



THE NATURE OF VALUE

2022 Environmental, Social,
& Governance Annual Report



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LETTER FROM THE ESG COMMITTEE

At Rockwood, we strive to invest responsibly. We realize that our investments impact people, communities, and the environment. With an ESG framework centralized on the themes of Partnership, Place, and Performance, we aim to create value for our investors.

In this third annual ESG report we are proud to communicate the progress towards our 2022 ESG goals and outline our goals for the next year. This year we continued to focus on institutionalizing and fortifying the foundation of our ESG program. As a primary part of our efforts, we partnered with external experts to develop an ESG dashboard that centralizes our energy data and key performance indicators (KPIs). Through our ESG acquisition checklists and risk assessment tools, we are also expanding our investment process to include enhanced climate risk considerations across the life of each investment.

Rockwood also focused on increasing transparency to keep internal stakeholders such as our staff, and external stakeholders such as our investors, partners, and industry associations informed of our ESG progress and goals. Through our ESG framework and data management strategy,

we have strengthened our communication tools to educate and inform stakeholders on our ESG initiatives and progress. We have sought to incorporate guidance from industry-recognized reporting frameworks such as the United Nations Principles for Responsible Investing (UNPRI) to demonstrate our commitment to continued improvement and integration of ESG practices across our business.

We believe that strong senior leadership and deep organizational support is critical to enabling ongoing progress. Our ESG Committee includes senior leaders across functions and reports directly into the Management Committee. Team members across functions and seniority levels contribute to our various initiatives.

We are excited about the many initiatives on the horizon for 2023 including Rockwood Multifamily Partners' first submission to GRESB, formally known as the Global Real Estate Sustainability Benchmark, and completion of a carbon assessment program. Most importantly, we look forward to collaborating with all stakeholders to continue to procure high quality investments that that create value for our investors.



ABOUT ESG AT ROCKWOOD

Throughout our nearly 30-year history, Rockwood has honed an investment strategy which emphasizes “The Nature of Value” or the role natural elements have in value creation. As a real estate investment management firm, Rockwood provides debt and equity capital, combined with real estate operating expertise, for the repositioning, development, redevelopment, and recapitalization of primarily office, multifamily, and mixed-use properties in select target markets throughout the United States. We seek to deliver responsible, healthy, and engaging places to the communities where we invest by focusing on “The Nature of Value” through a framework centered around Partnership, Place, and Performance.

AS OF Q4 2022

ROCKWOOD AT-A-GLANCE

▶ OUR PROPERTIES

- › 400 Total Properties
- › \$39.5 Billion Invested Across Real Estate Markets Since Inception
- › \$14.1 Billion Of Assets Under Management

▶ OUR PEOPLE

- › 130+ Institutional Investors
- › Over 85 Employees
- › 20+ Years Average Real Estate Experience Of Partners

“ We believe that evaluating material ESG risks and opportunities is critical to how we invest and create value for our partners. ”

TYSON SKILLINGS, MANAGING PARTNER





OUR ESG COMMITMENT

Rockwood is committed to driving engagement on material ESG issues throughout our business. Our investment strategy centers on the dynamic relationship between real estate and the health of our urban environments. As such, we strive to deliver responsible, vibrant, and engaging places to live, work, and play.

Our Environmental, Social, and Governance (ESG) program, steered by “The Nature of Value” philosophy, works to promote the stewardship of our natural and built surroundings, while positively impacting the people who enjoy them. Our approach to ESG is centered around a “Partnership, Place, and Performance” framework that we will continue to align with by placing our resources and efforts into strategic investments.

OUR ESG POLICY

In 2022, we adopted an expanded ESG policy which outlines our ESG management process and incorporates language to include considerations of material ESG issues throughout our investment processes. With support from senior leadership and guidance from the ESG Committee, Rockwood’s ESG framework prioritizes our commitments and focuses on our core values: partnership, place, and performance. We believe that our ESG framework as outlined below heeds responsibility to the natural world and helps improve the value of our investments.



