

2022 ESG REPORT

# BUILDING LASTING IMPACT

Our Vision for Commercial Real Estate

PUBLISHED SPRING 2023

**BERKADIA**<sup>®</sup>



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# A Message from our CEO

**On behalf of everyone at Berkadia, I am immensely proud to share with you Berkadia's inaugural environmental, social and governance (ESG) report.**

Here at Berkadia, we embody a culture of accountability, self-awareness and the ability to recognize our impact on others. This sense of ownership is what we call the "Berkadia Way," a framework you'll read about in the coming pages, and the underlying theme of our assessment. This report is truly the embodiment of the Berkadia Way – a close examination of our impact on the communities we serve so that we may adjust our efforts, delivering value and long-term growth for our clients, partners and employees.

Instilling ESG principles into our business happened organically when Berkadia was established in 2009 and has continued ever since. These values are the foundation of the Berkadia Way, and thus, woven into the fabric of our company and culture. While this is Berkadia's first ESG report, the notion of recognizing our effect on others is not new to us. We've simply formalized and assessed our strategies and will continue to build upon them as we continue our ESG journey.

ESG is a growing priority for our clients who are looking to make a positive impact on buildings, communities and our planet, while reducing investment risk. As institutional investors place greater importance on ESG policies and practices when determining where to invest, many implement ESG-driven strategies. We believe that implementing ESG practices within our investment approach is critical to developing sustainable real estate and inclusive and diverse communities, which often leads to better results for all stakeholders involved. I, alongside the entire Berkadia leadership team, am pleased about our ESG progress in the past year and look forward to continuing to build lasting impact in the CRE industry and beyond.

**Justin Wheeler**  
Chief Executive Officer



# Berkadia at a Glance

**Berkadia is a joint venture of Berkshire Hathaway and Jefferies Financial Group — both of which are renowned for their capital strength and sophisticated investment strategies.**

Berkadia is the largest non-bank commercial real estate servicer in the U.S., offering seamlessly integrated investment sales, mortgage loan banking and servicing so we can adapt in real time. We craft custom, long-term solutions that deliver the best outcomes to our clients. Our privately-held ownership structure differentiates us from our competitors and empowers us to think, solve and react differently. With industry-leading investments in technology, and data-driven insights from the country's most skilled commercial real estate professionals, we're built to be more flexible, creative and innovative. Deal after deal. Year after year.



## About Berkadia

**2009**

Founded in 2009

**Largest**

non-bank commercial servicer in the industry

**Highest**

Primary Servicer ratings from each of Fitch, Standard & Poor's and Dominion Bond Rating Service Morningstar

**2,750+**

commercial real estate experts

**\$57B**

In 2022, our combined production volume of loan originations, investment sales and JV equity placements exceeded \$57 billion

