

SAVANNA

**ENVIRONMENTAL,
SOCIAL &
GOVERNANCE (ESG)
POLICY**

DECEMBER 2021

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Environmental, Social, Governance (ESG) Policy

Mission

As an organization, Savanna Investment Management LLC (“Savanna”) is committed to promoting sustainability throughout its operations. This policy addresses the various environmental, social and governance strategies, processes and procedures that guide Savanna’s sustainability initiatives.

From an environmental perspective, it is Savanna’s policy to assess the feasibility of environmentally efficient alternatives as it executes its business plans for various assets and to select any sustainable options where Savanna believes it is appropriate and cost effective. From a social and governance perspective, Savanna deeply values its employees, tenants, and investors as well as the communities in which it invests. As such, the firm has developed policies and procedures designed to ensure that the interests of these stakeholders are prioritized, and that Savanna demonstrates both corporate social responsibility and strong governance in its business operations.

Policies and Practices

Savanna implements its objective of ensuring a focus on environmental sustainability for its portfolio assets by conducting energy audits and other environmental risk assessments (e.g., Phase I Site Assessments); using the Energy Star Portfolio Manager system to track energy, water and GHG emissions when applicable; specifying guidelines for the building process for all ground-up and substantial redevelopment projects; and targeting LEED certification for all ground-up construction and substantial redevelopment projects.

Savanna implements its social objectives through policies that pertain to the personal and professional development of its employees; health and wellness initiatives; diversity and inclusion monitoring; and tenant and community engagement processes.

Finally, Savanna has in place a governance structure that allows for both transparency and effective oversight of the firm and its employees. The firm is led by an 11-person Senior Management Committee, which includes a General Counsel & Chief Compliance Officer who oversees the firm’s risk management function and ensures that there is a strong focus on compliance and business ethics. Savanna has a Compliance Manual, Code of Ethics, and Employee Handbook which are the guiding documents pertaining to governance and employee conduct. In addition, ESG is governed by a team comprised of eight Savanna employees across disciplines, led by the firm’s Director of Development & Chief Sustainability Officer.

Implementation

Environmental

Savanna will consider sustainable options for both buildings in its current portfolio as well as new acquisitions. For its standing investments, if applicable, Savanna uses ENERGY STAR Portfolio Manager to track consumption on a regular basis in compliance with Local Law 84 and will certify all buildings that qualify for ENERGY STAR Certifications annually. Additionally, Savanna intends to perform energy audits of all buildings in the performance phase, in compliance with Local Law 87. With the growing impact of climate change, Savanna evaluates all existing and potential assets for resiliency risk and aims to mitigate those risks through compliance with all local laws, implementation of environmental and energy efficiency initiatives, and additional relevant preventative measures.

Since the majority of Savanna's properties are located in New York City, Savanna will aim to align with the City of New York's PlaNYC effort to conserve resources. Specifically, the PlaNYC initiative includes reducing energy consumption by 2%, reducing water consumption by 3%, increasing waste diversion from landfills by 5%, and reducing GHG emissions by 2%.

For ground-up construction and substantial redevelopment projects, Savanna intends to issue rules and regulations to all contractors which include guidelines relating to environmental issues such as energy consumption, GHG emissions, water consumption, waste management, and climate change. These guidelines will specify Savanna's goals to select and install high efficiency HVAC systems, high reflectance roofs, low flow fixtures, Energy Star appliances and other applicable environmentally efficient systems.

With these initiatives in mind, Savanna intends to target LEED certification at the Silver level for ground-up construction and substantial redevelopment projects, ensuring a sustainability focus throughout any of these new projects that it undertakes.



Environmental Sustainability Goals for Ground-Up Construction and Substantial Redevelopment Projects

The following are Savanna's goals for current and future ground-up construction and substantial redevelopment projects.

