



Vert Asset Management  
**2021 ESG Report**



## OUR INVESTMENT PHILOSOPHY

Vert Asset Management believes there is economic value in sustainability. We maintain that companies focused on the triple bottom line of people, planet and profits will be better positioned for the risks and opportunities of the future than those focused on profits alone. We believe in a long-term perspective. Companies that look further out than the quarterly reporting cycle can invest in more projects that build value for the firm over time. We believe that markets work well, and price available information. More information, including environmental, social, and governance factors, can make markets work better. We build portfolios of companies that use sustainability to drive value, take a long-term perspective and are open and transparent.

We believe investment managers can and should use their ownership position to push companies to improve. We are a small asset manager, but are unique in our focus on sustainability in public real estate.

We focus our engagement efforts where we can make the most impact. The report summarizes our engagement and ESG perspectives in 2021.

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# OUR APPROACH TO ENGAGEMENT:

## Interdisciplinary & Inclusive

We are investors that want to see improvements in corporate behavior and more sustainability in financial services. We are also a company that wants to build our business practices to high standards. Vert practices engagement in three distinct ways:

### Investment Stewardship

Shareholder engagement on ESG issues.

### Industry Advocacy

Advocating for ESG standards in financial services.

### Business For Good

Being a model company for sustainable businesses.

These three lines of activity help us improve our understanding and positioning on environmental, social, and governance (ESG) issues from the interdependent perspectives of civil society, the public sector and the private sector.

# OUR INVESTMENT PLATFORM:

## Vert Global Sustainable Real Estate Fund

December 31, 2021

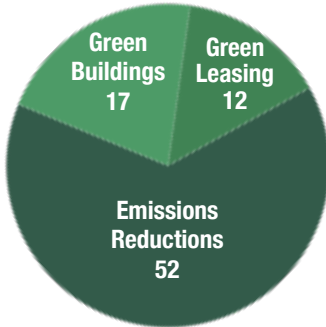
### ESG LEADERSHIP

The Vert Global Sustainable Real Estate Fund seeks to buy and hold only the publicly listed Real Estate Investment Trusts that are truly committed to sustainability.

The 135 companies in the Fund are demonstrating leadership in one or more of the 9 qualifying criteria\* shown in the pie charts to the left. Many companies qualify on more than one criteria.

\*More information on the qualifying criteria is available in our strategy paper at "Investing for Sustainability: Real Estate" <https://www.vertasset.com/sustainable-real-estate/>

ENVIRONMENTAL



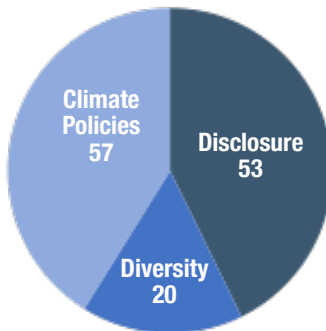
<b>Green Buildings</b>	Share of buildings with a qualified green certification.
<b>Green Leasing</b>	Share of tenant leases with clauses and operational procedures that advance efficient and carbon neutral buildings.
<b>Emissions Reductions</b>	Average annual like-for-like energy and or GHG emissions reduction that meet or exceed a climate aligned pathway to decarbonization by 2050.

SOCIAL



<b>Affordable Housing</b>	Provision of below median market rate housing.
<b>Urbanism</b>	Share of portfolio near urban transit centers.
<b>Stakeholder Engagement</b>	Proactive commitments to positive outcomes for tenants, suppliers, employees, and local communities.

GOVERNANCE



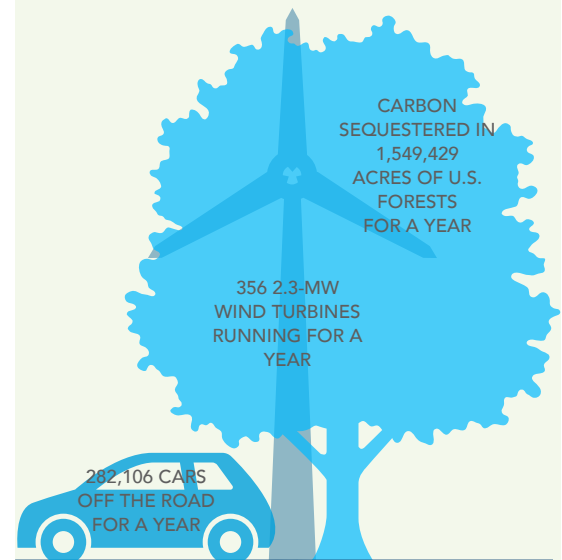
<b>Climate Policies</b>	Verified policies, targets, or commitments to decarbonization.
<b>Disclosure</b>	Excellence in voluntary public reporting of ESG metrics.
<b>Diversity</b>	Percentage of women and minorities in employment, management, leadership and on the board.