**21,000+**

loans actively serviced

**70+**

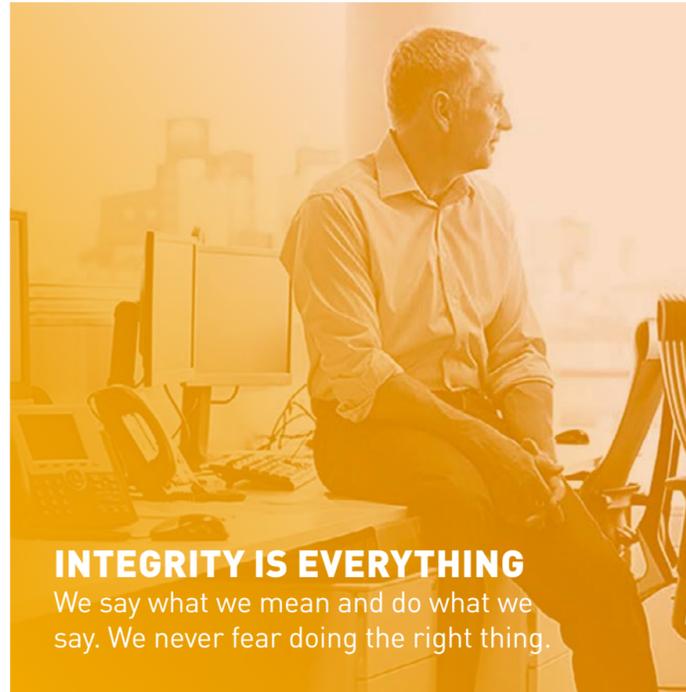
office locations and growing

**20 years**

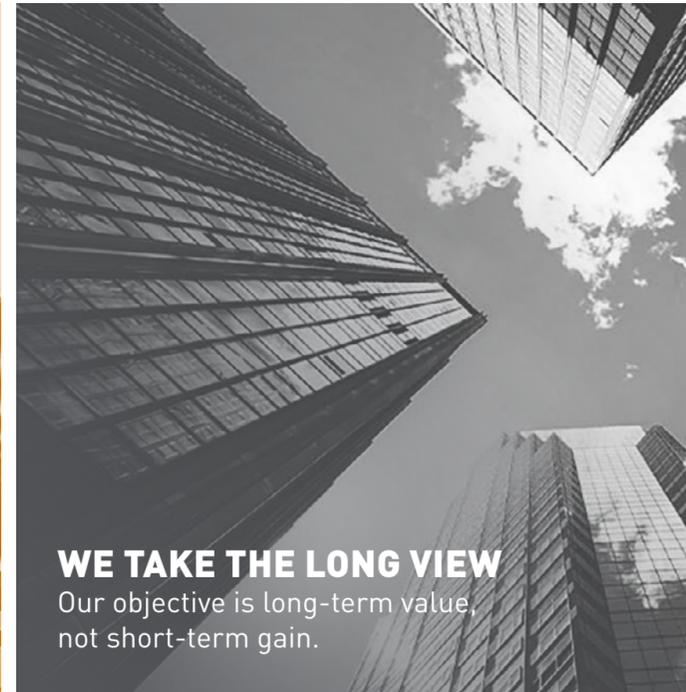
of local experience across management teams, on average

## Our vision and values

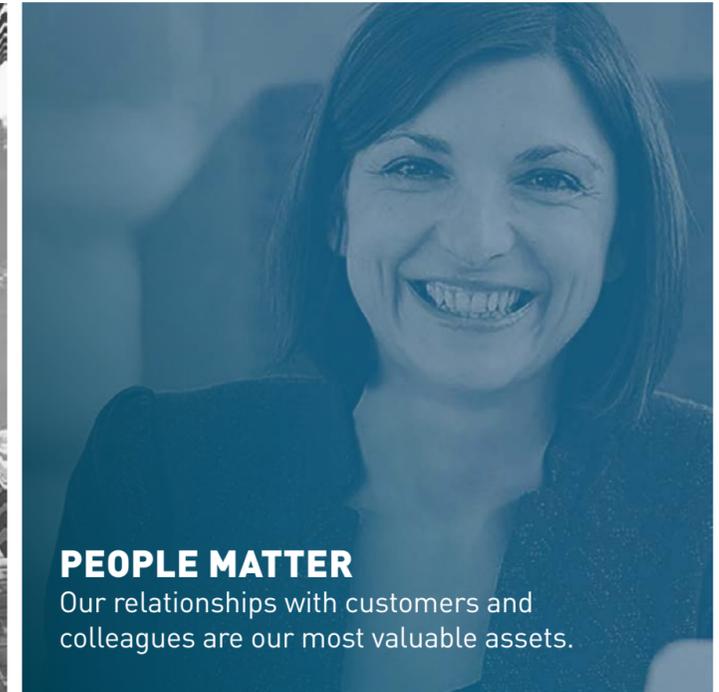
At Berkadia, we are redefining the industry with long-term investments in people and technology that deliver actionable insights and create the best customer experience. We uphold our following values in our everyday work.