OUR ESG Framework

PARTNERSHIP

Rockwood works with our partners to deliver solid, risk-adjusted returns and exceptional client services. We work with our partners to support our community and the environment through a range of actions such as:

- Encouraging our stakeholders to embrace ESG principles with open dialogue, education, and training
- Communicating material aspects of Rockwood's ESG performance and governance structure
- Reinforcing a culture of teamwork and inclusion among our staff
- Promoting diversity, equity, and inclusion at Rockwood and within the industry

PLACE

Our investment strategy focuses on the creation of properties within urban, mixed-use locations that are transit-oriented, walkable, and socioeconomically diverse. We aim to create desirable communities that prioritize nature to improve the health, happiness, and quality of life for our tenants. We create this strong sense of place by:

- Developing strategies to identify, analyze, and mitigate material ESG risks
- Investing in communities that promote healthy, sustainable lifestyles
- Collecting and analyzing key performance indicators (KPIs) at the asset level

PERFORMANCE

Rockwood tracks and manages material financial, environmental, and social indicators to improve and inform our operational performance. We continuously improve our performance by:

- Considering material ESG-related risks and opportunities across our existing portfolio and as part of our acquisition process
- Incorporating new technologies to improve data management
- Assessing properties and developments to identify risks and opportunities
- Certifying properties, where deemed appropriate, through industry-recognized programs



OUR ESG OBJECTIVES

- Proactively identify climate-related risks through comprehensive risk analyses
- Support internal and external diversity, equity, and inclusion (DEI) initiatives to drive DEI throughout our industry
- Engage stakeholders on the importance of ESG considerations
- Drive community impact with our time and resource commitments
- Monitor and track our energy data against key performance indicators (KPIs)
- Align to or support certain international standards and reporting frameworks such as the United Nations Sustainable Development Goals (UN SDGs) and GRESB

FOLLOWING OUR ROADMAP TO SUCCESS



In 2020, Rockwood developed a three-year roadmap which we used to guide the implementation of our ESG policy and objectives across all aspects of our business and investment processes. Five key focus areas were identified and used to build out our management approach including:

- 1 Program Design and Administration
- 2 Data Management
- 3 Industry Reporting and Transparency
- 4 Stakeholder Engagement, and
- 5 Technical improvements

By the end of 2022 we completed all the objectives laid out in that roadmap.

KEY ACCOMPLISHMENTS IN 2022

- Adopted ESG principles, goals, and policies, and communicated them across Rockwood
- Determined an ESG implementation model including resources and funding mechanisms
- Developed ESG Due Diligence Checklists for use across certain Equity and Credit Investments
- Centralized our ESG data and created dashboards to monitor progress
- Increased our transparency by becoming a United Nations Principles for Responsible Investment (UN PRI) signatory and reporting to the framework
- Developed strong engagement tools including standardized investor ESG materials, white papers, and ESG case studies
- Created sustainability-focused operations guidelines for investments by product type
- Developed ESG guidelines for new construction and major renovations
- Enhanced ESG requirements in legal documents
- Conducted climate risk assessments for certain properties
- Increased training and education on ESG topics (both externally and internally)



OUR ESG Committee

Comprised of eight members from our senior leadership team who bring expertise from across our business, Rockwood's ESG Committee drives our ESG strategy and is responsible for its long-term success. Formal monthly meetings are held to track progress towards the initiatives underway and identify new initiatives on the horizon. Rockwood's Management Committee receives regular updates from the ESG Committee Chair and approves all initiatives.

ESG Committee Members:

TARA MCCANN, Senior Managing Director and Head of Capital & Client Strategies (ESG Committee Chair)

MARY BOGINO, Managing Director – Credit Strategies

MATTHEW FRIEDMAN, Managing Director – Acquisitions

PETER KAYE, Partner – Portfolio Management

JOEL MOODY, Partner and Head of Asset Management

HALLOCK SVENSK, Associate General Counsel

ASHLEY VALENTINE, Executive Director and Head of Human Capital

MARIA VASILATOS, Managing Director – Capital & Client Strategies

As a responsible investor, Rockwood leverages the competencies of this committee and holds interim meetings to advance individual initiatives. With the development of our ESG Policy and continued guidance from the ESG Committee, Rockwood is focused on creating value that supports our communities and the environment which they depend.



UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS*

The UN SDGs are the world’s shared plan to end extreme poverty, reduce inequality, and protect the planet by 2030. Adopted by 193 countries in 2015, the UN SDGs emerged from the most inclusive and comprehensive negotiations in UN history and have inspired action from people and organizations across sectors, geographies, and cultures. Rockwood is focused on climate change, poverty, and inequality and we see it as our responsibility to use our business objectives to positively impact the people, communities, and environment where we invest. Guided by our ESG commitment and framework, we believe our efforts align with the following UN SDGs:



PARTNERSHIP



Zero Hunger – Reduce hunger in our communities by donating to local foodbanks located in each of the cities where we have offices.