**57** companies committed to **net-zero targets** with the **Science-Based Targets Initiative.**

PORTFOLIO EMISSIONS REDUCTIONS<sup>†</sup>

**1,309,265**  
METRIC TONNES OF CO<sub>2</sub>

EQUIVALENT TO<sup>‡</sup>



<sup>†</sup> The change from the prior year in total greenhouse gas emissions associated with energy consumed by the company for its own uses and to operate the buildings it owns and leases to tenants.

<sup>‡</sup> Metric tonnes of CO<sub>2</sub>e reduction equivalencies were calculated using formulas provided by the US Environmental Protection Agency (EPA). This methodology is subject to change with data developments or other findings.

### LOW ESG RISKS

We **disqualify** companies in specific business lines, that have significant controversies, and/or are inadequately prepared for climate risk.





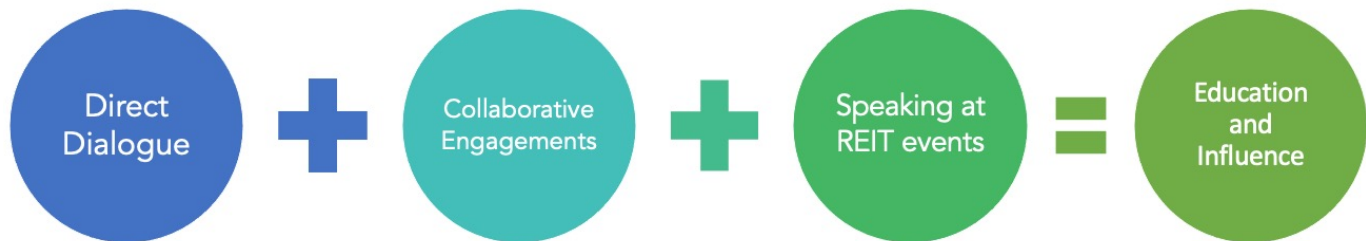
# INVESTMENT STEWARDSHIP: Our Theory of Change

We approach engagement from a “better business” perspective. We communicate with companies in the Fund on ESG issues that should enhance company operations and strategy.

We are recognized in the REIT community as an investment manager who is knowledgeable on ESG issues that are material to the real estate industry and the different real estate sectors. We want companies to understand that taking care of the triple bottom line – people, planet, *and* profit – is a successful way to run their business over the long-term.

Our theory of change hinges on building relationships with the companies that we invest in. We believe a successful investor and company relationship is a two-way street: we can go to the company with suggestions and they can come to us for up-to-date resources and guidance. We influence through education.

Our umbrella campaigns are designed in close consultation with input from our investment research group, our previous engagement conversations, other asset managers, non-governmental organizations (NGOs), and participants in the real estate industry. Our main tools as active owners are direct dialogue, proxy voting and influencing public policy.



We start with direct dialogue. Each year we run an “umbrella” campaign where we communicate with every company in the fund on a critical ESG issue.

We collaborate with other asset managers and asset owners to reach out to companies on shared issue engagements.

We speak frequently at real estate industry events. We present Vert’s investment goals and represent the ESG investor community.

Collectively, we believe these efforts do provide companies with education on issues that investors care about and ultimately influence corporate behavior.

# INVESTMENT STEWARDSHIP: Annual Engagement Campaign Review

## 2018 Greenhouse Gas Emissions Reporting

Our first engagement focused on introducing companies to the Vert Global Sustainable Real Estate Fund, our investment philosophy, and what we are looking for in public disclosures. We wanted to let firms know that there was a dedicated ESG mutual fund that was investing in real estate on sustainability criteria. We wrote to companies about the importance of disclosing year-on-year comparable greenhouse gas emissions. We conveyed the importance of standardized investor ready data on emissions reported directly from companies to the capital markets.

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2018 Campaign in Numbers	
Letters Sent	98
Responses Received	29
Response Rate	30%
Calls	11

## 2019 Climate Resilience and Task Force on Climate-related Financial Disclosures (TCFDs)

Our second engagement asked companies to consider using the framework for evaluating climate risks called the Task Force on Climate-related Financial Disclosures. We believed that the investment community was coalescing around TCFD. The TCFD is intended to collate existing data (i.e. GRESB, CDP, management discussion and analysis) to understand physical risks to the company due to climate change. TCFD also asks companies to perform climate change scenario analysis in conjunction with a company's financial analysis to determine specific risks and opportunities for the company.

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2019 Campaign in Numbers	
Letters Sent	123
Responses Received	60
Response Rate	49%
Calls	30

## 2020 Net-Zero Pathways

Our third engagement built on our previous GHG emissions reporting and TCFD campaigns by asking companies to disclose their targets for emissions reductions, and also their plans to achieve them. Globally, physical assets and supply chains are facing increasing risks from climate change. The investment community at large is more closely evaluating the role of science-based emissions reduction targets in corporate strategy to keep global warming to 1.5°C above pre-industrial levels.