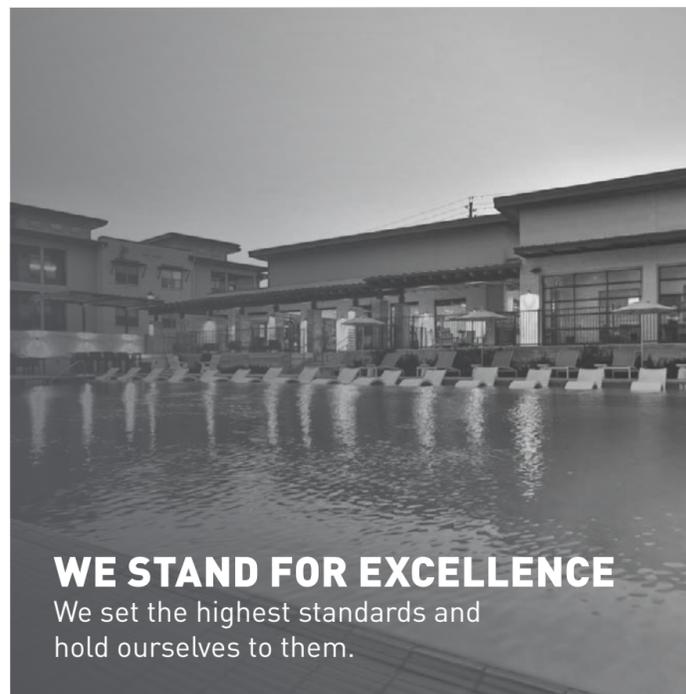
**INTEGRITY IS EVERYTHING**  
We say what we mean and do what we say. We never fear doing the right thing.



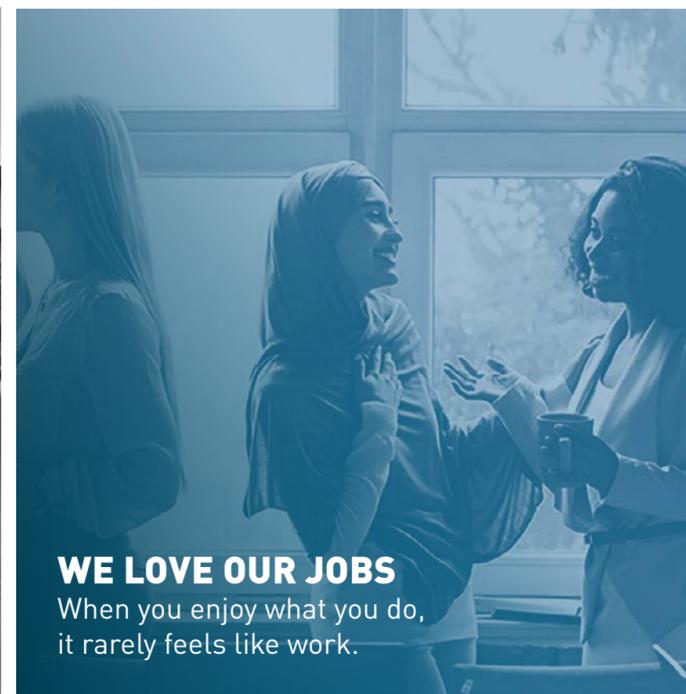
**WE TAKE THE LONG VIEW**  
Our objective is long-term value, not short-term gain.



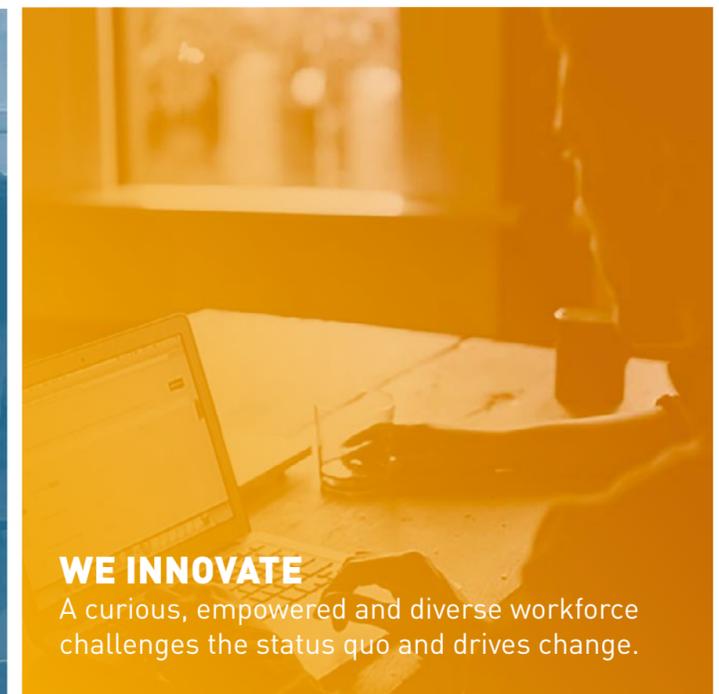
**PEOPLE MATTER**  
Our relationships with customers and colleagues are our most valuable assets.



