



## **ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE POLICY**

***Date of Policy: February 2016***

***Updates to Policy: October 2016, July 2018, October 2018, July 2020***

High Street Logistics Properties, LLC (“High Street”) has adopted an ***Environmental, Social and Corporate Governance (ESG) policy and strategy*** as part of its fund management. Through this policy, High Street seeks to strategically promote the firm’s growth and operations in a sustainable and responsible manner as we focus on the economic, social and environments aspects of our activities. We consider sustainability and efficiency during acquisitions, management of owned properties, and among our employees through informal processes as well as through Investment Committee procedures as applicable. Our acquisition strategy inherently incorporates a degree of sustainability due to our market of potential tenants’ efforts towards increasing their efficiency in transportation of goods. That efficiency is expected to facilitate cost effective supply chain strategies that will increase regional distribution requirements in growing shipping, rail, distribution and population centers in the Eastern two-thirds of the U.S.

Environmental sustainability opportunities are more limited in the industrial sector generally (*the carbon footprints of the buildings are lower than office, retail and hotel facilities*). However, we do have an expectation that all renovations and retrofit of our investment properties during our ownership are completed in strict conformance with federal and local environmental standards. More importantly, in the operation of the building and upon refit for new leasing, we aim to install new high efficiency lighting systems which reduce energy consumption and the carbon foot print of the asset. For example, T-5 upgrades today cost approximately \$0.65 per square foot and are generally “repaid” by energy cost savings over 12-24 months. In our Fund holdings, all tenant spaces which are vacant at acquisition, or roll over or renew during the Fund hold period (which are not already upgraded or for which the tenant is otherwise responsible for upgrading), will be upgraded by High Street to new high energy efficient lighting (T-5, T-8, T-12 or LED) which reduces the tenant’s electrical lighting expense by 40-50%.

In addition, and whenever possible, we specify sustainable features in building renovation to improve operating efficiencies and create a competitive advantage. We monitor the waste disposal generated from tenant operations to ensure EPA disposal manifests are prepared and filed. Capital maintenance programs improve building performance, using environmentally preferable products such as energy-efficient reflective roofing, high-efficiency lighting and HVAC systems.

Moreover, High Street believes that by their nature the small box, infill assets we acquire offer tenants an opportunity to reduce their carbon footprints by minimizing transportation costs. In fill locations characteristically locate tenants closer to their customers, ultimately reducing environmental impacts and increasing operating efficiencies. Delivery and distribution costs are reduced by moving goods shorter distances thereby reducing supply chain emissions and improving air quality impacts as well as decreasing roadway congestion.

Evaluating and monitoring of compliance with our ESG policies begins during the acquisition process with a complete property condition assessment report that is completed by an independent firm including identification of any environmental history matters, environmental compliance as well as opportunities to implement operational and capital enhancements to sustainability. The initial environmental analysis is included in the underwriting due diligence for each asset. The sustainability programs are described in a similar fashion in the acquisition and the asset management plans, particularly in the latter, where improvements would be noted under the capital improvements section of the asset business plan. Any environmental issue would be included in the investment summary presented to the Investment Committee. Similarly, an environmental issue which occurs during ownership would be disclosed in the annual asset business plan, along with the attendant course of action, and liability assessment. Investors have access to the underwriting materials and business plans via HSRC's secure investor web site including these sustainability measures as part of High Street's overall focus on transparency.

In summary, High Street is committed to its ESG policies and generating property and portfolio initiatives which maximize our sustainability efforts notwithstanding the limitations inherent in the assets we acquire.