

# EPC Responsible Investment and Stewardship Policy

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## Responsible Investment and Stewardship Policy

### I. Introduction

Eagle Property Capital (“EPC”) is a vertically integrated real estate investment manager pursuing value-add investment strategies through the acquisition, repositioning and management of multifamily properties with stable cash flows and growth potential.

Since 2022, EPC became an official signatory of the United Nations Principles for Responsible Investment (“UN PRI”), a global organization of more than 4,300 signatories. The UN PRI provides a framework for investors to incorporate environmental, social, and corporate governance factors into their investment decision-making and ownership practices.

EPC, as a signatory of the UN PRI, is committed to the 6 Principles of Responsible Investment (the “Principles”):

- Principle 1: We will incorporate Environmental, Social and Governance (“ESG”) issues into investment analysis and decision-making processes.
- Principle 2: We will be active owners and incorporate ESG issues into our ownership policies and practices.
- Principle 3: We will seek appropriate disclosure of ESG issues by the entities in which we invest.
- Principle 4: We will promote acceptance and implementation of the Principles within the investment industry.
- Principle 5: We will work together to enhance our effectiveness in implementing the Principles.
- Principle 6: We will each report on our activities and progress towards implementing the Principles.

EPC is committed to promote ESG integration and stewardship strategies on the selection and review of its investment projects, as well as during the property lifecycle.

### II. Objective

The objective of the responsible investment policy is to guide EPC in making investment decisions incorporating ESG criteria and enhance the relationship with investors through a stewardship commitment.

### III. Scope of Application

This policy is mandatory for all properties acquired after the publication of this policy.



## IV. Reference Documents and Guidelines

- EPC ESG Policy
- EPC Code of Ethics
- Sustainable Development Goals (“SDGs”) and United Nations Global Compact
- UN PRI
- Task Force on Climate-related Financial Disclosures (“TCFD”)
- Global Real Estate Sustainability Benchmark (“GRESB”)
- Global Reporting Initiative (“GRI”)
- Sustainability Accounting Standards Board (“SASB”)

## V. ESG Strategy

At EPC, our mission is to achieve superior risk adjusted returns to our investors by acquiring, repositioning and managing a wide range of multifamily properties. Aligning this strategy to ESG-related best practices on every stage of the investment process will have a positive impact on the financial performance of the properties by improving operational and management practices, and minimize risk. Positioning EPC as a reference in the multifamily sector will strengthen the resilience of our business proposal while, directly or indirectly, generating value to our stakeholders (e.g. investors, residents, employees, suppliers, communities, regulators, etc).

EPC’s ESG strategy is based on a materiality assessment developed in 2022 and contemplates main ESG guidelines along with multifamily best practices that strengthen our financial, environmental, social, and governance strategic goals:

Some of the material topics that are included in our ESG strategy are the following:

- **Environmental**
  - Energy consumption
  - Water management
  - Waste management
  - Biodiversity
  - Climate change
  - Pollution
- **Social**
  - Human rights
  - Diversity, equity, inclusion and belonging (“DEIB”)
  - Community relationships
  - Health and safety
  - Suppliers assessment

- **Governance**
  - Ethics
  - Governance structure. Quality, diversity and effectiveness
  - Communication strategy with stakeholders
  - Transparency

Our ESG strategy is in constant evaluation and update to keep the alignment to international and local standards and to reaffirm our commitment to a transparent, efficient and high-quality performance.

