

# BerkshireTHRIVE

ENVIRONMENTAL, SOCIAL, *and* GOVERNANCE REPORT



2020

[www.berkshireresi.com](http://www.berkshireresi.com)



**Berkshire**  
Residential Investments



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ALL INFORMATION IN THIS REPORT IS CURRENT AS OF Q4 2020,  
UNLESS OTHERWISE SPECIFIED

# Welcome from our CEO

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At Berkshire, we pride ourselves on strong, national-scale investment execution paired with local housing expertise and high-quality service. We strive to improve lives and provide exceptional living experiences for our residents through expert capital investment and management. With \$10.6 billion in assets under management and approximately 327,000 residential units<sup>1</sup> owned, managed, or overseen across the country, we can impact many lives through our investment and property management expertise.

With over 50 years of experience refining our people-first approach to investment management, we recognize the importance of implementing an executable environmental, social, and governance (ESG) policy within our investment strategy. We created the BerkshireTHRIVE program to integrate ESG initiatives into our

company and investment culture focusing on enhanced resident and team member attraction, satisfaction and retention, while driving operational efficiencies, mitigating risks, and reducing our carbon footprint. This program is further strengthened by our existing internal governance policies and procedures, which include oversight by our board of directors, our status as a registered investment advisor, and our strategic risk management protocol housed within our enterprise risk management team.

The BerkshireTHRIVE program is rooted in a holistic philosophy that includes general sustainability, environmental, social, governance, health and well-being, and resilience objectives. These goals are long-term in nature and integrated throughout Berkshire's culture and investment management platform.

While BerkshireTHRIVE continues to evolve, we are very proud of our progress. Highlighted in this report are several new initiatives launched in 2020 to improve our ESG performance and drive value for our clients.

As a testament to our accomplishments in ESG, of the two multifamily funds that participated in the 2020 GRESB Real Estate Assessment, one received a three-star rating and one received a four-star rating placing it in the top three in its peer group. Additionally, we are celebrating property





The Rey | San Diego, CA

level sustainability achievements. Berkshire Lauderdale By The Sea won the National Apartment Association Silver Sustainable Living Innovation Award, which recognizes

properties based on their sustainability performance and societal impact, and seven of our properties obtained ENERGY STAR® certifications.

Reflecting on 2020, the significant challenges of the COVID-19 pandemic and

acts of social injustice across the nation accelerated our social impact as a company and changed the way we interact with our team members, residents, and clients. I am pleased that through the efforts of the BerkshireTHRIVE program, we implemented several new policies to promote safety during this time and also continued our

commitment to diversity and inclusion. Our longstanding Diversity & Inclusion Committee implemented additional initiatives for strengthening Berkshire's community, including hiring a consultant to guide our strategic plan and taking the CEO Action for Diversity & Inclusion pledge. We were honored to receive the 2020 National Apartment Association's Excellence Award for Diversity and Inclusion in recognition of our dedication to advancing these topics within our organization.

In the following pages, we present an overview of our progress and the BerkshireTHRIVE policies that have made our program a reality. We continue to invest in our people, whether they be stakeholders, team members, or community residents, and demonstrate that our focus on integrating ESG principles into our daily work can improve the value of our communities for both residents and clients.

*Regards,*



**David Olney**

CHIEF EXECUTIVE OFFICER

**7**  
**ENERGY STAR®**  
certifications  
earned in 2020

BRINGING OUR TOTAL  
TO 10 CERTIFICATIONS

# Assembling our ESG Framework

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At Berkshire, we aim to deliver value and satisfaction to our residents, team members, and investors through environmental, social, and governance best practices, engagement with stakeholders, and our committed team. BerkshireTHRIVE is our engine for delivering exceptional living experiences for our residents, fiduciary excellence for our investors, and a rewarding work experience for our team members.

The BerkshireTHRIVE program consists of an integrated set of strategies to monitor, track, and enhance our real estate performance, focused on the following:



## Our Communities

Enhancing resident satisfaction, attraction, and retention.



## Our Impact

Driving operational efficiencies, mitigating risks, and reducing our footprint.



## Our Commitment

Improving our ESG performance and sharing our accomplishments with stakeholders.



## Our Team

Curating a uniquely passionate and positive employee culture, making Berkshire an industry employer of choice.

