent with the US Foreign Corrupt Practices Act and similar laws in other countries.
- Any conflicts of interest are identified and either avoided or reported in accordance with [HS Conflicts Policy](#), and specific restrictions apply to contributions for state and local candidates and office-holders.
- AML/OFAC checks are performed on all investors both prior to accepting funds from the investor and on an annual basis.
- Political contributions are reported in accordance with [HS Investment Advisor Policies and Procedures](#).
- Shareholder right to proxy voting is upheld, if applicable.
- In the event any Supervised Person becomes aware of, or suspects, any activity that is questionable, or a violation or possible violation of law, rules or the firm's policies and procedure, the Firm's Chief Compliance Officer (CCO) is to be notified immediately. Harrison Street will not retaliate or penalize any company employee that in good faith reports a suspected violation of law, rules or HSTA's policies and procedures.

CYBERSECURITY

- The Firm follows data privacy and security procedures detailed in [HS Investment Advisor Policies and Procedures](#) for all IT infrastructure, software, and maintenance.
- Regular training is provided to employees on cybersecurity protocols.
- The Firm’s Operating Partner Cybersecurity Program is maintained and followed to mitigate risk at the asset and operating level by evaluating and advising on security improvements.
- Harrison Street’s Business Technology Group evaluates risk classifications, provides recommendations to partners, and connects partners to third-party consultants and vendors as needed.

RISK MANAGEMENT

- Risk assessments are led by the Firm’s CCO and are conducted periodically and shared with Executive and Management Committees. Risk topics are identified by the CCO team and Firm Directors, with input from industry trends, analysts, stakeholders, and investors. The Firm's Risk Committee identifies top priorities for risk mitigation, which are then addressed by internal teams composed of members of both the EC and MC. Results of this work is presented to Risk Committee and may be further shared with the EC and MC.
- Risk management concepts are incorporated in the investment committee process, which includes at minimum a slide dedicated to risk management and a variety of sensitivity analyses.
- Risk management concepts are incorporated into asset management processes including reviewing strategy, expenses, budget plans, and portfolio management reporting to investors.
- The Firm actively prepares for unforeseen interruption to normal business practices and has established the following policies and procedures: Disaster Recovery, Business Continuity, and “Black Swan” events.

2 | DIVERSITY, EQUITY & INCLUSION

Institute best practices in hiring, management, promotions, and culture to build an inclusive workforce that attracts, retains and develops a diverse set of individuals at all career stages.

- The Firm has a diversity, equity and inclusion committee dedicated to building an inclusive environment which allows everyone to thrive by supporting and celebrating the backgrounds of all team members and valuing the unique perspectives they bring to the table. The Firm's vision is to actively pursue diversity in building its workforce, instill a culture of inclusivity, develop current and future leaders, and create equitable opportunities across the business.
- The Firm follows all equal employment opportunity requirements as detailed in the [HS Employee Handbook](#).
- Best hiring practices are implemented, such as auditing job descriptions to eliminate unconscious bias, provide accessibility assistance to disabled applicants, present diverse candidate slates, and conduct blind resume screening.
- The company's pipeline of potential talent is expanded by engaging in aligned foundations and minority internship programs.
- Mandatory employee training led by a third-party expert consultant is provided on implicit bias to understand how unconscious processes undermines recruiting efforts and employee development.
- Employee and management statistics are reported quarterly, showing trending gender and ethnicity data to evaluate the effectiveness of hiring practices and employee retention.
- All full-time employees are entitled to parental leave, regardless of gender. In 2019, the parental leave policy increased from 12 weeks to 16 weeks, and employees are not required to exhaust their PTO during their leave.
- The Firm also added a phased return to work plan, allowing employees to gradually return to work from their parental leave. Upon returning to work, nursing mothers are provided a dedicated sanitary, equipped, secure, and comfortable room for pumping. To help offset childcare costs for working parents, employees are provided a subsidized Dependent Care Account.



3 | GIVING & SERVICE

Promote & provide opportunities for team members and the Firm to dedicate their time, talent and funds to those in need.

- The Firm follows occupational safety, worker rights, and labor management regulations as defined in [HS Employee Handbook](#).
- Relevant sustainability training is provided to employees; such as, investor reporting standards, best practices in asset management, financial evaluation methodology for energy retrofits, etc.
- The company integrates sustainability into the corporate office operations, corporate travel, and purchasing. For example, the corporate office holds both LEED and Fitwel Certifications and is near public transportation options.
- The Firm's office layout and design provides an active, engaging, and ergonomic workspace with abundant natural light, external views, and healthy indoor air quality. Employee wellness is also enhanced by providing access to healthy meals and snacks, coordinated wellness challenges, and access to workout facilities.
- Employee wellness program are provided which include biometric screening, health coaching, personal action plans, and health incentives.
- In order to assist in employees work/life balance, all employees VP and above are provided with the benefit of unlimited personal time off (PTO). Summer and holiday Fridays, where employees have the option to leave at noon, are offered to all employees.

