



## **ACCORD GROUP HOLDINGS**

### ***Responsible Investment ("RI") Guidelines***

*Final June 2024*

## Environmental Guidelines

We believe that making good decisions in the environmental realm creates better outcomes for Accord and our stakeholders. As such, we consider our own environmental impacts, and seek to work with investee companies to implement sustainable environmental practices, or potentially support the development of their environmental program if it does not comply with our RI Policy.

To implement our environmental guidelines, Accord will:

- promote environmental knowledge within our company and investee companies;
- screen prospective investee companies on environmental policies;
- screen prospective investee companies on their practices, including energy efficiency, climate change (including exposure to increasingly severe or unpredictable weather events), water, waste, and biodiversity impacts, and consider how these factors could impact investments;
- monitor investee companies' environmental practices, particularly energy efficiency, climate change (including exposure to increasingly severe or unpredictable weather events), water, waste, and biodiversity impacts; and
- work towards a net zero-carbon future by 2050 by following a corporate decarbonization pathway.

### *Connection to our Beliefs*

Consistent with our belief that climate change is a systemic risk, our environmental guidelines are an important link between this belief and our fiduciary duty. We seek to work with investee companies that prudently evaluate and manage climate risks and opportunities because we believe that it will improve investment performance.

### *Environmental Guidelines in Action*

To inform the company about environmental sustainability and the risks and opportunities associated with climate change, Accord gathers and evaluates information from both prospective and actual investee companies.

Key issues relating to investee company environmental compliance with Accord's RI Policy include:

- potential for climate impacts
- potential for biodiversity impacts

In addition, Accord receives environmental reporting from investee companies and engages in an active dialogue with investee companies about these issues.

Accord is also committed to pursuing its own corporate decarbonization pathway including setting a target of net zero emissions by 2050 as well as policies and processes and reporting on progress toward this goal.

## Social Responsibility Guidelines

Accord believes that making good decisions with respect to RI social factors creates better outcomes for the firm and our stakeholders. As such, we corporately promote social actions, and work with investee companies on their social programs if it does not comply with our RI Policy.

To implement our social responsibility guidelines, Accord will:

- promote knowledge of social issues, particularly with respect to diversity, equity and inclusion (DEI) within the company;
- track internal hiring and promotion statistics by gender and race/ethnicity following market standards;
- implement demonstrable practices to make recruitment and retention of employees more inclusive;
- support DEI research by participating in market surveys that capture data on diversity in the workforce;
- screen prospective investee companies on social practices, particularly DEI, sexual harassment, and adherence to labor laws and worker health and safety;
- monitor investee companies' social practices particularly DEI, sexual harassment, and adherence to labor laws and worker health and safety; and
- respect the human rights of those affected by our investment activities.

### *Connection to our Beliefs*

Accord is committed to fostering growth through an inclusive and diverse firm culture and ensuring its employees, investee companies (and their employees), other stakeholders and partners are all treated equally and accorded the same level of respect. In addition, Accord believes that support for diversity and inclusion must include considerations of equity and accountability. The firm's philosophy, commitments and initiatives regarding diversity and inclusion are documented in its *Inclusion, Diversity, Equity and Accountability Statement* (last updated December 2020).

In accordance with our belief that DEI helps to bring about better outcomes, both financially and for society, Accord's social guidelines are an important link between this belief and our fiduciary duty. We seek to work with investee companies that prudently evaluate and encourage DEI because we believe that it will improve investment performance. We will also require that investee companies have the following undertakings:

- To consider the social impact of their investment/development activities,
- To have robust diversity and inclusion policies within their own operations.

Accord also sets baseline expectations for investee companies to:

- proactively comply with applicable national, state and local labor laws;
- support the payment of competitive wages and benefits to employees;
- provide a safe and healthy workplace in conformance with national and local law; and
- respect the rights of employees to decide whether to join a union and engage in collective bargaining, consistent with applicable law.

### *Social Guidelines in Action*

Accord's *Inclusion, Diversity, Equity and Accountability Statement* details the development of a work environment that includes consideration of diversity in:

- recruitment,
- selection,
- compensation and benefits,
- professional development and training, and
- promotions and transfers.

To ascertain the management of social issues in its investment activities, Accord gathers and evaluates information from both prospective and actual investee companies. This involves collecting information on factors such as:

- components of the DEI program;
- compliance with labor laws and worker health and safety regulations;
- socio-economic impact of construction projects;
- negative social impacts of investments on the surrounding community;
- claims, investigations, or charges of unfair labor practices or sexual harassment; and
- investee company diversity, including diversity in executive ranks and all intervening ranks to the administrative level.