## Implementing our BerkshireTHRIVE Policies

We created the BerkshireTHRIVE ESG Committee to coordinate and promote the success of our ESG policies and programs while supporting Berkshire stakeholder interests. The Committee consists of a cross-functional team of firm leaders including Portfolio Management, Property Operations, Human Resources, Legal, Business Development, and Construction & Development Services, to ensure a close link to the operational aspect of the business and a full commitment from management. These representatives are responsible for identifying material ESG issues, providing insight and guidance regarding proposed and ongoing ESG efforts, and establishing program performance goals.

We are committed to providing management teams and partners with the necessary knowledge and tools to implement the BerkshireTHRIVE plan to positively affect our environment, our stakeholders, and the communities we serve. We created the following policies to help us in this effort:



## Corporate Policies

### Social Responsibility

Become an integral part of the social fabric of our communities and neighborhoods and promote the well-being of our team members.

#### EXAMPLES INCLUDE

*Promote team member community outreach activities through BerkshireGIVES*

*Provide opportunities for professional growth*

### Culture of Inclusion

Foster a company culture that welcomes and supports people with diverse backgrounds, allowing our team to fully utilize talents to provide exceptional service to our clients.

#### EXAMPLES INCLUDE

*Implement diversity and inclusion initiatives throughout recruitment, training, and employee development*

*Provide access to work-life balance*

*Recognize team members*

*Support continuing education*

*Distribute culture and engagement surveys*

### Corporate Operations Sustainability Initiatives

Reduce our environmental footprint and increase the sustainability of corporate office operations.

#### EXAMPLES INCLUDE

*Conserve energy in office operations*

*Reduce waste production (paper usage)*

*Support alternative transportation efforts*

*Full adoption of virtual meeting platform to enhance productivity and reduce travel*

## Property-level Policies

### Energy Efficiency

Reduce community energy consumption, greenhouse gas emissions, and associated expenses.

#### EXAMPLES INCLUDE

*Track energy consumption in ENERGY STAR® Portfolio Manager® for all communities*

*Share energy management best practices*

*Use energy efficient products and appliances (ENERGY STAR® certified, smart thermostats)*

### Water Conservation

Reduce indoor and outdoor water consumption and associated expenses.

#### EXAMPLES INCLUDE

*Track water consumption in ENERGY STAR® Portfolio Manager® for all communities*

*Install EPA WaterSense labeled products and low flow fixtures*

*Implement operational water efficiency best practices*

### Waste Management

Reduce use of raw materials, promote the reuse of existing materials, and limit amount of materials allocated to landfill.

#### EXAMPLES INCLUDE

*Track waste production and recycling rates in ENERGY STAR® Portfolio Manager® for all communities*

*Execute waste management best practices*

*Strive to purchase recycled and/or zero waste materials*

## Property-level Policies

### Transportation

Reduce fossil fuel consumption by investing in real estate in urban and suburban locations near a variety of transportation options.

#### EXAMPLES INCLUDE

*Track transportation key performance indicators*

*Encourage residents to use alternative forms of transportation*

*Provide alternative transportation options at our communities*

### Resilience

Prepare for natural disasters and other unforeseen events.

#### EXAMPLES INCLUDE

*Adhere to risk management plans for building operations and office continuation*

*Require disaster recovery plans for corporate operations and all our communities*

*Implement the Berkshire Enterprise Risk Management Plan (evaluates risk frequency and potential financial impact)*

*Execute Berkshire's Pandemic Virus/Disease Preparedness Plan*

*Conduct climate risk assessment pilot*

### Resident Engagement and Wellness

Enhance resident attraction, satisfaction, and retention.

#### EXAMPLES INCLUDE

*Purchase environmentally and health-friendly maintenance materials*

*Display sustainability certifications*

*Educate residents about sustainable building attributes*

*Distribute resident satisfaction surveys*

## Associated Policies

### Development

Incorporate design strategies that support our ESG activities while requiring JV partners to abide by all applicable codes and regulations.

#### EXAMPLES INCLUDE

*Obtain sustainability certifications*

*Choose sites that support alternative methods of transportation*

### Responsible Contracting

Share ESG requirements and expectations with our contractors.

