



## INTRODUCTION

National Development is a vertically integrated real estate company with in-house acquisition, financing, permitting, development, construction, asset and property management expertise. The firm's capital is provided by a series of discretionary closed-end funds which it manages on behalf of institutional investors. National Development embraces a holistic ESG approach with socially responsible and sustainability-focused actions that include both near- and long-term guidelines for investment criteria and portfolio management.

## ESG Mission

At the core of National Development's values is an understanding that global and local environmental and social issues have real linkages to economic growth. National Development recognizes that in the financial community, ESG factors play a material role in determining risk and return. ESG considerations and efficiencies are part of the underwriting process and ownership strategy on every investment acquisition and throughout the hold period. National Development prioritizes sustainability projects that enhance the environmental performance of our current assets, new acquisitions, and newly constructed assets to improve the quality of life for our tenants while maximizing investor returns. Incorporated here are the policies that National Development utilizes in the practice of our business.

## ENVIRONMENTAL POLICY

National Development has committed to the following environmental objectives across its portfolio and ongoing investment practices:

### Climate Change and Adaptation

National Development incorporates risk-mitigating and ESG-related projects into each property's business plan. National Development considers both long-term changes in climate conditions and climate-related events such as natural disasters or major weather events. These considerations range from mitigating areas prone to flooding to using drought-tolerant species in landscaping. In evaluating each investment, National Development completes an Environmental Site Assessment (ESA) using a third-party expert.

In the new construction and development portfolio, all projects follow a comprehensive environmental checklist which includes climate risk considerations. The following sub policies create a necessary guide for climate risk and adaptation strategies.

### Energy Consumption

National Development takes a proactive approach to the management of energy consumption. This includes efficiency upgrades, enrollment in an EMS system and/or benchmarking properties through ENERGY STAR. In addition, National Development encourages all new lessees to adopt the same approach.

In the new construction and development portfolio, all projects consider energy consumption alternatives in the construction phase, as well as future energy consumption of the finished project. We continue to review energy-consumption metrics and implement energy-reduction strategies throughout the life cycle of the project.

### Water Consumption

National Development is committed to lowering water consumption at all levels of our business. In conjunction with tenant turn-over, major renovations, and new development, we are continuing to install water-efficient products and systems, reducing consumption across the portfolio.

In the new construction and development portfolio, all projects consider water consumption alternatives in the construction phase as well as the design and operation of future buildings on the property. We are continuing to audit water consumption and look for saving opportunities.

### Indoor Environmental Quality

National Development regularly performs Indoor Environmental Quality checks and makes necessary changes to achieve optimal conditions in which our tenants work and occupy. It is our goal to maintain high standards of indoor environmental quality to minimize the negative health impacts of potential contaminants.

### Material Sourcing

National Development avoids sourcing raw materials from conflict affected and high-risk areas, as well as any uncertified practice of extractions. National Development endeavors to work with manufacturers and suppliers that align with this policy when purchasing source materials for major renovations, new development projects, or standing investment overhauls.

All new suppliers are made aware of our sustainability commitment when National Development enters a new business partnership.

## Sustainable Procurement

National Development strives to minimize the environmental impacts of purchases. When purchasing materials, we consider both the short- and long-term adverse effects, the effect on employee health and productivity, life cycle building maintenance costs, and the overall environment. Our policy recommends the purchase of environmentally preferable materials, when available.

## Waste Management

National Development is committed to implementing an ongoing waste management policy throughout our entire portfolio. We are committed to enhancing the health and wellbeing of the community in which we operate, increasing safety practices, reducing consumption of energy and fuels, minimizing emissions, and reducing solid and hazardous wastes. The National Development community will integrate best practices into their daily operations to reduce, reuse, and recycle materials, consistent with municipal, state, and federal rules and guidance.

The goal of the ongoing Waste Management Policy implements practices to reduce waste by reusing or recycling materials -- promoting increased recycling practices of building occupants, providing recycling information via a tenant fit out guide, as well as development and construction best practices manual.

## Responsible Parties

The overview, amendments, and execution of this policy are overseen by the National Development ESG committee and Executive Leadership Team.

The ESG committee meets bi-weekly to discuss current ESG initiatives and plan for future goals. The committee also reports monthly to its Managing Partners on ESG efforts that are completed and underway.