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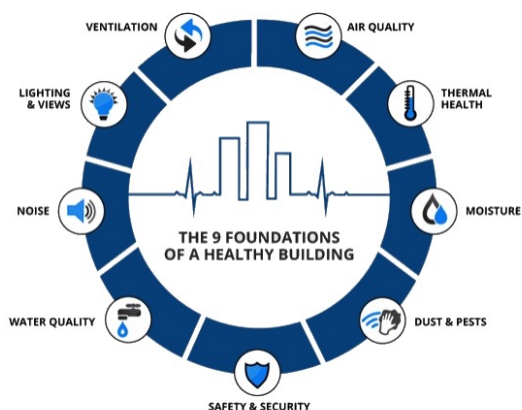
2020 Campaign in Numbers	
Letters Sent	132
Responses Received	55
Response Rate	42%
Calls	29

# INVESTMENT STEWARDSHIP: 2021 Campaign: Healthy Buildings

Covid-19 reinforced the need for 'resilience' in real estate. The pandemic made it increasingly difficult to ignore the interconnectedness of climate, social, and economic risks to the long-term health of business. We have seen leading organizations evolve their corporate strategy to include a more comprehensive set of ESG metrics. These same organizations are looking for answers to address the new normal.

People spend 90% of their time indoors, however indoor environmental quality is often overlooked. Covid has focused occupant attention on these spaces and accelerated interest in health and wellbeing in buildings. A luxury two years ago, many owners now consider healthy buildings a must have; and a way to reassure tenants' of their safety and well-being inside buildings.

Professor Joe Allen's book, **Healthy Buildings**, identifies the nine foundations of a healthy building —ventilation, air quality, health, moisture, dust and pests, safety and security, water quality, noise, lighting and views. They are derived from 40 years of scientific evidence on the factors that drive better health and performance for a buildings' occupants.



Additionally, recent research suggests that creating walkable environments with greenspace is associated with reduced risk of chronic disease, viral infection and mortality.<sup>1</sup>

<sup>[1]</sup> Frank LD, Wali B. Treating two pandemics for the price of one: Chronic and infectious disease impacts of the built and natural environment. *Sustainable Cities and Society*. 2021 Jun 12. 73:103089. DOI: 10.1016/j.scs.2021.103089.

## 2021 Campaign Healthy Buildings

In 2021, we asked companies a series of questions around healthy buildings and biodiversity. 34% engaged in direct dialogue with us on healthy buildings. We asked companies' how they were accounting for healthy building features in their strategies.

1. Do you use certifications such as with WELL or Fitwel to communicate healthy buildings features to your stakeholders?
2. Are you finding that there are trade-offs between energy efficiency and ensuring a well-ventilated building?
3. What percentage of your portfolio is in a walkable or urban location well-connected to transit?
4. To what extent have you considered adding green spaces, outdoor access, and biodiversity to your buildings?

We also asked our portfolio companies to participate in a healthy buildings academic research survey. We coordinated with a PhD student under the supervision of one of the academics on the Vert Investment Research Group, Professor Franz Fuerst of the University of Cambridge.

The research project aims to better understand which investments in green and healthy buildings generate financial returns for the property owners.

### 2021 Campaign in Numbers

Letters Sent	106*
Responses Received	37
Response Rate	34%
Calls	11

\*This number does not represent all companies in our portfolio. We did not contact every REIT in industrial and specialized sectors where owners and/tenants do not have daily occupants. Additionally, several companies were acquired during 2021 and early 2022.



# INVESTMENT STEWARDSHIP: Partnering for Net-Zero Carbon Pathways

Collaborative engagement is when we work with others in asset management to speak with companies on a specific topic. In 2021, we started a multi-year partnership with the Green Real Estate Engagement Network (GREEN). GREEN represents several Dutch Pension funds and asset managers managing collectively over €60 billion. They engage both listed and non-listed real estate owners on net-zero pathways on behalf of their investors.



Vert is collaborating with GREEN as an execution member by actively participating in the campaign to speak to the world's largest 60 Real Estate Investment Trusts. The topic is not new to us as we had begun engaging with our entire portfolio on net-zero carbon pathways in 2020. From our conversations with companies in the years' prior, it became clear that real estate will be directly and indirectly impacted by climate change. Physical and transition risks (and opportunities) due to effects

## Climate strategy is a business strategy.

"Net-zero carbon pathways" are ways for businesses to reduce their operational and embodied carbon in accordance with the 2015 Paris Agreement. The Paris Agreement was a significant turning point because nearly **all** of the world's countries (197 including the US) collectively acknowledged that humanity faces a singular threat - *climate change*. The accord commits countries to limit global temperature increases to below 2°C by 2050 by setting emissions reductions targets.<sup>2</sup>

At the national and local level laws and regulations have been passed to change behavior from the top-down. In the UK, for example companies will be required to report climate risk as recommended by the Task Force on Climate-related Financial Disclosures or TCFD-aligned disclosures. These disclosures help companies articulate to stakeholders how their corporate governance and strategy takes into account physical and transition risks and opportunities.

