

Introduction

Public Commitment to Corporate Responsibility

Centerspace is committed to Better Every Days by providing a great home for residents, team members, and investors. The way forward to make each day brighter is understanding its impact as a company and how to enhance the lives of those it touches. The company's business is to build healthy, equitable, sustainable, and vibrant communities through actions that serve its residents and teams.

Centerspace looks to the future and embraces change, knowing that the opportunities that arise will help set the stage for long-term success in improving social and environmental impacts and the policies that guide the business. This commitment starts with the well-being of the residents, team members, and communities that it serves. Centerspace strives to monitor its use of natural resources and to enhance corporate stewardship, knowing continuous improvement is only possible when the company backs up its actions with robust and consistent measurements of progress. Finally, Centerspace aims to continue its long tradition of strong governance to do the right thing, make positive contributions and serve others with integrity.

ESG ownership

Led by the Senior Vice President of Asset Management and operating under the oversight of the Nominating and Corporate Governance Committee of the Board of Trustees, Centerspace's ESG Committee is comprised of cross-departmental representation from onsite operations, facilities, marketing, talent & culture, IT, investor relations, procurement, accounting, and operations support.

The company developed a strategy roadmap after completing an in-depth materiality assessment, and the ESG Committee meets monthly to review progress on goals set for four-year completion. The ESG roadmap and goals are reviewed and modified by the ESG committee annually. ESG performance and progress against sustainability benchmarks are reported quarterly to the Nominating and Governance Committee of the Board of Trustees and annually to the general public through the company's ESG report. We plan to conduct another materiality assessment in 2025 and will develop a new roadmap.

ESG objectives

Environmental

Centerspace continually looks to innovate and implement green initiatives that help its properties reduce energy consumption and protect the environment through internal sustainability efforts and responsible partnerships. Opportunities exist to create shareholder value by emission reduction, energy efficiency, water conservation, and waste reduction efforts, while simultaneously meeting renters' increasing demand for green apartment features.

Social

Centerspace team members and leadership work as one team to serve others. This means creating a collaborative, highly engaged workplace committed to residents, investors, and neighborhoods. Led by its mission, vision, and [six keys](#), the company actively seeks feedback to ensure it is creating a diverse, equitable, and inclusive environment where team members can bring their whole selves to work, develop professionally, lead meaningful change, and actively give back to their communities.

Governance

Driven by a core value to do the right thing, Centerspace is committed to corporate governance that fosters a safe and ethical environment for residents, team members, and investors. Through a cross-functional committee, quarterly and annual reporting to the Board of Trustees, public disclosures, and an ESG pillar in the company's five-year organizational strategy, Centerspace ensures it advocates for the interest of all stakeholders.

Responsible investment guidelines

Sustainability

Centerspace integrates energy efficiency, water conservation, air quality, recycling, and waste management into the management process and ownership practices in the belief that these factors will impact financial performance. In 2022, the company established an Environmental Management System aligned with ISO 14001 and set baselines and targets along with a process for monitoring sustainability initiatives going forward.

Centerspace's ESG roadmap includes policy development and performance metrics surrounding environmental impact reduction, and its five-year strategic goal demonstrates its commitment to ESG by improving its ISS and GRESB scores. The company has identified ENERGY STAR and IREM certifications as a top priority in green certification strategy.

Upon acquisition of a new real estate asset, Centerspace works with property managers and third-party vendors to establish an ENERGY STAR Portfolio Manager Database for the community to set a baseline and track performance. When acquiring a new asset or undergoing a renovation, Centerspace seeks ways to incorporate eco-friendly products, conserve water, and reduce energy usage by partnering with architects and designers who help identify sustainable products and programs. Centerspace's vendor partners include those who provide environmentally responsible flooring, low-VOC paint, ENERGY STAR appliances, and more.

The company's annual budget process includes allocations for ENERGY STAR ratings and proof of certification, GRESB submission, and third-party sustainability consulting hours in addition to any project-specific needs. Other budgeted items include energy and water conservation programs, DE&I, charitable giving, and wellness products and programs.