#### EXAMPLES INCLUDE

*Comply with all applicable rules and regulations*

*Support fair wages and benefits*



# Building our ESG Program

## Continuing to Improve our Performance

2020

- Published first BerkshireTHRIVE ESG Report
- Submitted two funds to GRESB, received 3- and 4- star ratings
- Initiated efforts to incorporate additional ESG factors in lending efforts
- Updated due diligence efforts to include additional ESG aspects

2019

## Growing our ESG Program and Goals

- Became an ENERGY STAR®, U.S. Department of Energy Better Buildings Alliance, and USGBC partner
- Completion of second GRESB assessment and energy and water audits for high-impact communities

- All funds participating in BerkshireTHRIVE
- Launch of BerkshireTHRIVE Property Team Training and checklist, first ENERGY STAR® certifications and first IREM certification achieved



## Tracking and Reporting our Progress

2018

- ESG Consultant engaged to support program
- BerkshireTHRIVE program, reporting framework, and performance targets established
- ESG Committee Workshop to identify program objectives; first GRESB assessment completed
- BerkshireTHRIVE pilot launched for one fund; policies and procedures revamped

## Laying our Program's Foundation

2017

- ESG Committee formed
- Became GRESB member
- ESG Policies and Committee Governance documented
- Initiated search for ESG consultant to support program

## Our Early ESG Efforts

PRE 2017

- Initiated collection of utility data
- Benchmarked assets in ENERGY STAR® Portfolio Manager®
- Obtained sustainable building certifications
- Member of ULI Greenprint
- Established Diversity & Inclusion Committee

# Community Commitment

## Our Dedication

Our dedication to our community is more than just policies and team member benefits. We have three community program foundations: B Berkshire Well, Diversity & Inclusion, and BerkshireGIVES. Each cornerstone reinforces the other to create a comprehensive initiative and an environment for our team to succeed. Here are our top program highlights from 2020:



### GENDER DIVERSITY<sup>2</sup>

44%  
Female



56%  
Male

Over **470 team members**  
and **730 residents**  
volunteered in 2020.

**220 team members**  
participated in Wellness  
Webinars, nearly a third of  
Berkshire's team.

### ETHNIC DIVERSITY<sup>2</sup>



53% of Employees

## B Berkshire Well

Berkshire provides many resources to enable team members to attain overall health and wellness, especially through the B Berkshire Well program. Successful attainment of overall health and wellness helps our team be their best self personally and professionally. Our wellness program focuses resources and activities to help with behavior and mental wellness, financial wellness, physical wellness, and social and emotional wellness.



## Diversity & Inclusion

Berkshire has a long history of dedication to diversity and inclusion, which is exemplified through our Diversity and Inclusion Committee and team member training and education efforts. With the rise in racial tensions and social justice, we took a critical look at how Berkshire might better support our team members and communities. Berkshire joined the CEO Action for Diversity & Inclusion, the largest CEO-driven business commitment to advance diversity and inclusion within the workplace. By joining this pledge, Berkshire's leadership committed to continuing difficult and necessary conversations about diversity and inclusion, increased diversity and inclusion training for all team members, and more. In 2020, Berkshire won the National Apartment Association's Diversity & Inclusion award for our dedication to championing and advancing diversity and inclusion. Continuing to strengthen our knowledge and support of our team members, we have engaged with a consultant to help enhance our Diversity & Inclusion Strategic Plan and future initiatives.

## BerkshireGIVES

Giving back and connecting with our communities is key to resident and talent attraction, satisfaction, and retention. Our residents and team members partner through organized drives, volunteering opportunities, and participating in outreach activities. Having these opportunities to partner together with outside charitable organizations enhances the communities we are part of, drives Berkshire team member pride, and boost the Berkshire brand.

Berkshire's culture and dedication to our people is one of the reasons why our team members enjoy working here. We are proud to be a 2020 Glassdoor Best Place to Work, for the second year in a row. We have a 96% 2020 CEO approval rating and 96% of employees are likely to recommend Berkshire as an excellent place to work.