Globally, physical assets and supply chains are facing increasing risks from climate change. The investment

of climate change are not going away. Building owners are starting to factor in climate mitigation responses into their planned equipment replacement schedules as well as into their plans for more extensive retrofits.

Our work with GREEN focuses our conversations with companies on getting real estate companies to effectively reduce their carbon emissions and manage progress against science-based targets using tools such as the Carbon Risk Real Estate Monitor (CRREM). We also ask companies about their use of internal carbon pricing in retrofits.

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### GREEN Campaign's Initial Cycle

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Completed calls with companies held in VGSRX	25
Completed calls with companies not held in VGSRX	7

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We plan to have follow-up calls with each company on their progress over the year.

community is more closely evaluating the role of science-based emissions reduction targets in corporate strategy to keep global warming to 1.5°C above pre-industrial levels. Investors are now asking tougher questions of companies and their net-zero plans. How are companies embedding climate risks and transitions risks into their overall corporate strategy?

Buildings consume 40% of the world's energy and create 33% of global greenhouse gas emissions. Real estate owners including REITs can look at the transition to a low-carbon economy as an opportunity to foster innovation and outperform. We define "net-zero energy" or "net-zero carbon" as getting buildings to only consume as much energy as they procure from renewable sources. Buildings can achieve net-zero through a combination of energy efficiency, electrification, and renewables procurement, and many can do so cost-effectively.

<sup>2</sup> Since the Paris Agreement, the Intergovernmental Panel on Climate Change released additional research positing that industrial decarbonization targets must be below 1.5°C by 2040 in order to avert the worse case scenarios of climate change.

# INVESTMENT STEWARDSHIP: Collaborations

Vert participates in several collaborations that leverage the network effects of the investment management industry and research expertise of non-governmental organizations. As ESG investors, we believe a climate strategy is a sustainable business strategy.

## The Net Zero Asset Managers initiative

We signed on to the **Net Zero Asset Managers Initiative** in the spring of 2021.

Committing to the initiative requires that an asset manager publicly report on their portfolio's progress toward net-zero by 2030 through 2050 in 5 year intervals. Financed emissions (Scope 3 emissions) make up the bulk of an asset managers emissions.

We view the commitment as a way to publicly report and participate with other asset managers on the important issue of moving towards a low carbon economy. Vert has been engaging with the whole of our portfolio for the past four years on climate risks and opportunities as the macro economy transitions towards a low carbon economy.



**Urban Land Institute (ULI)** works with real estate companies, real estate investors, real estate researchers on practical applications and policy for the real estate industry.

In 2021, we became founding sponsors of a real estate disclosure mapping project coordinated by ULI Europe. Because of

our expertise in real estate investment and past work on engagement, we also sit on the steering committee. The project seeks to map various data disclosure frameworks frequently used in real estate to simplify the process for real estate companies reporting into the capital markets.



**CDP (formerly the Carbon Disclosure Project)** helps companies and cities report their environmental impacts in emissions, waste, water, and forestry.

In 2021, we participated in the CDP Non-Disclosure Campaign for the second year. The CDP non-disclosure campaign asks companies who have not previously reported to CDP to start reporting to CDP.

In 2021, we also participated in their first annual Science-Based Targets Campaign

where CDP is contacting over 1800 companies requests these companies to commit and set a science-based target aligned with 1.5°C temperature scenarios.

We participated in both of these campaigns because we want to communicate the importance of environmental disclosure to all REITs, not just those held in our portfolio.



We are on a working group with **The Climate Action 100+** – a coalition of large asset managers and asset owners led by CalPERS (the California Public Employees' Retirement System) who are engaging 100 companies that have been identified as the world's largest carbon emitters.

We have been coalition members of Climate Action 100+ since 2019. In 2021, we continued the collaborative work with asset owners and asset managers to encourage a large real estate investment trust to consider ways to orientate their business strategy with climate goals.

# INVESTMENT STEWARDSHIP:

## Proxy Voting Summary

Proxy Voting is one piece of the engagement process. It is a requirement for US mutual funds. Our proxy voting policy reflects our concern for good corporate governance, environmental stewardship, and social well-being.

Vert Asset Management voted 1645 proposals at 144 meetings.

Management Proposals	Number of Proposals	Votes For	Votes Against
Antitakeover Related	13	100%	0%
Capitalization	178	73%	9%
Board and Governance Related	41	34%	0%
Directors Elections	766	90%	5%
Compensation	201	78%	14%
Reorganization and Mergers	173	78%	13%
Routine Business	267	83%	1%
Shareholder Proposals			
Directors Related	5	60%	40%
Corporate Governance	1	0%	100%
Total Proposals	1645	83%	7%

\*Proxy voting period is for July 1, 2020 - June 30, 2021. Our Proxy Voting Policy and the NPX report is available at [www.vertfunds.com](http://www.vertfunds.com)

Our proxy voting guidelines are to vote to improve environmental, social, and governance outcomes. The content and origin of the proposal is considered relative to ordinary business practices. We vote against proposals that are spurious, overly burdensome, or will not have meaningful impact. For more information about our proxy voting guidelines, please visit our website [www.vertfunds.com](http://www.vertfunds.com).