EMPLOYEE DEVELOPMENT & RETENTION

- Successful employee growth and retention is supported by providing annual reviews to 100% of employees, reimbursing professional development, and offering a robust employee benefits package which includes a no-deductible health care plan covering 90% of the premium, transit subsidy, and 3% Safe Harbor Contribution.
- The Firm's compensation package is highly competitive and performance-oriented to attract and retain best-in-class team, comprised of base salaries and annual bonuses. Firm employees are compensated with competitive market-based salaries and bonuses based on meeting personal and company goals. Members of the Firm with the title Vice President and above are eligible to invest personal capital into the Firm's products that allow for an equity investment. Select employees have varying levels of carried interest of the GP of the Firm's closed-end opportunity funds.
- A detailed third-party compensation study is undertaken every three years to ensure the Firm is offering a compelling economic package to its employees that is competitive to the industry.
- The effectiveness of employee benefit offerings are evaluated through an annual employee satisfaction survey, return to work rates, and retention figures.

GIVING & SERVICE

- Annually local community needs are evaluated and determined how philanthropic donations should be invested.
- Volunteer opportunities are offered to employees to engage with the community each quarter. In addition, the company as a whole participates in an Annual Day of Service.
- The next generation of talent is developed through a structured and proven successful internship programs.
- An annual Charitable Gift Match program is provided to employees.

4 | OPERATING PARTNER SERVICES

Dedicate internal resources to support external operating partners, including supporting operators in implementing ESG best practices, improving operational performance, benchmarking operator performance against their peers, and connecting partners to industry best practices, technologies, research and networks.

- Fully understand each operating partner's culture, management team, business processes, and company strategy to adequately tailor solutions that support their continuous improvement.
- Evaluate opportunities to improve asset operations and solve common issues experienced in the Firm's asset classes.
- Evaluate and compare the performance of operators within the same asset class reveal best practices that can be applied to underperforming assets.
- Facilitate network engagement among operators in the same asset space and connect operators to industry experts and research.
- Identifying, learning, and sharing of operators' best practices.



INVESTMENT OPERATIONS

1 | INVESTMENT STRATEGY & DECISION MAKING

Define the specific ESG objectives of investment vehicles considering the information access, influence, and control available.

- Portfolio Management and Sustainability Leadership define the material ESG objectives, initiatives, data tracking, and reporting strategy for the applicable investment vehicle.
- Funds invest in the areas of Education, Healthcare, Life Science, Infrastructure and Storage in accordance with the investment restrictions as outlined in each Fund's respective Limited Partnership Agreement. The company generally seeks to exclude investments in assets involved with armaments (manufacture or storage), tobacco and tobacco-related products, gambling, pornography, prostitution, child labor, endangered wildlife, or prohibited substances.
- The degree of information access, influence, and control that Harrison Street has differs amongst the investment vehicles, enabling and requiring various levels of monitoring and management.

UNDERWRITING & DILIGENCE

- Integrate ESG risks and opportunities into investment committee presentation deck. For any identified risks include mitigation plan.
- Following IC approval conduct third party robust asset level ESG assessment and build results into underwriting process.
- Environmental risk is evaluated using a third-party environmental assessment and a property condition assessment that includes efficiency evaluation and sustainability systems inventory.
- Evaluate asset resilience to natural disasters by integrating backup systems, fire suppression, site generation, and demand response.
- Evaluate asset adaption to climate related events such as flood defenses, drought, and storm-resistant landscape design, building designs adapted for extreme weather events, etc.
- Social risk evaluates employment and emergency response practices of operating partners and site aspects such as walkability, proximity to healthcare, and access to public transportation.
- For certain asset classes, regulatory risk includes evaluating increases and changes to Medicaid/Medicare reimbursement.
- Climate risk is evaluated through consultant and insurance cost studies on the risk of floods, hurricane storm surges, winter storms, and wildfires. Rising energy prices, energy generation regulation, water price and scarcity are also evaluated.
- Conduct robust diligence on new development and operating partners to ensure alignment on all compliance criteria.

- Partner background checks are a part of the standard due diligence process for all new partners. For every new deal with an existing partner, background checks are conducted if more than three years have passed since the last investigation.
- Internal due diligence policy, procedures, and checklists are defined for specific asset class and investment vehicles. Each of these activities are detailed in the HS Due Diligence Checklist and Procedures.

2 | EFFICIENT OPERATIONS

NEW DEVELOPMENT

Engage development partners and monitor project alignment with HS new construction efficiency standards.