1. **Building Safety:** Appropriate lighting will be installed in all exits and staircases in an effort to help ensure building safety while attempting to appropriately manage energy consumption.
2. **Climate Change Adaptation:** When appropriate and cost-effective, Savanna will aim to ensure that no CFC based refrigerants will be used in HVAC & refrigeration systems in any buildings. In addition, Savanna will evaluate the potential risk and impact of climate disaster (for example, a potential weather event similar to Hurricane Sandy), in connection with all assets. Risk management measures will be evaluated as deemed pertinent by related studies produced by third-party engineers and consultants. Recognizing that global climate change is one of the most critical issues facing the world today, Savanna is committed to reducing the environmental impact of both its new developments and the operations of its existing buildings. In addition, Savanna discloses its carbon emissions data, which is obtained through ENERGY STAR's Portfolio Manager, to its stakeholders in the firm's annual ESG Report.
3. **Environmental Attributes of Building Materials:** When appropriate and cost effective, Savanna will install local materials (sourced within 100 miles) and /or materials with recycled content. To encourage the use of products and materials for which life-cycle information is available and have environmentally, economically, and socially preferably life-cycle impacts, Savanna will aim to use materials with environmental product declarations, health product declarations, and/or disclosure of their environmental impact. Savanna will also attempt to use materials such as paints, coatings, adhesives, sealants, and flooring that are green seal compliant and that contain minimal VOC's compliant with LEED standards. Wherever feasible, third-party wood requirements (FSC certified) will be specified to be installed.
4. **GHG Emissions/Management:** Overall efforts will be made to reduce the carbon footprint of the buildings and occupants, including installing HVAC systems that are not oversized and efficient mechanical systems, in an effort to reduce overall energy consumption of the building.
5. **Waste Management:** Savanna intends to recycle ongoing consumables such as glass, plastics, paper, cardboard and aluminum in all ground up construction projects. Additionally, it is intended that all ground up construction projects will aim to divert 50% of construction waste from landfills. All standing investments comply with NYC requirements for a Recycling Program.
6. **Water Consumption/Management:** Low flow fixtures and faucets will be installed wherever Savanna determines it is feasible. Any replacement fixtures will also meet or exceed the following UPC/IPC Standards and EPA WaterSense Standards. Water closets: 1.1 gpf, Urinals: 0.125 gpf, Lavatory Faucets: 0.35 gpm, Kitchen Faucets: 1.5 gpm. In addition, Savanna will install water closets and toilets with occupancy sensors wherever feasible. To ensure efficiency of water systems, Savanna will develop and implement a commissioning plan encompassing the building's plumbing system as aligned with the LEED rating system. As part of Savanna's design requirements, it is required that the MEP and Architect coordinate to plan and design for water efficiency and supply, improved water quality through

enhanced filtration, and the incorporation of outdoor water efficiency measures, if applicable.

7. **General Sustainable Operations:** When preparing development or redevelopment plans, Savanna will request that key service providers present sustainable or green options. For standing investments, when service provider contracts are up for renewal, Savanna will request they present sustainable or green options. Service providers include, but are not limited to: green cleaning vendor, durable goods provider, pest management vendor.
8. **Sustainable Materials Return on Investment:** When installing or replacing building systems, Savanna will consider options for energy efficient, green systems that may provide operating cost efficiencies in the future that offset higher upfront costs.
9. **Ecosystem Services/ Habitat Management:** Low-impact development best practices are employed to control urban runoff whenever possible to maintain the existing ecosystem services of a site and habitats (as applicable). These best practices include but are not limited to preserving and recreating natural landscape features and minimizing impervious surfaces. Savanna recognizes the impact its assets may have on wildlife and the surrounding ecosystem and aims to minimize the impact and preserve the surrounding biodiversity and habitats they occupy. To maintain this, during any due diligence phase (new construction or acquisition), environmental impact is assessed, and climate appropriate plants are evaluated for use (drought resistant are preferable). Based on the findings of the environmental impact assessment, Savanna takes specific measures to address these risks.
10. **Health & Safety:** All Savanna assets and employees promote health and safety whether in the office or at construction sites. This includes but is not limited to requiring green cleaning policies and adherence to LEED EBOM v4.1 green cleaning prerequisites and credit requirements, workplace wellness strategies such as hand sanitizing stations, and adhering to all OSHA requirements. The receptionist at Savanna offices is responsible for completing annual workplace checks for each workstation ensuring each desk is setup to include additional wellness accommodations for each employee (technology, ergonomics of furniture, etc.).

As a component of Savanna's health and wellness program, new developments are designed to incorporate acoustic comfort, active design features, increased daylighting, individual occupant controls, and promotion of physical activity to showcase Savanna's commitment to enhancing the mental and physical wellbeing of its building occupants. As a forward-looking initiative, wherever feasible, Savanna seeks to integrate biophilic design into new developments.