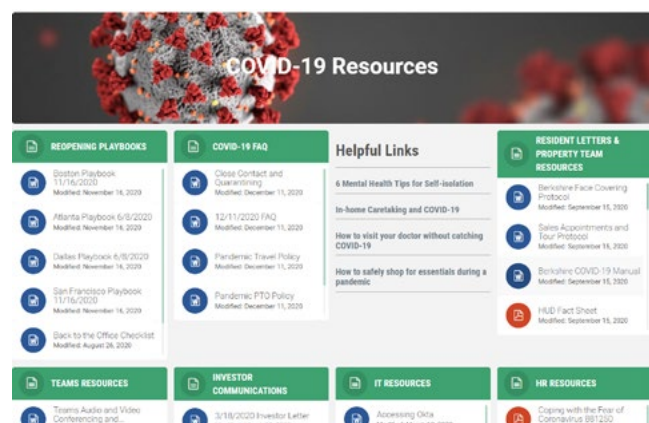
# COVID-19 Response

Berkshire cares about the health and wellbeing of our team, residents, and clients. At the start of the COVID-19 pandemic, we gave all team members additional paid time off hours to use as needed to provide flexibility for COVID-19 related life disruptions. We also arranged for flexible working schedules to support social distancing at our offices and properties and to help team members remain healthy.

For property teams, we created a COVID-19 manual to guide teams through best practices, such as communications, cleaning procedures, and virtual leasing. Our property teams increased property cleaning and temporarily closed amenity spaces until it was safe to reopen. For our clients, we pivoted our annual client conference to a virtual platform, which had over 60 attendees.

Berkshire successfully transitioned to a virtual environment. We remained productive and connected as a team through transitioning as much of our business process to a virtual format as possible. This included virtual Town Halls, due diligence processes, fundraising, leasing, and more.

Berkshire continues to monitor the latest pandemic developments and update our policies and procedures to ensure our community's health and safety. All updates are posted on our internal COVID-19 resource webpage (right).



# Measuring our Progress

We have made strategic efforts to formalize our ESG activities and develop a strong foundation for the BerkshireTHRIVE program. From establishing our ESG Committee in early 2017, to developing reporting frameworks and methodologies, revising and updating policies, and creating guidance resources, we are working to better serve our communities, team members, and the environment. During this time, the BerkshireTHRIVE program has become standard throughout our real estate investments and has emerged as our overall strategy for implementing ESG initiatives and achieving our performance targets.

## Defining our Objectives

An inherent aspect of our BerkshireTHRIVE program is our ability to measure our progress and the value derived from our ESG efforts. Therefore, we have established performance goals which cover all communities in the BerkshireTHRIVE initiative.

### OUR PERFORMANCE GOALS

By 2025, we strive to achieve a 10% reduction in energy, greenhouse gas emissions, and water, as well as a 30% waste diversion rate as compared to a 2015 baseline.<sup>3</sup>

### GREEN LEASING LANGUAGE

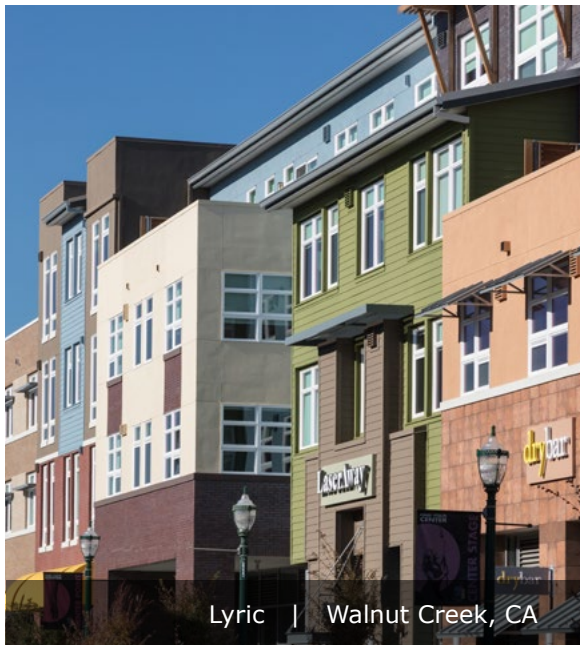
Our team is incorporating green lease language into our retail leases to encourage our tenants to participate in Berkshire's sustainability efforts. Specifically, this language will enable us to gather tenant utility data to coincide with whole building data collection efforts.

# BerkshireTHRIVE

## Governance

Berkshire's management team and vertically integrated structure oversees the execution of our strategic objectives, BerkshireTHRIVE strategies and our investment thesis.