Gender Equality – Support gender equality through inclusive hiring practices, equitable pay, and aligning with organizations that promote this goal.



Reduced Inequalities – Reduce inequalities throughout our business and, through leadership, in our industry.

PLACE



Good Health and Well-Being – Invest in or create properties that support healthy cities and promote occupant health and wellbeing.



Sustainable Cities and Communities – Invest in creating stronger communities that promote social and environmental sustainability.



Climate Action – Baseline, benchmark, measure, and report our ESG performance towards energy and emissions reduction.



Life on Land – Create green and natural areas on our investment properties as well as provide access to parks and green spaces in surrounding communities.

PERFORMANCE



Decent Work and Economic Growth – Provide economic growth by increasing value and delivering strong returns for our investors, while reducing the environmental impact of our investments.



Responsible Consumption and Production – Work to reduce waste, water consumption, and resource consumption across our investments and operations.



Partnerships for the Goals – Engage with internal and external stakeholders including our staff, partners, property managers, vendors, and tenants to promote sustainable practices.

*The United Nations Sustainable Development Goals (SDGs) are aspirational in nature. The analysis involved in determining whether and how certain initiatives may contribute to the SDGs is inherently subjective and dependent on a number of factors. There can be no assurance that reasonable parties will agree on a decision as to whether certain projects or investments contribute to a particular SDG. Accordingly, investors should not place undue reliance on Rockwood's application of the SDGs, as such application is subject to change at any time and in Rockwood's sole discretion.



PARTNERSHIP

Rockwood aims to deliver solid, risk-adjusted returns and exceptional client services. To achieve ESG and financial goals, we strive to work collaboratively with local communities, investors, employees, and third-party organizations. Partnership is the key to creating strong returns for our investors and we believe it is essential to attract and retain a diverse team made up of top-level talent. When both strategies are at play, we believe that we can realize our operational goals and create long-term value in our communities. We work with our partners to support our community and the environment through the following actions:

- **SUPPORTING** our joint-venture partners, property managers, vendors, and tenants to embrace ESG principles through dialogue and educational trainings and materials, as considered appropriate
- **COMMUNICATING** material aspects of our ESG performance and governance structure to investors and the public through annual reports, third-party disclosures and Rockwood's website, as appropriate
- **REINFORCING** a culture of teamwork and inclusion among our staff
- **PROMOTING** diversity, equity, and inclusion within Rockwood and the industry at large





SUPPORT

Rockwood supports the following stakeholder groups to form valuable partnerships to embrace our ESG principles:

▶ EMPLOYEES

Our employees are the backbone of our success, and we make it a priority to provide them with adequate training, professional development, and open communication. Our newly developed Diversity, Equity and Inclusion Policy solidifies our commitment to supporting a dynamic workforce. To further support our employees and drive success, this year we conducted targeted ESG training sessions by business function to help our employees understand their role in driving ESG initiatives. All employees take part in education sessions on a quarterly basis, below are a few highlights:

- Introduction to ESG training
- Governance and ESG Regulations training
- Decarbonization and Climate Risk training
- Rockwood ESG Best Practice Playbooks training

This year we completed 4 firmwide sessions and 2 additional sessions with our asset management and acquisitions teams.

▶ TENANTS

Through our investments, Rockwood strives to create resilient communities that promote the health and well-being of people and the planet by prioritizing green space, high mobility scores, and access to amenities. We are proud to invest in properties that provide amenities to tenants, which may include:

- Residences and places of work in walkable locations with proximity to public transportation and community amenities
- Healthy places to live and work through investment in building systems and structures that promote health and wellness
- Living and work environments that incorporate green and/or outdoor space in nearly all owned properties

Nearly all equity investments contain access to outdoor or green space as of December 31, 2022.

COMMUNITIES

We want to support and invest in the communities where we operate because we believe our efforts uplift the communities where we invest and enhance the value of our investments. A few of our community partnerships are summarized below.