# INDUSTRY ADVOCACY:

## Our Partners

Vert participates in the advocacy of several working groups that are advancing policies addressing sustainability in business in general, in real estate and the financial services industry.

Signatory of:



We are signatories to the **Principles for Responsible Investment (PRI)** – an international organization of asset owners and investment managers that have committed to 6 principles of integrating ESG into the investment process and creating awareness on ESG.



We are a member of **The Forum for Sustainable and Responsible Investment (US SIF)** – the US policy group that coordinates priorities from all types of investors on sustainable investing and helps get representatives in Washington, D.C to listen. Vert sits on the **Education Committee**.



We are affiliate members to **ICCR (Interfaith Coalition for Corporate Responsibility)** – a non-demoninational group that coordinates investment managers and asset owners to engage with companies on environmental, social, and governance issues.



We are supporters of the **Task Force for Climate-Related Financial Disclosures (TCFD)** – an international effort to normalize climate-related financial disclosures and make it common practices for companies.



We are investor members to the **CDP (formerly Carbon Disclosure Project)** – a global non-profit working to make “reporting one’s footprint” the norm across industries and sectors.



We are on a working group with **The Climate Action 100+** – a coalition of large asset managers and asset owners led by CalPERS (the California Public Employees’ Retirement System) who are engaging 100 companies that have been identified as the world’s largest carbon emitters.



We are investor members of the **Global Real Estate Sustainability Benchmark (GRESB)** – an industry association and data company that is advancing benchmarking and reporting of sustainability metrics in real estate.

# INDUSTRY ADVOCACY:

## Our Partners

Vert participates in the advocacy of several working groups that are advancing policies addressing sustainability in business in general, in real estate and the financial services industry.



We are signatories to the **Finance for Biodiversity Pledge**. It is a loose collaboration of asset owners and investment managers that are concerned with figuring out how financial institutions can standardize and account for biodiversity and ecosystem services in their investments.



The **Urban Land Institute (ULI)** works with professionals within the real estate industry on new research and policy to support innovation. We are sponsoring and on the steering committee of research that the ULI Europe is coordinating.



We are members to **IIGCC (The Institutional Investors Group on Climate Change)** the European membership body for investor collaboration on climate change. The organization's mission is to support the investment community to commit to and make progress towards a net-zero future.

### The Net Zero Asset Managers initiative

We are members of **The Net Zero Asset Managers Initiative**. The purpose of the initiative is to support asset managers in making tangible progress towards emissions reductions in portfolios.



We are a **Certified B Corp**. There are now 4000+ Certified B Corps globally. **The B Lab**, a non-profit, manages the certification process works with companies and non-governmental organizations to encourage companies to improve practices in the areas of governance, customers, community, and environment.



We are part of the **B Corp Climate Collective**. It is a commitment of over 900 B Corps to move toward net zero businesses by 2030. The collective is to help B Corps more easily measure and manage their company's carbon footprint. Vert participates on the **Offsetting Workstream**.



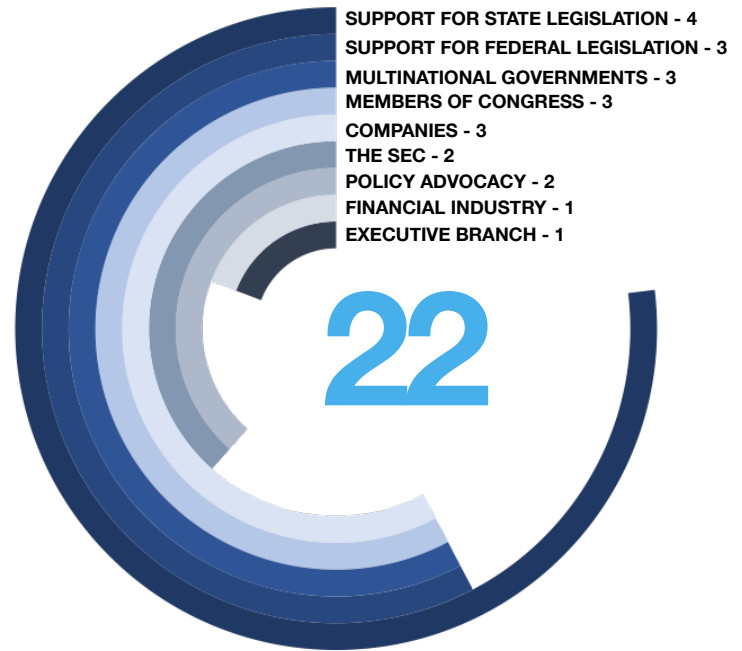
We are execution members to the **Green Real Estate Engagement Network (GREEN)**, a network of Institutional investors, backed by leading sustainable real estate scientists and advisors to accelerate sustainability in the real estate sector and thus reduce their financial and non-financial climate risks.