- New developments will seek to incorporate enhanced efficiency standards that we believe will have a positive impact on the environment in a manner that is consistent with the applicable investment strategy.
- All development partners are evaluated on their sustainable practices in design, construction, and operation.
- Education and access to expert consultants is provided to evaluate sustainable building strategies and promote long-term economic benefit and tenant wellbeing.
- The Firm collaborates with development partners to integrate viable sustainability strategies into project proforma and design plans on a case by case basis, considering location, building type, tenant population, and portfolio goals.
- Development teams shall complete [Development Checklist](#) during project design and submit a final post-construction checklist after project completion.

PROPERTY MANAGEMENT

Define and communicate ESG goals to external partners, monitor risks and opportunities, and support operating partners in implementing ESG value add strategies, including but is not limited to:

- The Firm encourages that all operators should align with the procedures defined in the [HS Property Manager ESG Policy](#)
- The Firm expects each operator to optimize tenant health, safety, and emergency preparedness and support operators in following the [HS Emergency Preparedness Guidelines](#).
- Property managers that participate in our ESG efforts are asked to track utilities, carbon, waste, and certifications at the investment level. They shall seek to reduce consumption and cost through audits and retrofits, and actively participate in energy benchmarking using third-party platforms and municipal benchmarking programs.
- Capital expenditures and refurbishments seek to improve the asset ESG performance. ESG improvement projects shall document the investment opportunity, payback, and valuation prior to execution. Retrofits are monitored to validate that projected savings have been met.
- Our asset management team seeks to use tenant fit out and refurbishments as an opportunity to implement [HS Retrofit & Tenant Improvement Policy](#).

- Annual business plans and Hold Sell Analysis includes measurable ESG factors as appropriate to the sector and market.
- In our contracts with property managers and vendors, we seek to include implementation and reporting of ESG factors.
- Engagement of property managers in sustainability is increased by providing education and guidance and encouraging the adoption of best practices.

3 | TENANT HEALTH

Promote the health and wellbeing of building occupants through a focus on safety, satisfaction, and third-party healthy building certification.

- The Firm seeks to integrate relevant clauses to support ESG objectives in Tenant leases.
- Tenants and residents are engaged in an annual satisfaction survey as required by HS Property Manager ESG Policy. Based on survey results, programs are implemented to ensure tenants are engaged in meaningful dialogue to promote satisfaction with the asset and property management. Ongoing monitoring of tenant satisfaction occurs through annual surveys.
- Operators are supported in providing wellness amenities and programming for tenants such as: outdoor spaces, fitness programs, community outings, etc.
- Operators are encouraged to pursue third-party certification of asset health and wellness attributes.

4 | CLIMATE RESILIENT & CARBON EMISSIONS REDUCTION

Monitor climate-related risks and implement mitigation and adaptation strategies following guidance from the Task Force for Climate-Related Financial Disclosures.

- Material climate risk indicators across investment entities and assets are assessed, including but not limited to wildfires, inland flooding and severe storms, hurricanes and storm surge, sea level rises, and the respective loss risk.
- Environmental risk is evaluated using a third-party environmental assessment and a property condition assessment that includes efficiency evaluation and sustainability systems inventory. The results of the analysis for each proposed new deal is reported on in the respective IC book.
- Social risk evaluates employment practices of operators, emergency response procedures, and site aspects such as walkability, proximity to healthcare, and access to public transportation.
- Rising energy prices, energy generation regulation, water price/scarcity are evaluated to identify on-site generation or aligned efficiency measures that should be included in asset design.
- Asset resiliency to natural disasters is approached by integrating backup systems, fire suppression, site generation, and demand response to maintain life safety systems in the event of power outage.
- Existing assets and new developments are analyzed to determine the economic viability of renewable energy installations. These installations reduce GHG emissions and are a hedge against the risk of increasing energy prices.

- Natural disasters are evaluated annually to confirm appropriate insurance coverage and on-site risk mitigation/adaptation strategies are in place.
- Harrison Street works alongside operators to review policies and procedures and to help implement new tools to enhance and expand health and safety programs.
- Guidelines are provided to operators for enhanced Emergency Preparedness and Response Plans for cybersecurity, active shooters, infectious disease control, resident evacuation/relocation procedures, etc.
- Climate-Related metrics will be tracked; including but not limited to: Greenhouse Gas Emissions, Energy Usage, Water Usage, Natural Disaster Risk, Risk Adaption Capex.

5 | ESG REPORTING & DISCLOSURE

Track and report ESG management procedures, KPIs, and financial indicators for the Firm and key funds through in an annual GRI report.

- Quarterly report ESG material activities in an Impact Dashboard by Firm and select Funds.
- Track ESG value add projects and monitor the monetary impact on asset NOI and valuation.
- Monitor material ESG issues and climate-related financial risks that may impact the value of the portfolio and report following guidance from the Task Force for Climate-Related Financial Disclosures.
- Report annual ESG management and performance data to the Global Real Estate Sustainability Benchmark (GRESB) and the Principles of Responsible Investing (PRI).





CONTACT

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