- Mercy Corps helps us donate to causes that are important to our communities
 - In March of 2022 we matched our employees to donate a total of \$29,518 to support Ukraine in the Russian-Ukrainian War
- Daymakers Back to School Freedom to Explore Campaign provides back-to-school supplies to children in our communities
 - 89 children were supported
 - Average donation exceeded over \$150
 - Partners matched employees donations
 - 249 school supplies and backpacks provided
- Daymakers Holiday Campaign, Joy Unwrapped, provides holiday gifts to children in our communities
 - 265 children helped
 - 700 gifts purchased
 - Average donation exceeded \$170
- PV JOBS is an organization we support to provide under-represented and at-risk individuals with foundational skills and training for construction industry jobs
- She Builds Sponsorship is a women-led and women-focused organization we support which provides critical repairs to maintain safe and healthy women-led homes and community spaces

INDUSTRY PARTNERS

To drive our ESG efforts and spark vital conversations across our industry we produce white papers or case studies and attend different industry events to share thought leadership. We also encourage a future with healthy, sustainable cities and communities through our memberships in various organizations.

Industry memberships:



UNIVERSITIES

Rockwood looks to integrate ESG considerations into real estate-focused programs in higher education. Through the Harvard University's Graduate School of Design, Rockwood provided leadership and advisory on coursework dedicated to the intersection of ESG and real estate. We look forward to continuing our work in higher education to prepare our industry and its players for the future.

COMMUNICATE

Rockwood works to keep our stakeholders informed with regular updates and communication on our ESG progress and goals. We seek to ensure that key stakeholders are made aware of our policies and we seek to improve our transparency through our UNPRI and GRESB commitments, and by producing annual reports.

➤ POLICIES

Rockwood develops policies to hold ourselves accountable and ensure our operations remain fair, equitable, and responsible.

- Environmental policies
 - Data improvement for increased efficiency
 - Risk management
 - Building efficiency and safety
- Social policies
 - Employee remuneration
 - Freedom of association
 - Diversity, equity, and inclusion
 - Labor standards and working conditions
 - Social enterprise partnering
 - Stakeholder relations
- Governance policies
 - Bribery and corruption
 - Cybersecurity
 - Data protection and privacy
 - Fiduciary duty
 - Shareholder rights



➤ PROMOTING TRANSPARENCY

Through our various reporting avenues, we communicate our ESG objectives and progress against our goals. Doing so supports our position as a responsible investor and demonstrates where we place value. Our goals are to:

- Maintain our status as a signatory of the United Nations Principles for Responsible Investment.
- Drive initiatives to increase alignment with the UN SDGs we have selected as most applicable to our business.
- Develop a formal governance structure and management strategy in substantial alignment with the Task Force on Climate-Related Financial Disclosures (TCFD) to communicate our climate-related risks and disclose metrics to measure our success.



Signatory of:



ROCKWOOD'S PLANNED APPROACH FOR ALIGNING WITH TCFD



- **GOVERNANCE:** Rockwood's investment committees are informed of climate-related risks and opportunities through our broader ESG due diligence framework.
- **STRATEGY:** Our risk assessments identify transition and physical climate-related risks such as sea level rise, floods, heat and water stress, and wildfire risk based on the asset's location. We also have an ESG checklist for new acquisitions and credit investments to encourage smart, resilient investments.
- **RISK MANAGEMENT:** Rockwood conducts climate-risk assessments on all proposed acquisitions, as well as properties for existing equity investments within our portfolio. This allows us to see the complete picture of any climate-related risks a property may face.
- **METRICS AND TARGETS:** We will be conducting a greenhouse gas inventory in 2023 to map out our emissions across our multifamily assets. We will use that inventory as a baseline to set reduction goals and then report on progress towards those goals in future reports. We also intend to roll out this initiative across additional assets in coming years.



REINFORCE

To set a foundation for best practices and solidify a culture of teamwork and inclusion, in 2022 we developed **Multifamily and Office ESG Operations and Maintenance Playbooks**. These playbooks were designed to reinforce best practices for asset operations and function as a reference tool for our asset managers, property managers and partners. Both playbooks distill impactful approaches to implement environmental, social, and governance measures that range from design to operations including:

- An overview for incorporating sustainability into design, construction, and renovations
- Action plans to embed ESG practices into ongoing operations
- Supplemental materials and tools to assist in the implementation of action plans



PROMOTE

Rockwood understands our business makes an impact on the people around us and we see it as our responsibility to support diversity, inclusion, and prosperity within Rockwood and across our industry. As such, we have programs in place and promote organizations with our shared values.