The BerkshireTHRIVE ESG Committee serves at the direction of the CEO and Berkshire Operating Committee and develops the overall vision, policy and direction of our ESG program. The Operating Committee is comprised of the following five members:



**Alan King**

MANAGING DIRECTOR

Co-Head Operations,  
Head of Property Management



**Chris Nichols**

MANAGING DIRECTOR

Co-Head Operations,  
Chief Financial Officer



**Mary Beth Bloom**

MANAGING DIRECTOR

General Counsel



**Dave Doherty**

MANAGING DIRECTOR

COO Portfolio Management &  
Investment Operations



**Tom Rucker**

MANAGING DIRECTOR

COO Property Management





Berkshire is focused on creating a culture that places the BerkshireTHRIVE ESG initiatives at the forefront of the construction and management of its investment portfolios. Through ESG best practices, engagement with stakeholders and a committed team, the Firm believes BerkshireTHRIVE drives value and satisfaction. The ESG Committee champions the BerkshireTHRIVE program and measures targeted KPI's towards targets and goals.

The ESG Committee is chaired by the Managing Director, Chief Operating Officer of Property Management, Thomas Rucker; Vice President, Portfolio Manager, Mark Munroe;

and includes Berkshire professionals from the following functional areas of the Firm: Portfolio Management, Property Management, Investments, Portfolio Reporting & Analytics, Human Resources, Construction Management Services, Enterprise Risk Management, Research, Information Technology, Debt and Capital Markets.

RE Tech Advisors, LLC. supports Berkshire in providing sustainable real estate expertise across platform focused on strategy, and creating, implementing and monitoring ESG initiatives within the organization.

# Assessing our Performance

To better assess the ESG performance of communities participating in the BerkshireTHRIVE program, we developed the BerkshireTHRIVE Scorecard. This Scorecard displays the key performance indicators that we use to measure the impact of our program. The Scorecard to the right includes performance information for 68 properties representing 25.2 million square feet participating in the BerkshireTHRIVE initiative.



Berkshire had two funds participate in GRESB in 2020; each earning the GRESB Green Star designation. Berkshire started GRESB participation by disclosing our core strategy in 2018. Since then, our core strategy consistently improved performance. In 2020, the fund ranked third in its peer group, performed in the top 40% of all participants worldwide, and scored 82 out of 100 points in 2020 - a 13-point GRESB score increase since 2019. Based on the strategy's success, we disclosed a second fund to GRESB in 2020. This fund had a strong first year performance, ranking in the top 60% of all global participants.

AIRE, Berkshire Central, Berkshire Howell Mill, Berkshire K2LA, Berkshire Terminus, eon at Lindbergh, and Gatehouse 75 all received ENERGY STAR® certifications in 2020. This certification is awarded to properties that earn an ENERGY STAR® score of 75 or higher, meaning that they outperform at least 75% of similar buildings nationwide.

Berkshire Lauderdale By The Sea won the National Apartment Association's 2020 Sustainable Living Innovation award – Silver. This award recognizes innovative environmental and social engagement practices at an apartment community. Berkshire Lauderdale by the Sea earned this distinction due to the property's dedication to decreasing utility consumption through installing efficient lights and fixtures and engaging residents on sustainability.



## Our Communities

Enhancing resident attraction, satisfaction, and retention.

**NUMBER OF PROPERTIES**

**68**

**TOTAL FLOOR AREA**

**25.2 MILLION SF**

### PORTFOLIO WALK SCORES



	BERKSHIRE	COMP.
Average	<b>54</b>	<b>57</b>
Urban	<b>88</b>	<b>85</b>
Suburban	<b>39</b>	<b>44</b>

### PORTFOLIO BIKE SCORES



	BERKSHIRE	COMP.
Average	<b>57</b>	<b>58</b>
Urban	<b>79</b>	<b>77</b>
Suburban	<b>46</b>	<b>49</b>

### PORTFOLIO TRANSIT SCORES



	BERKSHIRE	COMP.
Average	<b>39</b>	<b>43</b>
Urban	<b>67</b>	<b>68</b>
Suburban	<b>27</b>	<b>32</b>

### AVERAGE RESIDENT SATISFACTION SCORE

**4.1**

OUT OF FIVE

## Our Commitment

Sharing and improving our ESG performance with stakeholders.