# INDUSTRY ADVOCACY: Our Policy Initiatives

As an advocate for ESG disclosures in financial services, we call, meet and write to our elected representatives and regulatory institutions.

We coordinate with other organizations and asset managers on select environment, social and governance campaigns to bring a unified front to companies, networks, and government agencies.



In 2021, we contributed to 22 communications to different audiences detailed in the chart to the right. Below are some highlights from our advocacy work organized by theme.

## Transition to a Low Carbon Economy

Met with Senate and House of Representatives' elected officials to educate on the importance of clean energy at the federal level and how the infrastructure bill could help (coordinated by Ceres's BICEP Lead on Clean Energy 2021).

Authored a sign-on letter in support of California state proposed bill AB 766 for Climate Disclosures at Fossil Fuel Companies in California. Circulated on the USSIF and ICCR member boards.

Supported state-level Clean Truck Standards in the Pacific Northwest, Northeast and Mid-Atlantic.

## Sustainable Reporting and Transparency

Communicated with real estate investment trusts on behalf of CDP for disclosing corporate emissions.

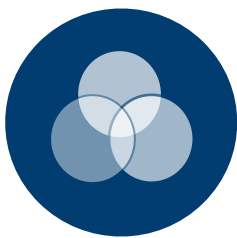
Submitted comments to the SEC's request for information on Climate Risk Disclosures.

## Diversity, Inclusion, Equity, Well-being

Wrote to the EU and US governments on the need for Corporate Workplace Equity Transparency.

# INDUSTRY ADVOCACY: Education & Influence

We educate  
financial advisors  
on sustainable investing.



Understanding ESG,  
SRI, and Impact Investing



Building Sustainable  
Portfolios



Stakeholder Approach to  
Sustainable Business

In 2021, we enhanced our advisor education program with the **Vert Education** platform. We host Build It Bootcamp sessions to help financial advisors add sustainable investing to their services. The series is approved for CFP Continuing Education credit.

**5** Build It Bootcamps

**47** Attendees

**21** ESG Workshops  
**2000+** Advisors

In partnership with **Dimensional Fund Advisors** and **Evidence-Based Investment Portfolios**, Sam Adams, CEO, taught the benefits of sustainable investing to over 2000 financial advisors in the US, UK and Australia.

# BUSINESS FOR GOOD: Being a Model for Sustainable Business

We endeavor to show leadership on how to run a business with sustainability at the center of our mission. We became a Certified B Corp to signal to our clients and others that we are dedicated to managing and operating our business in an ethical and sustainable way. The B Corp certification is rapidly becoming the global standard for sustainable business.

B Corps are leading a global movement to redefine success in business – that businesses can be successful and do good at the same time. By voluntarily meeting higher standards of transparency, accountability, and performance, B Corps are distinguishing themselves in a cluttered marketplace by offering a better way to do business.



## Here are some ways we're making a difference:

### Carbon Footprinting

We have measured our carbon footprint to understand how we can design for less. As a service business, our carbon footprint is mostly the energy purchased for our office (Scope 2) and business travel (Scope 3). We do not have any Scope 1 emissions. We follow currently accepted best practice which is to reduce emissions as much as possible, and then purchase Carbon Offsets for the residual emissions that we cannot eliminate. *See our carbon reporting in our TCFD report on p. 16.*

### Flex-Time

Flex-time has been a reality for us since day one. Modern work life has evolved from being chained to your desk with your boss looking over your shoulder from 9-to-5. We've found we do better work when there is balance - working to deadlines, but having the freedom to stay home with a sick child.

### Education

In 2021, we started an internship program for undergraduate university students. We designed the role so students will connect larger "macro-sustainability issues" to practical actions that companies implement.

## Here are our 2021 diversity metrics.

Vert Diversity Metrics	Ownership	Executive Team	Advisory Board	Interns
% Women	49%	66%	0%	100%
% Underrepresented	1%	0%	33%	100%



As part of this commitment we joined 1% For The Planet, a foundation started by Yvon Chouinard, the founder of Patagonia. Member companies pledge 1% of their before-tax revenue to the foundation which then donates to its network of 'green' charities. It is important that business is seen as a force for good.

# BUSINESS FOR GOOD:

## Our 2021 TCFD Report

The TCFD asks companies to report on climate risks as it relates to their business strategy. In 2018, we formally endorsed the TCFDs. In 2019, we engaged our portfolio companies on the TCFDs. Additionally, the PRI asked for volunteer reporting to the Task Force on Climate-related Financial Disclosures (TCFD) questions on their annual questionnaire. In 2020, we created our first TCFD Report.

Our 2021 TCFD report covers our approach to the operational resilience of our business as well as the climate risk of our investment products.

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### Governance

#### Board oversight of climate-related risks and opportunities

Climate-related risks and opportunities are governed by our founders. Sustainability and transition to a low-carbon economy underpins our investment products, education services, and engagement efforts.

We do not have a formal board, but our Advisory Board includes a thought-leader on sustainability, an academic expert in finance, and a financial industry veteran. Management confers with these experts regularly.