## VI. Responsible Investment Strategy

EPC, convinced that the inclusion of high standards of ESG-related factors in its investment process will add long-term value to its investors, has developed the following ESG improvement plan involving all stages of the investment process:

### A. Acquisition

This stage involves the assessment, negotiation, and acquisition of the property, in which we include the following steps:

- a) External and internal due diligence
- b) ESG risk factors analysis during the due diligence through a **Responsible Investment Scorecard (“RI Scorecard”)**
- c) External assessment that evaluates conditions on main services such as water, electricity, waste or gas

### B. Restoration and improvement

This stage involves the identification of desired restoration and improvement of the conditions of the property aligned to the quality conditions in which we operate. Some of the factors included in this assessment are:

- a) Quality of materials
- b) Climate-related risk (e.g. tornados, hurricanes, winter storms, heatwaves, floods, etc)
- c) Communication with suppliers of the EPC’s ESG standards
- d) Improvement of conditions to reduce losses due to consumption of natural resources

### C. Management and monitoring

This stage involves the take-over, management and monitoring processes of the property aligning practices with the standards on which we operate day-by-day including the following:

- a) Human rights
- b) Diversity, equality, inclusion, belonging

- c) Water, electricity, gas and waste management
- d) Community relationship
- e) Residents satisfaction

## D. Sale

This is the final stage of the ownership of the property, on which we collaborate with the buyer by giving them the ESG performance data collected during the ownership of the property to promote the continuity of best practices.

## VII. Responsible Investment Scorecard

For the acquisition stage of the properties, EPC has developed a RI Scorecard that includes the most important ESG aspects to consider during the due diligence assessment.

The RI Scorecard has been developed by the Sustainability Advisory Board (“SAB”), whose main task is to manage, evaluate and improve EPC’s ESG strategy and goals. This governance entity has the collaboration of members from the following teams:

- Operations
- Investment
- Investor Relations
- Human Resources
- Marketing
- Legal
- ESG
- It also has the participation of an external ESG consultant

The SAB meets on a bi-monthly basis to discuss, analyze, update and prioritize the execution of the ESG strategy and completion of goals in all the stages of the operation and management of the properties.

The outcome of the implementation of the RI Scorecard is reviewed by the SAB to establish specific actions and goals that could enhance the performance of the property and to constantly improve the assessment of the RI Scorecard.

## VIII. Stewardship

The commitment with a sustainable operation and performance also gives us a responsibility to execute an active ownership of the investment portfolio. Our ESG strategy aims to achieve our financial goals while ensuring a long-term value of our properties by mapping and mitigating risks on ESG-related topics, and delivering solid results to our investors.

In order to meet long-term value on our investments, EPC ensures its position of stewardship by acting through the following elements:

## Engagement

The interaction between EPC and its investors is key for the business continuity since it reflects the commitment and understanding of the investors' needs, expectations and concerns.

EPC establishes constant communication with investors through quarterly calls, newsletters, events such as the EPC Day, and day-to-day interaction through an investor platform.

## Voting

The acquisition of a property is approved by the Investment Committee. The Investment Committee is exclusively composed by the managing principals and EPC employees with solid investment background capable of determining if the property will meet the objectives established in its business plan.

To ensure the correct evaluation of the acquisition, EPC has developed a rigorous proprietary underwriting and due diligence process to evaluate potential acquisitions focusing on undervalued properties with strong potential to generate attractive risk-adjusted returns. This multi-step process involves market research, financial analysis, budgeting and evaluation aimed at identifying and mitigating potential risks.

Members of the Investment Committee are in constant training on multifamily relevant topics and on ESG-related issues that are relevant to EPC to include a sustainable strategic perspective during the evaluation of the acquisition.

## IX. Training

EPC will provide training to all collaborators who participate directly or indirectly in the compliance of this policy.

ESG training will be determined, updated and reviewed by the SAB in order to comply with the best practices of the multifamily sector, and international and local ESG standards.

## X. Report and Monitoring

EPC is committed to the transparency in the communication with our main stakeholders by having a continuous monitoring of the objectives established in the ESG improvement plan. These results will be included on the Annual Sustainability Report aligned to GRI, TCFD, SASB, GRESB and UN PRI guidelines and will be available on our website for consultation.

## XI. Approval and Periodical Update or Re-Assessment

Reviewed by	Approved by	Approval Date
Mariana Robina/Mirosława Kopec	Gerardo Mahuad	November 3, 2021