- Employees with the title of Vice President and above (over 40% of employees) are eligible to receive incentive interest in our funds.
- We support organizations that focus on developing and sustaining a pipeline of outstanding talent from under-represented groups and communities. We continue to partner with the following programs and organizations to make a difference



- **SEIZING EVERY OPPORTUNITY (SEO):** An educational non-profit providing internships to Black, Latinx, and Native American students



- **PREA FOUNDATION:** The philanthropic arm of the Pension Real Estate Association, which we helped launch, with a mission to advance diversity and inclusion in real estate



- **TOIGO:** A non-profit dedicated to fostering under-represented talent within the financial services industry



- **WX:** An organization which promotes the advancement of women in real estate and the highest standards of professionalism, ethics, and integrity in the field



PLACE

We believe that investing in dynamic, urban locations that prioritize green space, walkability, and diverse incomes creates better value not only for our investors, but also for the greater community. We prioritize nature and green spaces as a means of improving the health of people and the planet all while making our properties distinctive and desirable for tenants. Emphasizing a sense of place not only leads to meaningful engagement with the community, but also improves the health, happiness, and quality of life of our tenants.

We work to create a strong sense of place through the following actions:

- **FOCUSING** on markets that meet our criteria for diverse, vibrant, and dynamic urban environments
- **DEVELOPING** strategies to identify, analyze and mitigate material risks associated with market disruption, technology changes, and climate change
- **INVESTING** in strategies to create stronger, healthier communities that seek to promote diversity and inclusion
- **COLLECTING** and analyzing data related to key performance indicators to inform ESG policy decisions and goals



FOCUS

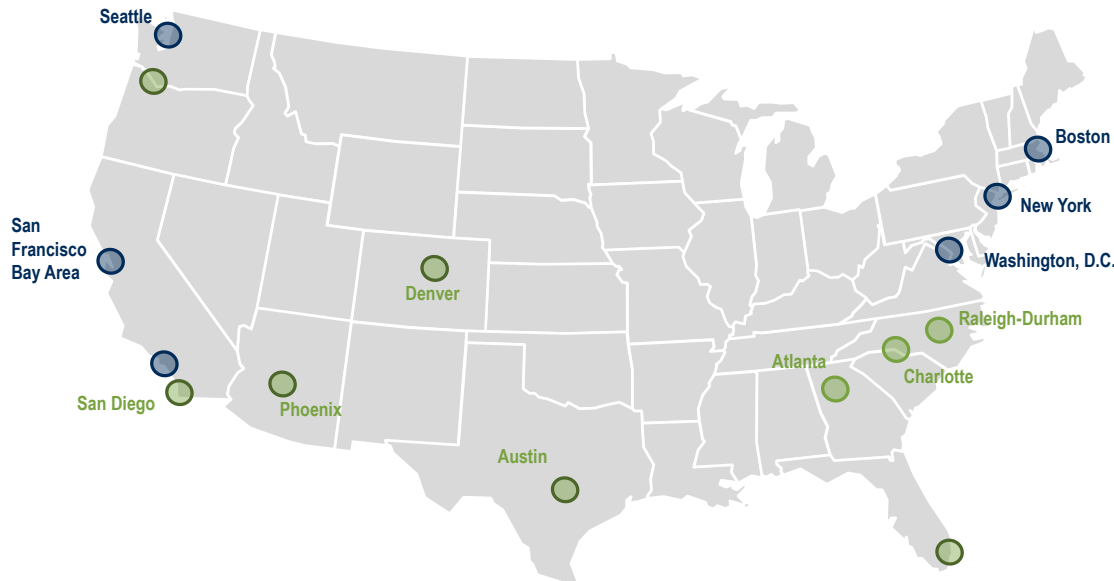
Our investment strategy focuses on dynamic urban mixed-use locations that are transit-oriented, walkable, and socioeconomically diverse.

GATEWAY MARKETS:

- Boston
- Los Angeles
- New York
- San Francisco Bay Area
- Seattle
- Washington, D.C.

NON-GATEWAY MARKETS:

- Atlanta
- Austin
- Charlotte
- Denver
- Miami/South Florida
- Phoenix
- Portland
- Raleigh-Durham
- San Diego



DEVELOP

Rockwood has developed new strategies to identify and mitigate risks as part of our due diligence process, and we are transparently communicating those risks with key stakeholders.