**WE STAND FOR EXCELLENCE**  
We set the highest standards and hold ourselves to them.



**WE LOVE OUR JOBS**  
When you enjoy what you do, it rarely feels like work.



**WE INNOVATE**  
A curious, empowered and diverse workforce challenges the status quo and drives change.

# Our ESG Approach

**Our commitment to responsible business practices, team and community support and environmental stewardship has long been embedded in our business.**

Together with our values, we view ESG practices as core to delivering long-term growth, value creation and positive impact.

The consideration of these factors in our ESG strategy helps us succeed financially over the long-term. We also consider sustainability in terms of societal and environmental impact while recognizing that the term sustainability may be used in some cases to reference environmental sustainability. Ultimately, we believe that there are potential synergies between being financially sustainable and having positive societal and environmental impact, and achieving that synergy is central to our ESG program.

## Our sustainability vision and mission

Berkadia's ESG program supports the pursuit of opportunities to achieve long-term financial value creation aligned with positive societal impact and environmental stewardship.

Berkadia's Management Committee actively partners with the Berkadia network to engage our employees, clients and communities in identifying and assessing relevant ESG considerations. These engagements are used to align our ESG program with the business and societal interests of our stakeholders. We help advance products and services for clients, improve internal processes and procedures and support our communities in ways that relate to the pillars of our ESG program. By integrating these concepts across diverse sets of stakeholders and into our business, we strive to responsibly drive positive societal and environmental impacts.

## Pillars of Our ESG strategy

Berkadia's 2022 ESG Report details the progress we have made toward advancing our ESG initiatives. We believe our commitment to these strategic areas will create long-term value for our stakeholders and achieve sustainable business success.



### Invest in Our People

We invest in our people to create a diverse workforce that values our employees' unique contributions, and we aim to maintain an inclusive environment in which all employees bring their whole selves to work.



### Operate Responsibly

By governing our business in responsible ways, we build our clients' confidence in our abilities to effectively act on their behalf and provide ethical and reliable services.



### Incorporate Sustainability into Our Products and Services

We help our clients make more sustainable and impactful decisions through our affordable housing solutions, opportunities for green buildings and other positive societal and environmental impacts.



### Care for the Environment

We strive to integrate environmentally friendly practices both throughout our operational footprint and across our property investments to collectively minimize our environmental negative impact.

## Determining our ESG priorities

To develop a tailored and impactful ESG strategy for Berkadia, we leverage the insights gleaned from our recent materiality assessment and ongoing engagement with key stakeholders. Together, they helped to inform our understanding and prioritization of the ESG topics integrated within our sustainable value creation.

### Materiality Assessment

In 2022, Berkadia conducted an inaugural materiality assessment to identify the ESG topics most relevant to our success and guide our long-term strategic approach in managing these areas. The materiality assessment began with a list of hundreds of ESG factors. We narrowed these down to those most relevant to Berkadia and our industry. We assessed the importance of each topic to both external and internal stakeholders against leading ESG frameworks and standards, ESG rating agencies, industry norms and peer best practices and stakeholder surveys. The assessment identified high-priority ESG topics for our stakeholders, including those deemed more critical to either or both stakeholder groups, as noted below. Please refer to the Appendix for the full list of all 18 ESG topics and a definition of each.

#### Critical ESG Topics

|  |  |  |  |  |
|--|--|--|--|--|
| <b>Access and Affordability</b>                      | <b>Business Ethics</b>                   | <b>Climate Risks and Opportunities</b>               | <b>Data Security and Customer Privacy</b>      | <b>Diversity, Equity and Inclusion</b> |
| <b>Employee Engagement, Training and Development</b> | <b>Fair Lending and Customer Welfare</b> | <b>Integration of Sustainability in Our Services</b> | <b>Labor Practices and Employee Well-being</b> | <b>Systemic Risk Management</b>        |

The results of the materiality assessment help guide our ongoing approach to ESG and ensure that we effectively allocate resources to drive the long-term success of our business. By applying an in-depth analysis of the insights gained from the assessment, we believe Berkadia will be well positioned to execute our commitment to build, grow and improve our ESG program.



