



Climate Risk and Resilience Policy

1. Introduction

Climate change poses significant risks and challenges to the real estate sector, impacting everything from asset valuation to operational continuity. Recognizing this, Simpson Housing LLLP (“Simpson”) is committed to actively addressing and mitigating these risks. Our approach is geared towards not only protecting our assets and stakeholders but also contributing positively to the wider community’s resilience against climate change impacts.

2. Purpose and Scope

The purpose of this policy is to establish a robust framework for Simpson Housing to assess, manage, and mitigate the risks posed by climate change. This policy aims to enhance our resilience and adaptive capacity to climate-related threats while ensuring alignment with global sustainability efforts and investor expectations. It reflects our dedication to safeguarding our properties, stakeholders, and the environment from the adverse impacts of climate change. This policy applies to all of our business activities, including our properties, operations, and supply chain.

3. Policy Statement

Simpson Housing hereby commits to a proactive approach in identifying and managing climate-related risks. We pledge to integrate climate risk management and resilience considerations into our business strategies, decision-making processes, and operational practices. In doing so, Simpson Housing seeks to align with leading frameworks such as the Task Force on Climate-related Financial Disclosures (TCFD) to ensure our actions are both effective and transparent.

4. Definitions

- **Climate Risk:** Refers to the potential negative impacts of climate change on our organization, including physical risks from extreme weather events and transitional risks associated with the shift to a low-carbon economy.

- **Resilience:** The ability of our properties and operations to anticipate, prepare for, respond to, and recover from climate-related events.
- **TCFD (Task Force on Climate-related Financial Disclosures):** A global framework for companies to report climate-related financial information.
- **CRREM (Carbon Risk Real Estate Monitor):** Provides pathways for the real estate sector that align with the Paris Agreement's goals to limit global warming. CRREM helps organizations assess and manage their transition risks related to carbon emissions.
- **IEA (International Energy Agency):** An organization that provides data, analysis, and policy recommendations on global energy trends and their implications for climate change and sustainability.
- **IPCC (Intergovernmental Panel on Climate Change):** The United Nations body for assessing the science related to climate change, providing essential scientific information that informs global and national climate policies.
- **Adaptation:** Adjustments in our operational processes, business strategies, and asset management to mitigate the impacts of climate change.
- **Mitigation:** Efforts to reduce greenhouse gas emissions and limit the extent of climate change.

5. Commitments

Climate Risk Assessment and Management

Simpson Housing will conduct regular assessments of climate-related risks to our portfolio, incorporating scenario analysis based on transition and physical scenarios, such as those outlined by the IPCC, CRREM, and IEA. This will involve evaluating both current and future scenarios to understand the resilience of our strategy to climate-related risks.

Resilience Building

We are committed to enhancing the resilience of our properties through infrastructure improvements, addressing both acute hazards (like extratropical storms, flash floods) and chronic stressors (such as rising sea levels, heat stress). This includes implementing flood defenses, energy-efficient designs, and other measures to mitigate physical climate risks.

TCFD Alignment

Simpson Housing will align its reporting and risk management processes with the TCFD recommendations. This includes disclosing climate-related financial risks and opportunities in our annual reports and strategic documents.

Collaboration with Stakeholders

We will engage with our residents, local communities, and other stakeholders to collaboratively address climate risks. This includes sharing information, best practices, and working together on resilience-building initiatives.

Innovative Solutions

Simpson Housing will explore and adopt innovative solutions and technologies to manage climate risks effectively and enhance the resilience of our operations and assets. This includes investment in smart building technologies and renewable energy sources, where feasible.

6. Responsibilities

The successful implementation of this Policy requires the collective effort of all departments and employees of Simpson. Specific responsibilities are as follows:

Executive Leadership Team: Responsible for integrating climate risk and resilience considerations into corporate strategy and overseeing the implementation of this policy.

Property Management: Tasked with executing climate risk assessment and resilience-building measures at property and operational levels.

Sustainability Team: To coordinate climate risk assessments, report findings, and ensure alignment with TCFD recommendations and other relevant frameworks. The Sustainability Team will also be responsible for identifying transition risks, such as policy and legal changes, technology shifts, market trends, and reputational impacts, and assessing their material financial impacts on the entity.