In addition, Savanna has developed enhanced air and water quality management protocol, cleaning, sanitation procedures, and health services resources in adherence to the WELL Health-Safety Rating. Savanna purses the WELL Health-Safety certification to promote the physical and mental health, wellness, and awareness of its building occupants.

11. **Resilience:** Savanna believes creating more adaptability and resiliency in its buildings will give the firm a competitive advantage in its marketplace. As such, Savanna's goal is to build a portfolio that is as resilient as possible to any potential disruptions to the firm's business, such as earthquakes, heatwaves, storms, sea-level rise, and other natural disasters. Savanna's policy is that every asset building should

have the ability to be operational as soon as is safely possible following a disaster. Suggested methods of achieving this goal include:

- Structural design/retrofits for seismic events
- Backup/onsite power generation
- Robust emergency communication system
- High walkability to surrounding neighborhoods
- Internet delivered through mesh network
- Flood protection
- Strong relationships with the surrounding community

Climate Change & Resilience

Climate change is one of the greatest threats to businesses and society, and the commercial real estate industry is not immune. Comprising a large portion of global energy consumption, the commercial real estate industry produces significant amounts of greenhouse gas (GHG) emissions. It is a global imperative to scale back emissions in line with a minimal warming scenario, in some cases requiring net-zero emissions by the year 2050 in order to avoid the worst impacts of climate change. Such a reduction will require a step forward in the way this industry develops and operates buildings. Savanna has developed a **Climate Change & Resilience Risk Assessment Policy** which outlines the process for identifying physical and transition climate-related risks, developing an operational response plan, and implementing improvement measures that will increase resilience and mitigate risk for Savanna's portfolio.

Alignment with Taskforce on Climate-Related Financial Disclosures (TCFD)

Savanna is aware of the risks and opportunities that climate change presents for the firm's business. In an effort to operate responsibly and transparently, the firm decided to publicly support the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The integration of TCFD, a global framework for managing and disclosing climate risks, into Savanna's climate strategy should give the firm's stakeholders insight into its climate management approach and progress, specifically in mitigating risks deemed material to its business.

Business Strategy

Savanna has identified several climate-related risks and opportunities material to its business. The firm has assessed these risks and the associated potential impacts to its operations. Physical risks and opportunities are defined as those resulting from a changing climate, and transition risks and opportunities arise from the need to transition to a low carbon economy. The timeline for these risks is defined as short-term, anticipated over the next one to five years, and long-term, anticipated in six plus years.

Risk Identification & Management

Organizational Risk Identification Processes

Savanna's discovery process was initiated in June 2021 during a workshop organized by the ESG Team, who together with Savanna's consultant, discussed relevant climate change trends in order to collaboratively identify associated risks and opportunities with respect to Savanna's business operations. Implicit in those findings were two types of risks most material to Savanna: physical and transition risks. Leveraging its holistic ESG approach and cross-functional team, Savanna identified the short and long-term risks to the business's value chain.

Asset-Level Risk Identification Processes

Savanna has established a protocol when evaluating all new potential investments in which it incorporates an assessment of physical and transition climate risks into the due diligence phase. This process involves:

- Evaluating an asset's exposure and vulnerability to physical climate risks through flood maps, site visits and interviews
- Conducting site visits and interviews to track historical risks
- Conducting Phase 1 and 2 environmental risk assessments
- Analyzing historical utility usage and auditing existing systems

Any identified climate-related risks or opportunities are evaluated and prioritized using studies produced by third-party engineers and consultants.

Risk Management Practices

Savanna manages climate change risks at each stage of the building cycle.