## Determining Our ESG Priorities

### Stakeholder engagement

Over our history, we have understood that engaging with our stakeholders — both internal and external — is critically important for our long-term business success. We have learned from their perspectives and have applied these insights to build a deeper understanding of key ESG topics, to inform our priorities and to accelerate progress on our ESG initiatives. We proactively and continuously engage with our stakeholders in ongoing dialogue regarding our business and sustainability efforts through a mix of open dialogue, collaboration and transparent disclosure, as outlined below.

**Employees** Our employees are foundational to Berkadia's success, and their feedback helps shape our business decisions. We are intentional in creating opportunities for employees to provide input into our ESG practices on topics such as flexible schedules and benefits; workplace health and safety; diversity, equity, inclusion and belonging; volunteering; and professional development. We garner frequent employee engagement throughout the year, gathering valuable feedback via surveys, newsletters, employee resource groups and team meetings.

**Clients** We continually engage with our clients through one-on-one meetings, our corporate website and external communication channels to solicit feedback across several critical ESG topics, including strategic ESG initiatives, performance transparency, and the integration of environmental and social factors into our services.

**Suppliers** We engage with our suppliers through onboarding questionnaires, assessments and meetings addressing ESG-related topics, such as our Supplier Code of Conduct, financial reporting and credit risk, environmental impacts and risks and supply chain resiliency.

**Local Communities** We engage and partner with community members and nonprofit organizations to align their needs with Berkadia's philanthropic contributions, employee volunteerism and innovative solutions to support and to provide underserved communities with education, housing and other opportunities.



## ESG oversight

Berkadia's Management Committee, which acts at the direction of our board of managers, has oversight of our ESG program and associated sustainable business practices and initiatives. The ESG program is sponsored by the president of Berkadia and is led by the ESG Working Group, which is composed of cross-functional leaders who meet monthly to develop and drive Berkadia's ESG strategy. The ESG Working Group plays a key role in championing and governing our overall ESG strategy and priorities. The ESG Working Group provides quarterly updates to the Management Committee on our ESG program, emerging trends and stakeholder engagement.

## About this report

This report aligns with the accounting standards published by the Sustainability Accounting Standards Board (SASB), now housed within the International Sustainability Standards Board (ISSB), related to the mortgage finance and real estate services industry. We also have identified several U.N. Sustainable Development Goals (SDGs) that we believe our business activities and key priority areas support.

This report covers the progress of Berkadia's ESG program during our 2022 fiscal year, with all quantitative company data reflecting the period from January 1, 2022, through December 31, 2022, unless otherwise noted. In some instances, we include information on initiatives continued into 2023, which we have endeavored to note as such.

Throughout the report, we direct readers to additional sources of information on our corporate website and other websites for convenience. Please see the Appendix at the end of this report for more information.

# Investing in our People

# Berkadia Way

**Berkadia Way, a cornerstone of our values-based culture, is our shared commitment of self-accountability: urging us to truly see our impact on each other and adjust our efforts.**

As we each have unique needs, challenges and objectives, employees are encouraged to take these into consideration across all efforts, internally and externally.

Utilizing a set of principles and frameworks aligned with our company values, our employees bring a heightened sense of self-awareness to their interactions and are better prepared to navigate challenges. These concepts inform team norms and health, inspiring collaboration and thoughtful consideration of other perspectives. Key outcomes of Berkadia Way include reduced friction, a commitment to shared results rather than individual outcomes and a focus on impact.

A Management Committee member co-facilitates all new hire program deliveries. Additionally, our Berkadia Way team provides regular refresh sessions, implementation workshops and other support resources, enabling employees to continuously grow in their ability to apply these concepts to their work.

## 2022 Key Metrics

**3,338** EMPLOYEES

Delivered the core Berkadia Way program to 3,338 employees across the U.S. and Hyderabad

**33** REFRESH SESSIONS

Delivered 33 refresh sessions to U.S.-based servicing team members

**46** TEAM SESSIONS AND WORKSHOPS

Hosted 46 team sessions and workshops



*“What drew me to Berkadia was the people – the culture and the emphasis that is placed in that culture. It truly feels like a place that wants to build you up and help you succeed.”*

**Eglae Recchia**  
SVP, Product

# Diversity, Equity, Inclusion and Belonging

## Our DEIB strategy, oversight and programs

At Berkadia, we believe that people matter and that embracing diversity and creating an inclusive culture is an important part of our long-term success.