- Climate risk assessments became a requirement for all new investments in 2022 and have been completed for all existing equity investments. These assessments help us navigate the possible transitional and physical risks our assets face due to climate change and are an integral part of our due-diligence process.
- Asset-level ESG checklists are completed to provide a comprehensive view of property-specific ESG considerations and KPIs including:
 - Mobility scores
 - Proximity to green spaces
 - Building performance
 - Stakeholder engagement

CASE STUDY

AMESWELL

The recently built Ameswell project is a mixed-use development that embodies Rockwood's ESG philosophy and strategy. Situated in the heart of Silicon Valley, within California's Mountain View neighborhood, this property houses a 216,700 square foot state-of-the-art office building, a 255-room modern luxury hotel, and an accessible six-tier parking garage interconnected by 6,258 square feet of curated green space. Several key aspects of the Ameswell site made it an ideal setting for place-making:

- Immediately adjacent to the Moffett Boulevard interchange on the 101 Freeway and just one mile from the Mountain View commuter rail station, the site provided an excellent opportunity for transit-oriented development.
- Located across from the Stevens Creek Trail, which serves both as natural open space and a walking connection to nearby shops, restaurants, and other amenities in Downtown Mountain View.
- Comprised of two separate parcels owned by The California Department of Transportation (Caltrans) and The City of Mountain View, the site had been underutilized and was identified for development as part of the City's larger community development initiatives.

Partnering with local developer Broadreach, Rockwood acquired the site in June of 2018 and immediately commenced construction of the project. Completed in 2020, the office building and hotel at the Ameswell development received LEED Platinum and LEED Silver certifications, respectively. Both buildings take advantage of comprehensive sustainability programs to achieve energy efficiency including ample electric vehicle (EV) charging stations available throughout the development and building-wide LED lighting powered by photovoltaic (PV) solar panels. The certified LEED silver hotel partners with local farmers and ranchers to source food for dining experiences. For increased accessibility and low-carbon transportation,

LOCATION: Mountain View, CA
PROPERTY TYPE: Mixed Use (Office/Hotel)
PROPERTY SIZE: 216,700 SF
CLOSING DATE: June 2018



a complimentary shuttle van service and bike share program are in place to reduce automobile traffic at the property and around the local area.

In addition to a commitment to energy efficiency, Rockwood embarked on the Ameswell development with an eye on enhancing the health and wellness of future employees and guests. To achieve this, the development was programmed to include numerous amenities including open park-like space between buildings to provide a tranquil setting for people to enjoy. The office building on-site was designed with numerous outdoor terraces and breakout areas for a focus on the wellbeing of tenants, while the hotel contains numerous amenities such as a full-service spa, fitness center, swimming pool, and library.

We believe this focus on sustainability and ESG considerations enhanced the value of this asset by attracting a leading technology company as a tenant.



FOCUSING ON FUTURE: ESG+H



Rockwood's partnership with Gensler, a global architecture and design firm, led to the development of our white paper on *The Future Health of Our Cities: A Collaborative Socially Responsible Framework for the Built Environment*. This report was an opportunity for Rockwood to use our decades of experience to expand the narrative around ESG and urban environments to include the health of people, communities, and the environment. This expansion to ESG+H, exemplifies "The Nature of Value" philosophy which drives our partnership, place, and performance focused ESG framework.

We understand this type of planning focuses more on long-term benefits. As such, Rockwood and our partners are invested in creating a positive, lasting impact for our communities. Collaboration with local governments and businesses, and buy-in from investors with long-term vision, will help us lead in the creation of cities where people can live, work, and most importantly, thrive.

A people-centric framework for urban development has the potential to:

- › Build community and communal meeting points by prioritizing parks, green spaces, and walkability.



- › Increase environmental health by reducing emissions, both embodied and operational, through efficiency standards and increasing a community's resilience to floods, biodiversity loss, and rising temperatures with green spaces.
- › Encourage human health through increased access to recreation activities like walking trails, resources with nutritious food, and ample green space.
- › Reduce inequalities by providing greater access to quality jobs, education, healthcare, and affordable living.
- › Drive economic growth and realize long-term gains with higher rental rates and occupancy levels made up of healthy, community-driven tenants.

Rockwood believes this ESG+H framework is valuable to the entire real estate industry.