## RI Governance Guidelines

Strong governance is a pre-condition to an effective RI program. Led by the firm's RI Officer, Accord has focused on developing its RI Steering Committee, which includes two executives and two senior professional team members. Accord also looks for a similar level of commitment to RI by investee companies. Each potential investee company is asked whether they will comply with the principles of the UN PRI, and with Accord's RI policy. However, if an investee company's RI governance is underdeveloped, we will work with them to strengthen it with the goal of improving performance and minimizing adverse impacts.

To implement our governance guidelines, Accord will:

- ask investee companies to comply with the Accord RI Policy,
- assess compliance,
- improve investee companies by working with them on environmental, health, safety, climate change (including exposure to increasingly severe or unpredictable weather events), social and governance issues, and regulatory risk, with the goal of improving performance and minimizing adverse impacts,
- develop and maintain the resources to achieve implementation of Accord's RI initiatives, which is overseen by an RI Officer and an RI Steering Committee,
- make RI integration an ongoing endeavor. Accord's RI Steering Committee will meet to review the firm's efforts quarterly,
- identify RI issues throughout our investment due diligence process,
- adhere to the highest standards of conduct to avoid even the appearance of negligent, unfair or improper practices. This includes maintaining a baseline: proactively complying with applicable national, state and local labor laws in the countries in which we invest; supporting the payment of competitive wages and benefits to employees; providing a safe and healthy workplace in conformance with national and local law; and, consistent with applicable law, respecting the rights of employees to decide whether or not to join a union and engage in collective bargaining. Where possible, Accord will seek to exceed minimum legal requirements,
- ensure all Accord employees and senior advisors are aware of the firm's culture of social responsibility. Encourage employees to strengthen that culture through RI training and encourage firm professionals to engage in non-profit giving and socially responsible volunteer activities,
- encourage dialogue with our investors and other stakeholders regarding how we can manage RI issues in a way that is consistent with their initiatives,
- foster transparency in all aspects of Accord's activities, including our RI performance, through our public and client communications,
- distributing this policy and related RI information to all appropriate employees of our investee companies to encourage and support their adherence,
- annually sign off on our Principles for Responsible Investment reporting.

### *Connection to our Beliefs*

In accordance with our belief that RI governance helps to bring about better outcomes, both financially and for society, Accord's governance guidelines are an important link between this belief and our fiduciary duty. Accord is dedicated to working with our investors and investee companies to accommodate the many aspects of responsible investing.

### *Governance Guidelines in Action*

To ascertain the level of RI governance, Accord gathers and evaluates information from both prospective and actual investee companies including:

- level of seniority of individuals who govern RI,
- responsibility for RI implementation by management,
- material issues identified by RI policy,
- RI integration of material issues,
- compliance of investment strategy with RI policy,
- stewardship practices,
- RI staff training,
- objectives and outcomes,
- business ethics, and
- public reporting on RI.

Accord is also active in governance development, including:

- an RI Assessment,
- an RI steering committee,
- a comprehensive RI Policy,
- a RI Process Handbook detailing RI integration,
- a Screening Survey for prospective investee companies,
- a Monitoring Survey for investee companies,
- a Compliance Manual and Code of Ethics,
- an Anti-Harassment Policy,
- an Inclusion, Equity and Accountability Statement,
- a Cybersecurity Policy,
- engaging with investee companies on RI,
- discussing RI metrics with investee companies regularly,
- working with investee companies to strengthen underdeveloped RI governance, and
- monitoring investee companies for RI incidents.

## Approach to Stewardship

RI Stewardship is broadly understood to be the use of organizational influence in relation to RI factors to increase or protect the value of investments.

Accord does not directly manage buildings or other real estate investments but instead selects and invests in real estate companies, funds and other investment vehicles. Our primary stewardship tool across our organization is engagement with our investee companies. Our engagement with investee companies on RI includes environmental, health, safety, climate change (including exposure to increasingly severe or unpredictable weather events), social and governance issues, and regulatory risk, with the goal of improving performance and minimizing adverse impacts.

In addition to RI stewardship through engagement, we also work to use our influence through industry associations.

Our primary stewardship objective is to maximize our portfolio-level risk-adjusted returns. In doing so, we seek to address any risks to overall portfolio performance caused by individual investees' contribution to systematic sustainability issues.

Accord views climate change (including exposure to increasingly severe or unpredictable weather events) as a systemic risk to property values. As a result, an engagement priority is to work with our investee companies, stakeholders and partners towards a decarbonization goal to protect investments from transition risk. Our objective is that investee companies achieve net zero emissions by 2050.