Berkadia's diversity, equity, inclusion and belonging (DEIB) efforts collectively constitute our BELONG platform. We aim to deliver a best-in-class experience to both our colleagues and our clients by cultivating an inclusive environment where everyone belongs, feels represented and is empowered to be their authentic self. We promote fair hiring practices and maintain a culture where employees and clients can openly share their ideas, perspectives and experiences.



The BELONG experience is governed by our Management Committee and includes multiple levels of oversight: a steering committee comprised of executive team members and senior leaders across all lines of business; a senior vice president orchestrating strategic initiatives; and a dedicated program manager driving execution across the platform. The steering committee meets monthly to provide cross-functional leadership, direction, and guidance on all BELONG initiatives and help drive progress. We also have a talent support team, that includes domain experts with shared accountability for supporting various initiatives associated with our BELONG strategy.

We continue adding resources to support our DEIB initiatives, including the recent hire of a diversity sourcing and talent attraction partner, whose role is focused on the diversification of candidate pools through external partnership relations and employer branding efforts. We put a strong focus on engaging emerging talent from diverse backgrounds and promote our internships and related programs to individuals across a broad spectrum of experiences.

We believe in working with others in the commercial real estate (CRE) industry to share and advance best practices. We partner with our competitors to share diversity metrics and insights to drive change and benchmark success. We also partner with the [Multifamily Impact Council](#), a collaborative nonprofit bringing standards and guidelines to the multifamily impact investing industry. We are a founding member of the organization and continue to serve on its steering committee to influence initiatives in the industry, such as DEIB.

## Cultivating an inclusive environment and building awareness

We are continuously working to train our employees on DEIB-related topics and to foster mutual understanding and acceptance. Our efforts include delivering learning content, panel discussions, awareness campaigns and employee resource group initiatives, all intended to raise awareness, build community and drive inclusive practices.

Employees are also required to complete harassment and anti-discrimination training. These engaging and interactive sessions are led by an employment law attorney, with offerings tailored to manager and non-manager audiences.

In 2022, Berkadia's Talent Acquisition and Learning and Development teams partnered to co-develop a Hiring for Success workshop. The program enables managers to integrate inclusive sourcing, interviewing best practices and unconscious bias mitigation into their hiring practices. To supplement this workshop, hiring managers are provided with a resource hub, including interview questions and guidance on inclusive practices, enabling a consistent, fair and equitable interview process for all candidates.