### PARTICIPATION

2020 GRESB assessment<sup>7</sup>  
Green Star rating



### BENCHMARKED

100% of properties in  
ENERGY STAR®  
Portfolio Manager®



### CERTIFIED

26 properties, 38.5% of total  
portfolio floor area  
LEED, NGBS, ENERGY STAR, & OTHERS



### INDUSTRY MEMBERSHIP PARTICIPATION

USGBC  
SINCE 2019

Better Buildings Alliance  
SINCE 2019

ENERGY STAR  
SINCE 2019

GRESB  
SINCE 2017

Urban Land Institute  
SINCE 2016

## Our Impact

Driving operational efficiencies, mitigating risks, and reducing our footprint.

### ENERGY

**GOAL**  
10% Reduction  
BY 2025

**-9.1%**

Use Change  
SINCE BASELINE<sup>3</sup>

**\$1,519.4K**

Avoided Cost  
SINCE BASELINE<sup>3</sup>

### WATER

**GOAL**  
10% Reduction  
BY 2025

**-2.1%**

Use Change  
SINCE BASELINE<sup>3</sup>

### GHG

**GOAL**  
10% Reduction  
BY 2025

**-6.8%**

GHG Change  
SINCE BASELINE<sup>3</sup>

### WASTE

**GOAL**  
30% Diversion  
BY 2025

**17.6%**

Diversion  
Rate



# Case Studies

In alignment with the BerkshireTHRIVE program, we are dedicated to identifying utility efficiency opportunities throughout our portfolio in order to improve the environmental and financial performance of our properties. Here are a few highlights from our work in 2020:



## AIRE

<i>Location</i>	<i>Property type</i>	<i>Project</i>
San Jose, CA	Mid-rise	Garage LED lighting retrofit

In April 2020, AIRE completed a garage lighting update project. Our team replaced all bulbs and fixtures with LEDs and added motion and daylight sensors to further increase the energy efficiency of the space. This project is projected to save over 128,000 kWh per year, which is equivalent to the carbon sequestered by 118 acres of forest in one year.<sup>4</sup>



## Berkshire Riverview

<i>Location</i>	<i>Property type</i>	<i>Project</i>
Austin, TX	High-rise	Hallway LED lighting retrofit

In April 2020, our team updated all 600 hallway lights to LEDs. This upgrade is projected to save over 86,000 kWh per year, which is equivalent to 141 barrels of oil not burned.<sup>5</sup>



## Berkshire Terminus

<i>Location</i>	<i>Property type</i>	<i>Project</i>
Atlanta, GA	Mid-rise	Water efficiency upgrades

In February 2020, the Berkshire Terminus team implemented efficiency upgrade recommendations from a 2019 water efficiency assessment to reduce the property's water consumption. Our team updated all toilets and water fixtures to reduce leaks and ensure peak water use efficiency. These upgrades are projected to save over 227,000 gallons annually, which is equivalent to the annual water consumption from over 2,800 average households.<sup>6</sup>

# Planning our Next Steps

We are developing new policies and strategies to strengthen and expand the BerkshireTHRIVE program going forward.