#### Management's role in assessing and managing climate-related risks and opportunities

Senior Management implements a firm-wide strategy to identify climate-related risks across the business and its services.

The CEO leads the Investment Research Group, which designs the strategy and selects securities. The CEO is also part of the portfolio management team to provide additional oversight for climate-related issues.

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### Strategy

#### Climate-related risks and opportunities over short, medium and long term

##### Short term 1-3 Years

Rapidly evolving demand for climate-risk products and financial services regulatory oversight covering ESG products.

##### Medium term 3-7 years

Higher temperatures, drought, and extreme weather events will change the way risks are managed.

##### Long term 7-15 years

Decarbonizing the economy will increase demand for different types of investment products.

#### Impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning

Our approach to building investment products recognizes climate change and decarbonization. 100% of our strategies incorporate energy transition concepts and we exclude the fossil fuel companies in our real estate strategy. We engage our portfolio companies on climate-related risks including responses to TCFD, adaptation and mitigation plans, and net-zero pathways.

Our business operations are currently climate neutral. We calculate our Scope 1, Scope 2, and Scope 3 (business travel) energy use and offset residual carbon emissions.

#### Resilience of organization's strategy considering different climate-related scenarios

Our strategy allows our investment approach and our business operations to respond with agility to climate-risks. We are regularly updating our risk assessments as climate change scenarios are updated.

We have assessed our investment product through the 2 Degrees Investing Initiative scenario analysis tool PACTA (Paris Agreement Transition Assessment). The results confirmed our own analyses that an investment will suffer losses if portfolio companies does not integrate climate-risk mitigation strategies.

# BUSINESS FOR GOOD:

## Our 2021 TCFD Report (continued)

### Risk Management

#### Processes for identifying, assessing and managing climate-related risks and integration of those processes into overall business risk management

Our process for identifying climate-related risks is part of our investment strategy and portfolio construction process. We evaluate a company's raw data on emissions reduction over a 5 year period. We also evaluate their climate change policies and adaptation strategies and whether they have adopted a net-zero pathway. We also engage companies on their climate risks such as sea-level rise, flood, heat stress, water stress, and extreme weather.

We monitor and comply with all applicable laws and standards.

We participate in industry groups to monitor and understand emerging "best practices". We joined B Corp Climate Collective and its Offsetting Workstream to ensure we were working on the next iteration of requirements for a service business.

### Metrics and Targets

#### Metrics used to assess climate-related risks and opportunities in line with strategy and risk management processes

In our investment strategy, we use a company's annual emissions over the past 5 years, their decarbonization goals and their exposure and mitigation efforts to physical climate risk.

We also engage companies on their climate issues including climate risks, TCFD, science-based targets, and planning for net-zero goals.

In our business operations, we strive for operational efficiency in our energy use and we prioritize video meetings over air travel to in-person meetings.

#### Disclosure of Scope 1, 2, and if appropriate Scope 3 and related risks

We are committed to voluntarily gathering and reporting our Scope 1, Scope 2, and Scope 3 emissions. We began offsetting our residual emissions in 2019 with verified carbon offset projects through Cool Effect.

Our financed emissions (Scope 3) represent the majority of the emissions for our company. In 2021, we formalized our commitment to track the emissions of companies in our mutual fund.

### Carbon Footprint

GHG emissions in Metric Tonnes CO <sub>2</sub> Equivalents	2017	2018	2019	2020	2021
<b>Scope 1</b> refers direct emissions created by assets owned by the company.	0	0	0	0	0
<b>Scope 2</b> is for indirect emissions i.e. purchased energy for office use.	4	4	4	4	5
<b>Scope 3</b> is for indirect emissions created in the supply chain and by any asset not owned by the company i.e. business travel and commuting.	25.16	17.31	12	5.32*	2.5*
<i>This figure does not include emissions of companies within our investment portfolio.</i>					
<b>Total GHG Emissions</b>	29.16	21.31	16	9.32	7.5

#### Targets used by the organization to manage climate-related risks and opportunities and performance against targets

Our targets are to 1) use our investment platform to communicate to our stakeholders the importance of climate-change and the transition to a low-carbon economy, 2) build education materials to communicate to financial intermediaries the demand for sustainable investing, 3) to use our own operations as a lab to better understand the challenges we are asking of our portfolio companies.

\*Scope 3 emissions category 6 business travel is not reflective of normal travel demands in years prior to the pandemic. We expect that as conferences return to in-person these Scope 3 emissions will increase to pre-pandemic levels.



# APPENDIX: Sustainable Development Goals in the Real Estate Industry

The Sustainable Development Goals (or the SDGs) are the next iteration of UN goals that bring multi-stakeholder awareness to a multitude of challenges facing our world including ending poverty, protecting the planet, ensuring peace and prosperity. The 17 goals require the coordination of civil society, governments and the world economy.<sup>1</sup>

The modern concept of sustainable development in the UN framework started with the Brundtland Report “Our Common Future” for the World Commission on the Environment and Development in 1987. The report was commissioned to highlight the interconnectedness of society, institutions, business and the economy

in balancing economic and ecological demands. The report broadly defined sustainable development as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs.”<sup>2</sup> Sustainable development at the UN has further evolved to clarify that each country has differentiated responsibilities in respect to achieving a prosperous economic and ecological balance.