Centerspace has committed to reducing its carbon footprint throughout the leasing process by offering a paperless leasing and resident services process. Lease documents, applicant screening, payments, and service requests can all be submitted electronically. A robust website has limited the need for collateral material and provides virtual touring options to allow prospective residents to view the community without the need to travel.

Social responsibility

Centerspace believes in being a good corporate citizen by giving back to the communities it serves. In addition to an annual national giving program and annual Juneteenth giving campaign which provides matching funds for team member contributions, each region is provided with giving dollars to ensure local contributions are made throughout the organization. In addition, each team member receives 32 hours per year of volunteer time to donate to the organization(s) of their choosing. Finally, because Centerspace encourages team members to care for one another, the Team Hope Fund allows for voluntary donations in the event of a team member illness or emergency hardship.

Vendors must accept and adhere to a Contractor Code of Conduct which outlines principles for integrity, work standards, confidentiality, fair treatment of employees, health, safety, and respect for the environment. The company seeks to partner with organizations that have implemented sustainable business practices and those with a demonstrated commitment to the well-being of their employees, suppliers, and affiliates.

Centerspace is committed to a diverse, equitable, and inclusive environment that reflects the communities in which its team members live and work. This mission is outlined in the [DE&I Policy and Charter](#) and supported by a cross-departmental Diversity, Equity, and Inclusion committee that focuses on the pillars of education, workplace, community, and partnerships. The company provides ongoing training and development opportunities in the areas of customer service, operations, regulatory compliance, safety, and more so all team members can further develop valuable job skills and seek opportunities for advancement. Monthly newsletters and annual compliance training provide information on ESG. The company's performance management process invites semi-annual self-reviews along with manager assessments and encourages open discussion surrounding performance, goal achievement, and professional development. Compensation and benefits are reviewed annually to ensure pay equity and remain competitive in the marketplace. Senior executives review annual team member satisfaction surveys to set goals for workplace improvement and publish results company-wide.

Centerspace's commitment to its team helps ensure that team members remain committed to their residents. It conducts an annual resident satisfaction survey and utilizes a Net Promoter Score to gauge improvement. Each community seeks regular survey feedback at key touchpoints throughout residency and encourages online reviews. The company's resident engagement strategy sets expectations for resident events and communication. Customer experience was named as the top initiative in the company's five-year organizational strategy.

Corporate governance

Centerspace believes in doing the right thing, making decisions with integrity, ethics, and accountability. As a result, the company has repeatedly earned a "1" Governance Score from Institutional Shareholder Services (ISS). To uphold its commitment and values, Centerspace has implemented policies on anti-pledging and anti-hedging, related-party transactions, insider trading, company blackout periods for transactions, whistleblowing, clawback of compensation, data privacy and security, and many more. Key policies are reviewed annually for relevance.

Trustees and shareholders play critical roles in accountability. In addition to financial reporting and quarterly earnings calls, shareholders hold proxy access and the right to amend bylaws if the standards of the bylaws are not met. The Board of Trustees operates independent committees and executive sessions, prepares and reviews governance guidelines and committee charters, performs risk oversight, and oversees executive succession planning.

Centerspace ensures leadership and team members are held to the highest ethical standards. The public-facing Code of Conduct and Code of Ethics for Senior Financial Officers include instruction for resolution of ethical and legal issues, provide procedures for anonymous reporting of violations without risk of retaliation, and promote a positive work environment free from discrimination and any type of harassment for all team members.

Regular team meetings and annual acknowledgement of team member handbook and policy manual help create transparency and ensure consistent comprehension of company requirements. Software tools and supporting reference materials help set expectations and create consistency throughout the organization.

Reporting

Centerspace participates in annual reporting of ESG practices that are shared with stakeholders internally and externally. Centerspace reports to GRESB, ISS, and ENERGY STAR and references GRI in its annual ESG report.

Version

This policy was implemented on January 25, 2022. This policy is reviewed annually by the ESG committee and updated per the version number at the beginning of the document.