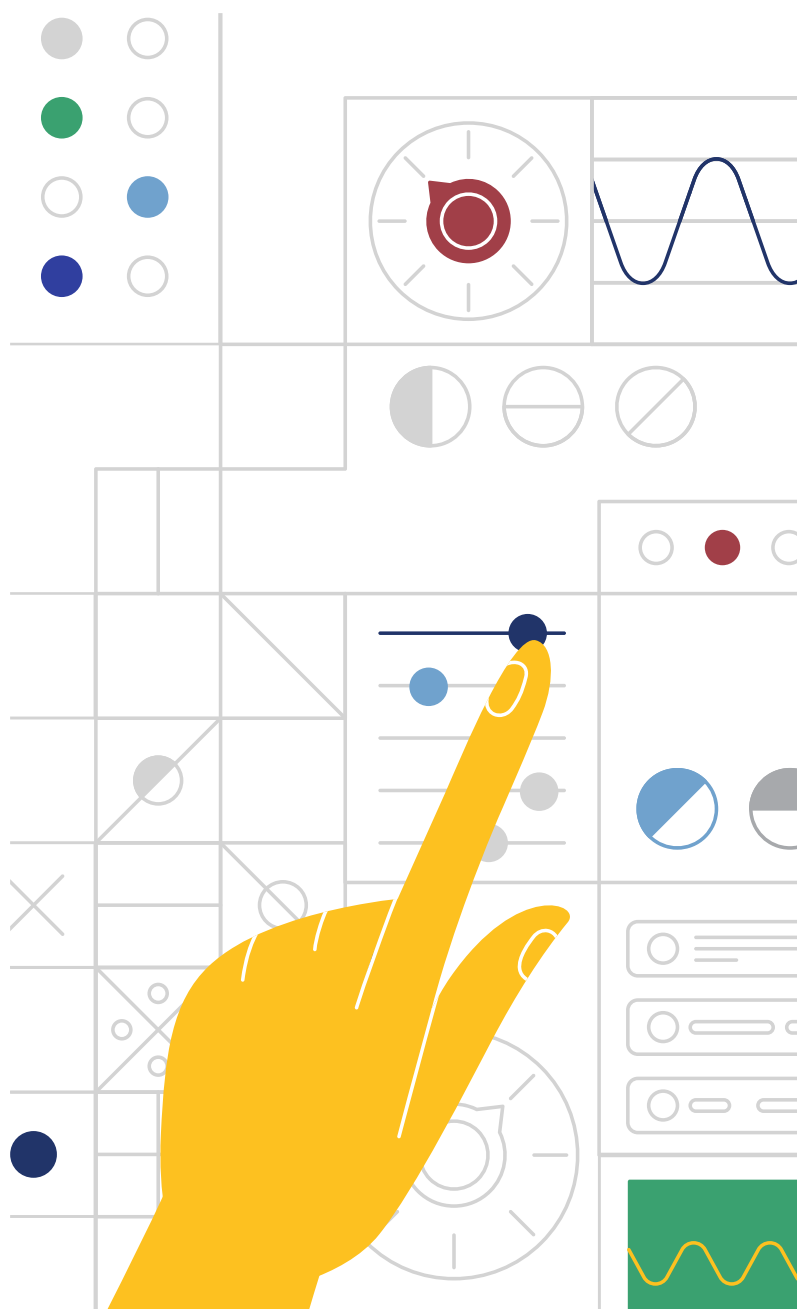
## New Policies and Strategies

### 1 Compliance

Berkshire is enhancing our compliance oversight process via interactive planning tools and dashboards with the goal of proactively exceeding requirements of all applicable local, state, and federal energy and water transparency and performance regulations.

### 2 Debt

Berkshire completed a gap analysis to map our protocols against ESG best practices in lending. As a result of this exercise, we created multi-year roadmap for implementing policies and procedures to improve our ESG performance in lending beginning in 2021.



## Due Diligence Checklist

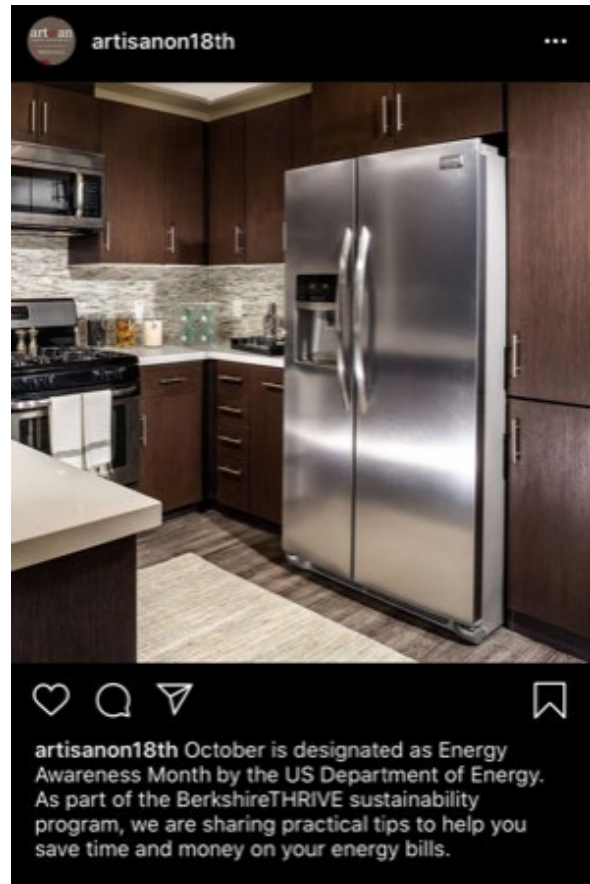
We are working to strengthen our due diligence efforts by incorporating a specific review of ESG attributes during the acquisitions process. Our enhanced due diligence process will include factors such as utility efficiency opportunities, green certifications, on-site renewable energy viability, health and wellness amenities, technologies, and climate risk considerations.