The SDGs are the result of the UN recognizing that sustainable development cannot happen through government regulation alone, but requires the efficiency of businesses and capital allocation of the economy.

The SDGs dove-tail with the Paris Agreement in 2015 wherein countries committed to differentiated responsibilities to limit global carbon emissions. The SDGs came into effect on January 1, 2016 and will guide international policy-making decisions through 2030.

The World Green Building Council illustrates how 9 of 17 SDGs are linked to buildings and real estate. Buildings consume 40% of the world’s energy. We spend 90% of our lives indoors. The built environment has an outsized influence on our overall well-being.



# APPENDIX:

## Sustainable Development Goals and Our Investment Strategy

The Investment Strategy connects to the SDGs in two principal ways:

1. Our Key Performance Indicators (KPIs) focus on material ESG issues in real estate. These issues map to three primary SDGs (9, 11, 13). We select companies doing well on these and then we engage with them to do even better.
2. Our KPIs demand more disclosure and more data. We work directly with researchers and data providers to build new datasets to surface corporate behavior tackling the SDGs.

Ultimately, the SDGs are national goals. SDGs are systems-level which are comprehensive in their nature meaning success on one will involve tackling issues associated with another. It is forcing investors to think more holistically and to connect investing to a broader context.\*

We have mapped our key performance indicators directly to 3 primary SDGs in the table below:

Sustainable Development Goals	Vert's Investment Strategy ESG Criteria
 <p><b>9 Industry Innovation and Infrastructure:</b> <i>Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.</i> Companies can upgrade local infrastructure, invest in resilient energy, and in communications technologies.</p>	
 <p><b>11 Sustainable Cities and Communities:</b> <i>Make cities and human settlements inclusive, safe, resilient and sustainable.</i> Cities leverage business capabilities to identify innovative and cost-effective solutions to complex, cross-cutting urban sustainability challenges.</p>	<p><b>Qualifying ESG Criteria</b></p> <ul style="list-style-type: none"> <li>• Emissions Reduction</li> <li>• Green Buildings Certifications</li> <li>• Green Leasing</li> <li>• Urbanism</li> <li>• Stakeholder Engagement</li> <li>• Affordable Housing</li> <li>• Diversity</li> <li>• Disclosures</li> <li>• Corporate Climate Policies</li> </ul>
 <p><b>13 Climate Action:</b> <i>Take urgent action to combat climate change and its impacts.</i> Companies can decarbonize their operations and supply chains by improving energy efficiency, reducing the carbon footprint of their products, services and processes, and setting emissions reductions targets.</p>	<p><b>Disqualifying ESG Criteria</b></p> <ul style="list-style-type: none"> <li>• Controversies</li> <li>• Business Line</li> <li>• Climate Risk</li> </ul>

<sup>1</sup> Sustainable Development Knowledge Platform (2018). "Transforming our world: the 2030 Agenda for Sustainable Development." Accessed at: <https://sustainabledevelopment.un.org/post2015/transformingourworld>

<sup>2</sup> UN World Commission on Environment and Development (1987). "Our Common Future". Oxford: Oxford University Press. Accessed at: <http://www.un-documents.net/ocf-ov.htm#1.2>

\*Learn more on how business can support the SDGs at <https://sdgcompass.org>.

## DISCLOSURES

The Vert Global Sustainable Real Estate Fund's investment objectives, risks, charges, and expenses must be considered carefully before investing. The statutory, and if available summary prospectuses contain this and other important information about the investment company, and may be obtained by calling 1-844-740-VERT or visiting [www.vertfunds.com](http://www.vertfunds.com). Read carefully before investing.

**Mutual fund investments involve risk. Principal loss is possible. Investors should be aware of the risks involved with investing in a fund concentrating in REITs and real estate securities, such as declines in the value of real estate and increased susceptibility to adverse economic or regulatory developments. Investments in foreign securities involve political, economic and currency risks, greater volatility and differences in accounting methods. A REIT's share price may decline because of adverse developments affecting the real estate industry. REITs may be subject to special tax rules and may not qualify for favorable federal tax treatment which could have adverse tax consequences. The Fund's focus on sustainability may limit the number of investment opportunities available to the fund and at time the fund may underperform funds that are not subject to similar investment considerations. Diversification does not assure a profit or protect against loss in a declining market.**

B Corp Certification is a legal commitment. To qualify, an entity is required to amend its articles of organization to address accountability and outline a financial purpose that includes environmental and social contributions on par with the financial return generated by the company. B Corp requires the qualifying entity to assess their environmental management, supply chain, employee and well-being policies and governance policies.

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