

# ESG, GUIDING PRINCIPLES



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#### **Overview**

#### At Fairfield, our purpose is to

# **Create Better Living for Better Lives.**

We recognize that Environmental, Social, and Governance (ESG) factors impact the quality of life within our communities, the performance of our investments, and the engagement of our associates. Fairfield believes the consideration and integration of material, prudent ESG factors across our business platforms should reduce risk and enhance value. This policy outlines our ESG principles and operational practices that support them. These practices impact all aspects of our operations including but not limited to due diligence, development, construction, acquisitions, and management of our communities.

#### **ESG Mission and Vision**

#### **ESG Mission**

We deliver meaningful environmental and social benefits aligned with our core values.

#### **ESG Vision**

We envision engaged and inclusive communities that enhance the well-being of our residents and the environment.





#### **ESG Principles**

#### **Environmental Guiding Principle**

We drive operational excellence through responsible resource management and building design.

- Conservation & Efficiency
- Resilience
- Utility Data Management & Monitoring

#### **Social Guiding Principle**

We create a purpose-driven work environment that empowers our associates and fosters a sense of community for our residents.

- Community Engagement & Well-being
- Accessibility to Housing
- Associate Empowerment

#### **Governance Guiding Principle**

We value our strong partnerships while upholding our fiduciary responsibilities.

- Compliance
- Risk Management
- Ethics and Engagement





#### **Best Practices**

#### **Environmental Stewardship**

Fairfield is committed to reducing our environmental impact and providing resilient communities for our residents. As a steward of capital, Fairfield manages investment strategies and strives to incorporate ESG considerations, consistent with our investment objectives and guidelines. ESG information is monitored and tracked to ensure that at Fairfield we are responsible stewards to the environment. The below best practices highlight tangible environmental strategies Fairfield employs, when feasible, to align with our Environmental Guiding Principle:

- Conservation & Efficiency
  - Energy Efficiency
    - Installing ENERGY STAR appliances and LED lighting
    - Utilizing occupancy sensors and smart thermostats, as appropriate
    - Installing EV charging stations
    - Improving HVAC systems
    - Support carpooling or rideshare programs for residents
    - Installing secure community bike racks and storage areas
  - Water Efficiency
    - Installing low-flow fixtures and irrigation systems
    - Utilizing monitoring programs and leak detection devices, as appropriate
  - Waste Management
    - Promoting reduce, reuse, recycle principles through signage and other resident and associate facing collateral
    - Offer comprehensive compost, recycling, e-waste services, as appropriate
- Resilience
  - Utilizing native plants
  - Exploring renewable energy options, including onsite solar
  - Increasing building insulation

# ESG,

- Utilizing reflective and cooling roofing, including ENERGY STAR roofing materials
- Evaluating assets for potential climate hazards
  - New acquisitions are evaluated during the due diligence process
  - Existing assets are reevaluated every three years
- Utility Data Management & Monitoring
  - Fairfield collects utility metrics, including electric, gas, water, sewer, trash, recycling, and composting data (when available), and employs methodologies to visualize and analyze the data to maximize financial and environmental efficiency



#### **Socially Responsible Communities and Workplaces**

Fairfield is committed to providing quality environments and creating healthy, accessible, and equitable communities. Fairfield strives to foster connections within our communities and provide residents with a positive living experience. We believe housing should be available for all people at all income levels and affordable housing is a core component of our business. Since 1986, Fairfield has owned and operated rent-restricted affordable housing units, including Low-Income Housing Tax Credit (LIHTC) properties. Fairfield, whenever feasible, follows our best practices that ladder up to our Social Guiding Principle:

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- Community Engagement & Well-being
  - Maintaining 100% smoke-free communities
  - Utilizing low-or no-volatile organic compound (VOC) materials
  - Hosting resident and community engagement events
  - $\circ$   $\;$  Tracking walk, transit, and bike scores for all properties
  - $\circ$   $\,$  Providing access to electric vehicle charging stations
  - Creating public spaces and amenities to support resident gatherings
  - Providing fitness centers where appropriate
- Accessibility to Housing
  - At our affordable properties, partnering with non-profits to provide resident service programs, such as job assistance workshops and after-school programs
  - Investing in affordable housing and mixed-income housing
  - Preserving existing affordable housing
  - Identifying opportunities to convert market-rate housing into affordable housing
  - Renovating unit interiors and common areas at our affordable properties
  - Dedicated in-house affordable housing regulations compliance team
- Associate Empowerment
  - Providing education and career development programs and trainings, including education reimbursement
  - Diversity, equity, inclusion, and belonging (DEIB) trainings and engaging with a 3<sup>rd</sup> party DEIB consultant
  - Associate health and wellness programs
  - o Comprehensive and competitive employee benefits
  - Associate recognition program







#### **Governmental Transparency and Corporate Responsibility**

Our core values lead us to act in our clients' best interests and follow a high standard of care in managing investments. Fairfield expects all associates and partners to support our ESG Policies and our commitment to business integrity and ethical business conduct. (See ESG Guides and Policies for a list of ESG related policies.) Our compliance department reviews all applicable company activities so that Fairfield maintains our longstanding reputation for excellence and integrity. As an organization, Fairfield is committed to our Governance Guiding Principle and upholding the following best practices in all aspects of our business:

- Compliance
  - o Review applicable company activities
  - o Engage with 3<sup>rd</sup> party compliance consultants
  - o Benchmark procedures against industry best practices
  - o Proactively ensure compliance with local, state, and federal regulations
  - Review and approval of all contributions and donations made by Fairfield
  - o Continuous training and awareness programs on:
  - o Cybersecurity
  - o Anti-bribery and corruption
  - o Bribery awareness
  - o Affordable Housing Compliance
    - A dedicated team who monitors and adheres to various Affordable Housing regulatory requirements
    - Provides enhanced measures to determine income eligibility of households at move in and recertification
- Risk Management
  - On-going assessment of the risks inherent to our operations, development of strategies to avoid these risks and establishing protocols and policies to control, manage, mitigate and reduce risks that cannot be completely avoided.
  - o Maintaining a comprehensive insurance program
  - o Regular community level audits
  - o 18-month financial audits
  - o Annual property walks
  - o Cybersecurity best practices
  - o NIST CIF framework
  - o CIS controls and Cloud security tools



- o Legal
  - Dedicated in-house legal team comprised of real estate counsel, attorneys and transaction specialists, including a legal professional dedicated to regulate Low-Income Housing C (LITHC) transactions
  - Engage with outside counsel for entity formation and due diligence
- Ethics and Engagement
  - o Associates annually certify adherence to:
  - o Fairfield's Code of Business Conduct and Ethics (The Code)
  - o Fairfield's Associate Handbook
  - o Regulatory Compliance Manual for relevant associates
  - o Provide channels for ethics issues reporting
  - o HR-reporting hotline
  - o Ethics hotline
  - o Require qualification and review for vendors and subcontractors
  - o Provide transparent stakeholder communications:
  - o Newsletters
  - Annual ESG reports
  - Social media
  - Participate in GRESB reporting to benchmark appropriate funds



#### **ESG Guides and Policies**

Fairfield strives to consider its ESG objectives in its overall investment and operational strategy. To further its objectives, Fairfield continues to develop a range of policies and guidelines addressing topics material to its ESG principles. The policies and guides offer best practices and guidelines for the operation and maintenance of efficient and socially responsible buildings. The policies and guides will be regularly updated, executed, and implemented by Fairfield associates, residents, and service partners.



# ESG,

#### **Quality Assurance Control Process**

This policy was developed for Fairfield's portfolio and was approved by the ESG Committee as part of the company's corporate ESG initiative. This policy will be reviewed annually and will continue indefinitely.



#### **Responsible Parties**

To support Fairfield's ESG efforts, Fairfield has assembled an ESG Committee responsible for implementation. To ensure an integrated approach, the ESG Committee includes representation across a variety of departments and structural levels:

- Departmental Representation
  - o Portfolio Management
  - Branding & Marketing
  - Property Management
  - o Compliance
  - Asset Management
- Structural Level Representation
  - Executive Vice President
  - Senior Vice President
  - Vice President
  - o Directors
  - Senior Project Manager
  - o Deputy Chief Compliance Officer
  - Executive Coordinator