## Climate Risk

Our team evaluated climate risk reporting providers to help us understand and quantify ongoing climate risks to our portfolio. We completed a climate risk assessment pilot on two funds.

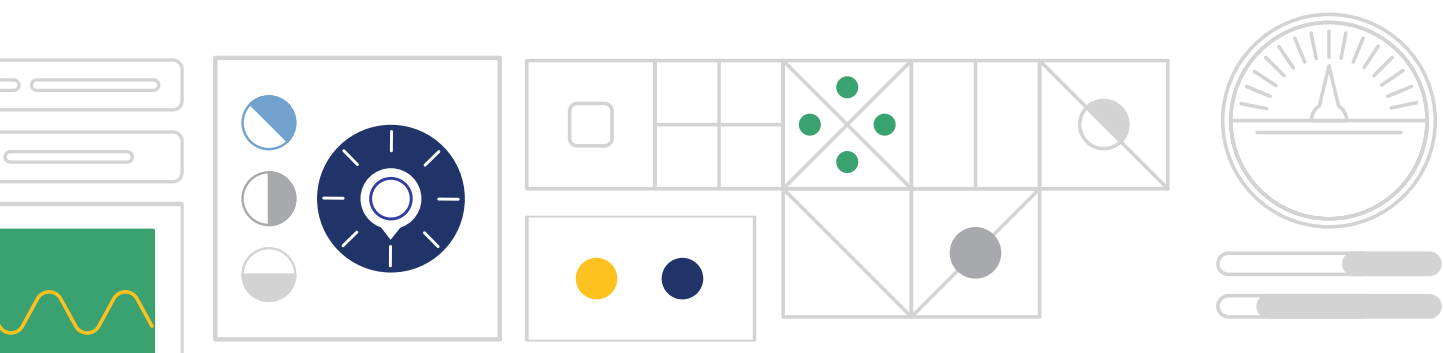
## National Green Purchasing Policy

Berkshire is developing an environmentally conscious purchasing policy to promote green products and services for business continuity at the corporate, regional, and community levels. With this policy, we aim to drive the purchasing of green products and engage with vendors to partner in these efforts.



## ESG Social Media Campaign

Berkshire created an ongoing social media campaign on Facebook, Instagram, LinkedIn to educate external stakeholders about the BerkshireTHRIVE program, highlight goals, and share ESG best practices. These posts are shared at property and corporate social media accounts to reach our stakeholders and residents.







Vela on the Park | Stamford, CT

# Endnotes

1. Assets under management and unit counts are current as of 9/30/2020. Unit counts include approximately 299,000 units overseen in debt investments.
2. Diversity and inclusion data is based on self-identification (for both gender and ethnic diversity). Data as of 12/31/2020.
3. Baseline is 2015 for most properties, but may vary depending on acquisition or stabilization date.
4. United States Environmental Protection Agency Greenhouse Gas Equivalencies Calculator (acres of U.S. forests in one year).
5. United States Environmental Protection Agency Greenhouse Gas Equivalencies Calculator (barrels of oil consumed).
6. USGS Water Q&A ([https://www.usgs.gov/special-topic/water-science-school/science/water-qa-how-much-water-do-i-use-home-each-day?qt-science\\_center\\_objects=0#qt-science\\_center\\_objects](https://www.usgs.gov/special-topic/water-science-school/science/water-qa-how-much-water-do-i-use-home-each-day?qt-science_center_objects=0#qt-science_center_objects))
7. GRESB participation may not apply to all Berkshire Funds.

# Full-Service Residential Investment Management



**Berkshire**  
Residential Investments

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