We are committed to sharing the benefits of this framework and look to further expand on the benefits of development practices that place people's health at the forefront of design.



INVEST

Our investment strategies take a wholesome approach to building healthy, diverse, and equitable communities. The long-term value we create inside and outside of our daily operations is a key proponent of our development projects. Through this approach, Rockwood strives to deliver communities that elicit favorable returns for our people, profits, and the planet.

- ESG due diligence for new acquisitions and developments as well as an ESG checklist for credit investments come together to build an investment strategy that can identify and if applicable, manage ESG-related risks and opportunities. ESG requirements addressed in our checklist may include:
 - Physical and financial climate-related risks
 - ESG risks such as compliance requirements, health and wellness features, and previous environmental performance
 - Characteristics of surrounding neighborhoods and their impact, if any, on a property's potential

INVESTING IN DIVERSITY & INCLUSION

Rockwood is focused on diversity, equity, and inclusion initiatives both within Rockwood and our industry. With the adoption of our Diversity, Equity, and Inclusion Policy, we have formalized our commitment to developing and investing in fair and diverse employment practices that foster a safe and welcoming workforce. The partnerships and organizations we have supported over the years help us to secure a team that is filled with different backgrounds and top-level talent.

39% of Investment and Senior Staff identify as Women and/or an Underrepresented Minority*

Over **60%** of new hires since 2019 were from diverse backgrounds

Rockwood celebrates diversity and we believe that a diverse, inclusive, and equitable work environment allows employees to maximize their potential and express unique perspectives while helping us reach our strategic goals and objectives. We hold mandatory annual training programs for all of Rockwood's employees to reinforce our commitment to diversity and bring further understanding and awareness of the topic.

*Those who identify as Black, Latinx, Asian, and/or Native American.

“ We believe the integration of ESG considerations across our business protects and develops new sources of value for Rockwood, our employees, our investors, our industry and society ”

DAVID BECKER, MANAGING PARTNER

COLLECT

We are gathering and analyzing data from across our portfolio to measure our success against key performance indicators (KPIs) and to inform what goals and initiatives we need to develop in the future. In 2022, we began tracking utility data for our assets in ENERGY STAR® Portfolio Manager® and created ESG dashboards which allow us to monitor key metrics over time. We are actively working to increase our data collection to include:

- Enhanced human capital data such as:
 - Employees age, gender, and race
 - Employee satisfaction
 - Access to green space
 - Jobs created as part of our developments
 - Tenant and resident satisfaction surveys
- Environmental data such as:
 - Utility data
 - Green certifications
 - Greenhouse gas emissions
 - Waste diversion and consumption
 - Retrofits and efficiency upgrades
 - Climate risk assessments on existing buildings
- Governance strategies such as:
 - Tracking the enforcement of our Responsible Contractor Policy
 - Ensuring 100% of employees receive ethics, compliance, and ESG training
 - Tracking the implementation of Green Leasing Standards
 - Training hours per employee





PERFORMANCE

Through our ESG framework, we track and manage material financial, environmental, and social indicators to help us improve performance at each level of our operations. During the due diligence process, we seek to identify material ESG risks, strengths, and opportunities. By monitoring our portfolio's ongoing performance, we can make data-driven decisions about our investments and implement cost-effective management solutions.

We strive to continuously improve our performance through the following actions:

- **CONSIDERING** material climate and other ESG-related risks and opportunities across our existing portfolio and as part of new acquisitions
- **INCORPORATING** technologies that contribute to the tracking and improvement of our real estate assets' investment performance
- **ASSESSING** properties and development opportunities to identify efficiency projects and inform business decisions to protect the environment and manage risks
- **CERTIFYING** properties, when deemed appropriate, through industry-recognized programs such as LEED®, ENERGY STAR®, and others to demonstrate a commitment to environmental best practices





CONSIDER

Rockwood continues to institutionalize the consideration of climate and other ESG-related risks in our investment process. In 2022 we accomplished the following:

- Expanded our ESG checklists for new investments to include credit investments
- Completed ESG checklists for all equity investments
- Completed climate risk reports for all investments in our core-plus, value-add, and senior mezzanine investment vehicles

INCORPORATE

Rockwood seeks out third party experts such as Conserve to help centralize our data collection. This year we aggregated and uploaded our data into Conserve’s ESG platform to help us get a detailed analysis of our energy, water, and waste habits.