All Employees: Expected to contribute to the implementation of this policy through adherence to operational guidelines and participation in training programs.

7. Monitoring and Evaluation

Simpson Housing will establish a system for monitoring and evaluating the effectiveness of our climate risk management and resilience strategies. Key Performance Indicators (KPIs) will include metrics on risk reduction, resilience improvements, and progress against TCFD-aligned reporting. Regular reviews will be conducted to assess the progress and effectiveness of implemented strategies, and adjustments will be made as necessary to enhance our resilience and risk management capabilities. The monitoring process will include an assessment of the material financial impact of both transition and physical climate risks on our business and financial planning, as per GRESB requirements.

8. Training and Awareness

Comprehensive training programs will be provided to all employees to enhance understanding of climate risks and resilience strategies. These programs will cover the basics of climate science, risk management principles, and our specific initiatives and goals.

Awareness campaigns will be launched to keep employees informed about our climate risk and resilience efforts, encouraging active participation and contribution to these initiatives.

9. Reporting

In our commitment to transparency and accountability in managing climate risk and enhancing resilience, Simpson Housing will undertake the following reporting practices:

- **Annual Sustainability Reports:** We will publish annual sustainability reports detailing our climate risk assessments, resilience measures, and progress in line with our climate risk and resilience goals. These reports will align to internationally recognized reporting standards referenced below.

Recognizing the value of collaboration and external verification, we will align with and report to various esteemed organizations in the field. This ensures adherence to the highest standards of environmental accountability and transparency:

- **TCFD (Task Force on Climate-related Financial Disclosures):** Our reporting will align with TCFD recommendations, emphasizing transparent communication of climate-related financial risks and opportunities.
- **GRESB (Global ESG Benchmark for Real Assets):** Participating in GRESB, we will benchmark our performance in climate risk management and resilience against industry peers.
- **Other Relevant Organizations:** Simpson Housing will continuously seek engagement with other relevant reporting platforms and organizations, broadening the reach of our climate risk and resilience communication.
- **Stakeholder Engagement:** Beyond formal reporting, we are committed to engaging with our stakeholders, including investors, residents, employees, and the broader community. We will share updates, gather feedback, and involve them in our ongoing efforts to manage climate risks and build resilience.

10. Alignment with Industry Standards and Frameworks

Simpson Housing acknowledges the vital role of global standards and frameworks in guiding our approach to climate risk management and resilience. Our strategies are informed by and actively support the objectives of several key international frameworks, including:

- **Task Force on Climate-related Financial Disclosures (TCFD):** We seek to align with the TCFD, Simpson Housing is committed to transparently reporting on climate-related risks and opportunities. This ensures our stakeholders are consistently informed about our strategies and progress in managing climate risks.
- **GRESB (Global ESG Benchmark for Real Assets):** Our policy and practices will also be aligned with the requirements of the GRESB assessment, ensuring that we identify, assess, and manage climate-related risks in accordance with their framework, which includes a systematic approach to both transition and physical risk identification and impact assessment.
- **United Nations Framework Convention on Climate Change (UNFCCC):** Our initiatives support the UNFCCC's goals, particularly in adaptation, mitigation, and resilience strategies, contributing to global efforts in combating climate change impacts.
- **CDP (Carbon Disclosure Project):** We plan to participate in CDP, and will ensure our climate risk management and resilience strategies are transparent and in line with global best practices.
- **Other Relevant Frameworks:** Acknowledging the evolving landscape of climate risk and resilience, Simpson Housing will continually assess and align with additional frameworks and standards that support our objectives in this area. This commitment to ongoing alignment ensures that our strategies are at the cutting edge of climate risk management and resilience best practices.

11. Review

This policy will be reviewed annually to ensure it remains relevant and aligned with the latest scientific research, industry best practices, and stakeholder expectations.

12. Approval

This version of Simpson's Climate Risk and Resilience Policy has been approved by Simpson's Executive Leadership Team on 12/28/2023.