	Approach
Investments	<p>During the due-diligence phase of project exploration, an assessment of those risks material to Savanna’s business are included in the investment memo. Those high-priority climate-related risks and opportunities are prioritized and immediately acted upon via building upgrades. As such, resilience improves as energy usage and emissions are reduced. All these upgrades are factored into deal underwriting and when creating CAPEX plans. Projects may include relocating electrical equipment from the first floor if the asset lies within a designated flood plain or upgrading building energy efficiency features to remain in compliance with stringent New York City Energy Codes.</p>
Operations	<p>Savanna’s property management teams and consultants use softwares including ENERGY STAR Portfolio Manager, Measurabl, and Cortex, to regularly track and monitor energy usage across its portfolio. This data enables property managers to work with the asset management team to manage energy usage and identify opportunities to reduce GHG emissions based on the data.</p> <p>Savanna works closely with its property managers to execute on these identified opportunities to increase resilience and mitigate climate-related risks. Such examples include fortifying building systems via mechanical upgrades and back-up generators, as well as developing comprehensive emergency preparedness plans and training.</p> <p>In 2020, Savanna completed ASHRAE Level II energy audits at all properties. To act on these results, Savanna is actively engaging with industry experts and has enlisted the help of ESG consultants to develop comprehensive energy models for certain indicative properties, informed by the audits. These models provide insight into productive carbon emission reduction strategies to ensure that the performance of Savanna’s buildings is within the bounds of the stringent greenhouse gas reduction requirements enacted by New York Local Law 97.</p>
Developments	<p>In compliance with New York City Building code, climate risk management is embedded in Savanna’s development processes. Savanna goes one step beyond the requirements for lighting, indoor air quality, transit access and others to pursue best-in-class certifications and cutting-edge strategies.</p> <p>Savanna targets LEED certifications for all development work, specifically LEED Silver for all major ground-up re-development projects, demonstrating leadership in energy, efficiency and design. Savanna’s internal team is comprised of LEED Accredited Professionals, so data management and best-in-class-materials selection are embedded into Savanna’s processes. This team also collaborates with accredited professionals at SPN and JLL to maximize climate risk management in developments.</p>

Opportunities

Faced with the challenge of adapting existing practices and infrastructure to mitigate the risks of a changing climate, Savanna also sees an important opportunity to critically evaluate and improve its existing business. The pressure to adapt to a low-carbon economy may illuminate solutions not otherwise considered. As such, Savanna has identified opportunities which enable the firm to capitalize on advantages in the market and grow its business. By leveraging the following strategies, Savanna believes it can meet and even exceed quickly evolving demands and expectations of its partners and tenants.

- Benefiting from competitive advantage of added resilience in building designs
- Leveraging benefits from programs such as retrofit incentives or green tax credits
- Meeting tenant demand for Class A sustainable buildings
- Meeting tenant demand for health and well-being certified buildings
- Meeting partner demand for managers that align with ESG frameworks and benchmarks (e.g. TCFD, SASB PRI, and GRESB).

Social

Savanna places a high value on human capital, acknowledging that the firm's people and its stakeholders are the key to its success. Savanna uses its Employee Handbook to govern all employee matters and ensures that this document protects employee rights, promotes employee development, and effectively allows for employees to carry out their roles feeling supported by the firm at large. Savanna's Health and Wellness Program has been developed to further support employee needs, addressing physical, social and mental health. The firm's office spaces not only support social interaction but also promote the health and wellness of employees and ensure that water quality, lighting quality, and acoustic concerns are key components of the design. Further, Savanna engages with its employees through an annual survey covering health and wellness, diversity and inclusion, and overall satisfaction with the company. Insights gleaned from this survey are used to inform the firm's senior management team's continued efforts to improve management, hiring, and retention practices.

With respect to tenants, Savanna incorporates green language into its leases and also distributes Sustainability Guidelines to tenants upon lease signing to recommend ways in which they can conserve resources within their space. Savanna has also created Tenant Design & Construction Guidelines, which include parameters on low-emitting materials and indoor air quality, to ensure tenant health is prioritized in all designs. In instances where Savanna builds out space for tenants, the latest best practices are employed, often aligning with LEED and WELL credit requirements.

Finally, in an effort to act as a responsible member of the community, Savanna engages with community members by supporting local organizations in the neighborhoods in which it invests and by establishing a line of communication with the community in connection with ground-up development projects that have an impact on their surrounding neighborhoods.



Governance

Savanna is working towards best-in-class ESG leadership and transparency through a variety of initiatives. Effective implementation of these practices starts with Savanna’s Senior Management Committee and ESG Team, which govern the way the firm approaches ESG initiatives. Savanna not only has various governance and ESG related policies in place, but also trains its employees, both upon hire and annually thereafter, on the firm’s code of conduct and compliance policies, with a strong focus on ethics, fiduciary duty, and integrity. With respect to ESG reporting, in an effort to prioritize transparency, Savanna issues an annual ESG Report and responds to the Global Real Estate Sustainability Benchmarking Survey for all of its fund assets, disclosing sustainability policies, performance, audits, projects, building certifications, and other information about the firm’s ESG practices.