- The platform tracks:
 - Energy usage
 - Water consumption
 - Waste generation and diversion

BENCHMARKING SUMMARY

77 Benchmarked Properties *

18M Total Square Footage

57 Properties Evaluated for **Energy** Consumption Change

29 Properties Evaluated for **Energy** Cost Change

58 Properties Evaluated for **Water** Consumption Change

41 Properties Evaluated for **Water** Cost Change

Our ESG Dashboard centralizes both our energy data and ESG KPIs for our equity and credit investments. This central depository is also used to monitor data and set goals to shift our business strategies to ensure alignment with our environmental goals. The dashboard to the left is a breakdown of the type of data we obtain.

* The number of properties with energy and/or water utility data benchmarked in ENERGY STAR Portfolio Manager.

ASSESS

As we state throughout this report, KPIs and comprehensive data sets are essential to assessing our performance. Rockwood is committed to improving the environmental and social performance of our assets and we are proud of the progress made so far. As we move forward, our KPIs will evolve. For 2022 we focused on the Environmental KPIs in our ESG dashboard. In 2023, we plan to expand with progress on Social and Governance KPIs.

2022 FOCUS

ENVIRONMENTAL

- Tracked energy consumption and centralized data collection for all equity investments in the Conservice platform
- Invested capital for energy and water conservation measures across certain properties
- Avoided waste by seeking to increase recycled content
- Completed climate risk assessments on existing buildings
- Increased LED retrofits across certain properties



2023 FOCUS

ENVIRONMENTAL

- Reducing greenhouse gas emissions across our investments
- Aligning to ESG Benchmarks and certifications such as LEED, ENERGY STAR®, and reporting against frameworks such as GRESB and UNPRI
- Increasing access to and integration of green spaces at our locations

SOCIAL

- Increasing and prioritizing walkability and access to public transportation
- Tracking jobs created as a result of our developments
- Performing tenant and resident satisfaction surveys
- Analyzing our impact and integration into the local community by measuring added economic benefits and wellness amenities such as job creation and access to green space

GOVERNANCE

- Implementing and tracking a Green Leasing Standard
- Tracking the average training hours per employee by training category
- Implementing and monitoring compliance with our ESG Playbooks

CERTIFY AND REPORT

Just as Rockwood looks to assess our own performance, we seek to hold ourselves accountable and certify our strong environmental performance with industry recognized benchmarks and scoring bodies.

- Green buildings certifications such as LEED certified space and ENERGY STAR® certify the environmental performance of our buildings and provide third-party validation for our efforts. We are constantly making updates at our properties and exploring projects to save energy, reduce waste, and create healthy environments for our tenants.
- GRESB reporting is a key aim of our reporting and transparency journey, and we have developed a roadmap to ensure a successful first submission in 2023 for Rockwood Multifamily Partners. This comprehensive framework looks at hundreds of ESG indicators to score performance. We are eager to complete our first submission and will work to improve our rankings against our peers over time.



AS OF DECEMBER 31, 2022:

5,994,399 ^{sf}

of LEED space

2,036,816 ^{sf}

of ENERGY STAR®

Certified space





LOOKING AHEAD

As we continue to proliferate our philosophy of “The Nature of Value” and refine our ESG framework, we look forward to focusing on the following primary goals in 2023:

PROGRAM DESIGN AND ADMINISTRATION

- Incorporating additional climate risk analysis into our investment process including physical and transitional considerations.
- Integrating energy data centralized in the Conservice platform into our investment processes.
- Developing key performance indicators (KPIs) and goals for each investment strategy.
- Increasing engagement on ESG design considerations and strategies with our partners.
- Incorporating green lease language into our lease agreements where applicable.

DATA MANAGEMENT & ANALYTICS

- Finalizing our ESG Dashboard for integration with our investment processes.
- Developing ESG Goals for value-add, open-end core-plus, and new credit vehicles.
- Formalizing a Carbon Program for Rockwood Multifamily Partners.

REPORTING

- Participating in a GRESB submission for Rockwood Multifamily Partners.
- Completing a second UNPRI submission.
- Integrating ESG communication into quarterly reporting for value-add and open-end core-plus vehicles.

ENGAGEMENT & EDUCATION

- Continuing education for new and existing professionals in our industry on the importance of ESG considerations.
- Expanding DEI initiatives at Rockwood and across our industry.
- Supporting the communities where we invest through our time and capital.



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