The key metric on climate-related risks with investee companies is the investee company's carbon emissions. Accord will ask each potential investee company to work towards our objective and report on related metrics and KPIs as part of our initial investment due diligence and annual monitoring. If the investee company is not able to provide such data or if it is only partially available, this will be included in an RI action plan created by Accord.

An equally important engagement priority is DEI. Accord believes that giving opportunity and a voice to a diversity of individuals and groups helps bring about better outcomes, both financially and for society, so it engages to promote diversity, inclusion and equity. Our objective is to measure the level of diversity in investee companies annually, particularly in positions of authority.

Although Accord's engagement approach differs when relating to industry organizations, its priorities are the same. We advocate for industry organizations to set RI standards for reporting on DEI and climate change.

Engagement is the responsibility of the RI Steering Committee. As Accord gains capacity in RI through increased knowledge and skills, engagement may become a broader responsibility in the organization.

Our secondary stewardship tool is collaboration. We believe that collaboration on stewardship with other like-minded organizations and real estate companies through industry associations is the most effective way that we can participate in external engagement activities.

The Stewardship Policy is primarily implemented by the RI Steering Committee, led by the RI Officer. Accord's RI Steering Committee works with investee companies to ensure the integration of RI principles into core business activities.

As most aspects of our RI stewardship activities involve engagement with our investee companies on RI integration, implementation involves mandatory monitoring of investee companies, especially when there is an Action Plan in place. This includes monitoring through annual responses to detailed questions and reviewing any RI issues reported to us in quarterly client reports. The objective of the monitoring, which is done in relation to their agreed Action Plans, is to know when to engage with investee companies to help guide them towards satisfactorily completing the Action Plans. Otherwise, monitoring is used to assess the progress that investee companies are making in their RI development relative to our priority issues.

Another area of Stewardship implementation is our participation in the development of standards and policies through our involvement in industry organizations. We recognize that stewardship suffers from a collective action problem, and, as a result, we prefer collaborative efforts. We participate in policy consultations and provide technical input on potential RI policy issues when we have the ability to do so. We believe that our involvement in putting forth the best policy pronouncements for RI standards in our industry is the best way for us to engage with policy makers to support a more sustainable real estate market.

If an investee company becomes non-compliant in terms of its RI commitments, Accord believes its best and preferred course of action is to continue engaging with the investment company to further educate and identify a collaborative path to meet our RI policies and guidelines. Divestment will only be considered as an action of last resort and after consideration of pricing, liquidity and financial impact on investors.

Our stewardship efforts and results are communicated across the organization by our RI Steering Committee.

### **Approach to Sustainable Outcomes**

Accord is focused on RI priorities that lend themselves to metrics and targets – namely decarbonization, and DEI programs. Accord actively seeks data from investee companies on the:

- carbon footprint of investee companies and the annual change
- breakdown of investee companies' employment broken down by gender, race, or other minority characteristic and level.

We use this information to help to quantify investee companies' RI progress.



## **External Reporting Related to Responsible Investment**

Accord has committed to transparently communicating our RI activities and our progress on a regular basis in our investor communications, and through our public PRI reporting.

## **Manager Selection and Monitoring Guidelines**

Accord utilizes a process for Manager Selection and Manager Monitoring that incorporates key elements of The PRI *Manager Selection, Appointment and Monitoring* module of PRI's reporting framework. This reflects Accord's commitment to integrating RI and responsible investment principles into our due diligence and investment monitoring process.

Accord's RI Steering Committee led by the RI Officer is integrated into the investment due diligence process that selects managers for Accord funds. Prior to investment, a potential investee company is asked to comply with the principles of the UN PRI and to be at least in line with Accord's RI policy

During our hold period, Accord works with investee companies to ensure the integration of RI principles into core business activities. If an investee company does not have a mature RI program, Accord will co-operatively develop an Action Plan with the investee company to address identified shortfalls.

## **Commitment for the Future**

We work with an independent and expert RI consultant to create a roadmap to minimize our carbon footprint; this roadmap will also be used to guide our investee companies' reporting of estimated carbon emissions and aim to align their pathway to a net zero-carbon future.

Each year, we will review Accord's progress against the UN PRI, as well as investee company performance related to RI goals. RI metrics will be discussed at quarterly asset management meetings and detailed annual assessments will be conducted on investee companies. Accord believes in an integrated approach to RI; to execute our vision in challenging the status quo and keep up with rapidly evolving RI trends, we have created a separate and detailed RI Process Handbook, which will be reviewed semi-annually and updated, as appropriate.