# Talent Acquisition

## Talent pipeline

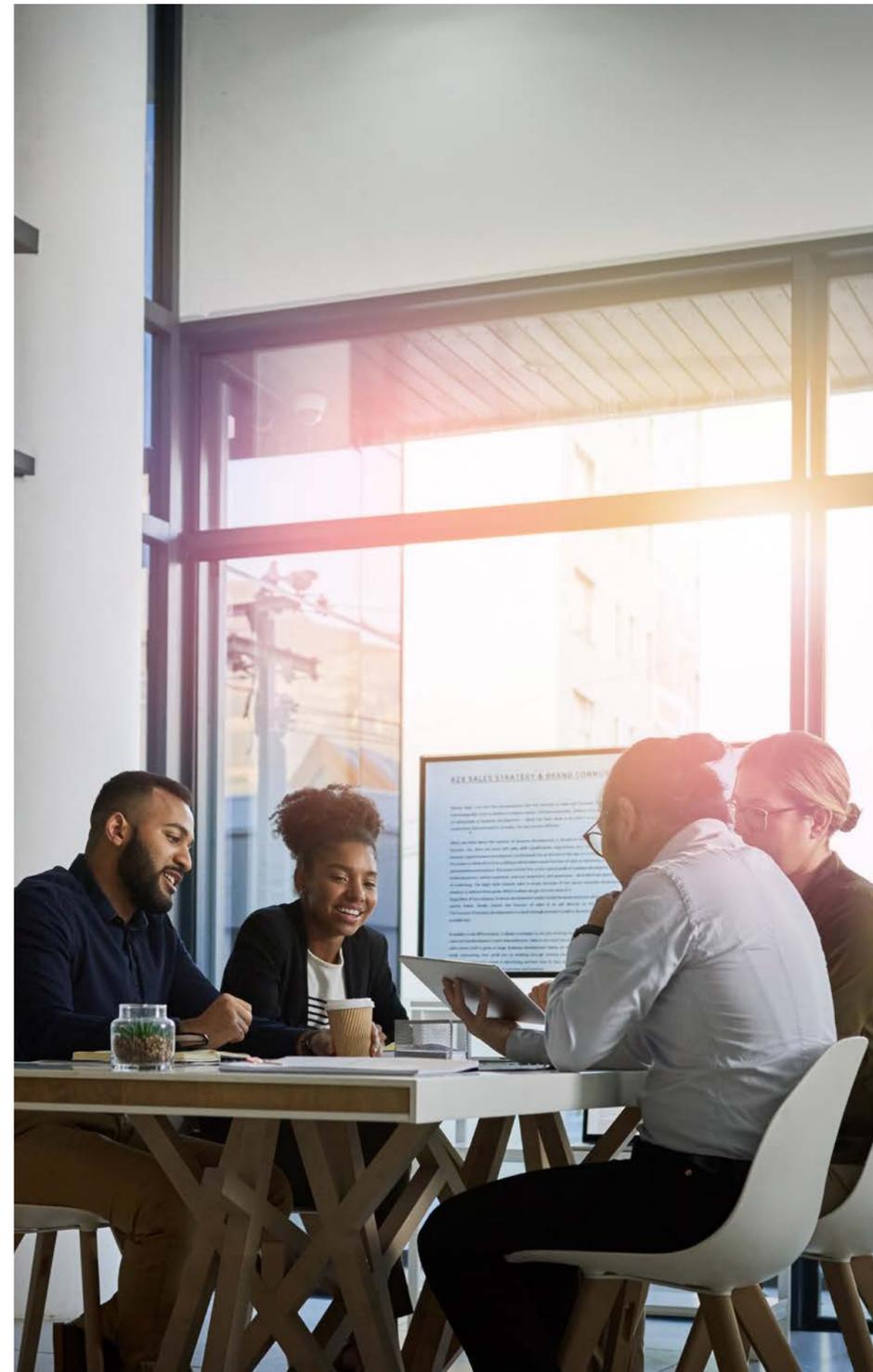
As part of our standard recruiting practice, we prioritize identifying candidates with an array of backgrounds and experiences. This includes leveraging various candidate sources that target talent from underrepresented demographics and communities.

Since BELONG's inception in 2020, our recruitment efforts have resulted in greater workforce diversity. With the recent hire of our diversity sourcing and talent attraction partner, we anticipate our diversity will be further improved over time as we continuously evolve and prioritize these efforts.

## External partnerships

We know that top talent is not one size fits all. Our recruitment strategy is focused on casting inclusive nets for talent through employer brand promotion, relationship building and inclusive sourcing.

Berkadia is a member of the [Real Estate Executive Council](#), a trade association dedicated to increasing opportunities throughout the CRE industry for Black and Latinx professionals. Additionally, Berkadia has been an active member in the Global Corporate Real Estate and Facilities Careers group, run by the Mortgage Bankers Association since its inception. Berkadia is focused on attracting more diverse students to jobs and careers in commercial real estate finance, particularly those from historically Black colleges and universities.



Our partnership with the [Commercial Real Estate Women's \(CREW\) Network](#) also continues to be a source of diverse talent to Berkadia and is one way we support diversifying gender within our industry. Every posted position is also shared within the CREW community as an avenue for gaining more visibility and attracting more diverse talent into our company.

As the Berkadia grows, the Talent Acquisition team continues researching and recommending additional organizations to consider for expanded partnerships. In 2023, we will engage a talent brand and recruitment marketing partner to help Berkadia fill talent gaps (both from a demographic and skill standpoint), create more inclusive language in our content messaging, and elevate our presence at key diversity partner and recruitment events.

## Early talent

The Talent Acquisition team has also focused on a campus-inclusive recruitment strategy, increasing our reach and promoting diverse candidates' access to and awareness of Berkadia job openings for entry-level and internship positions. Berkadia's approach invites students from all universities to consider Berkadia opportunities. This approach enables recruiters to focus on connecting with students possessing the skills necessary for success through third-party networking platforms rather than relying on traditional recruiting events like career fairs. To complement these efforts, Berkadia maintains a focus on connecting with external student organizations that exist nationally and locally on campuses.

We offer a career rotational analyst program for recent graduates to gain exposure to different business lines and gain programmatic experience by working alongside various team members.

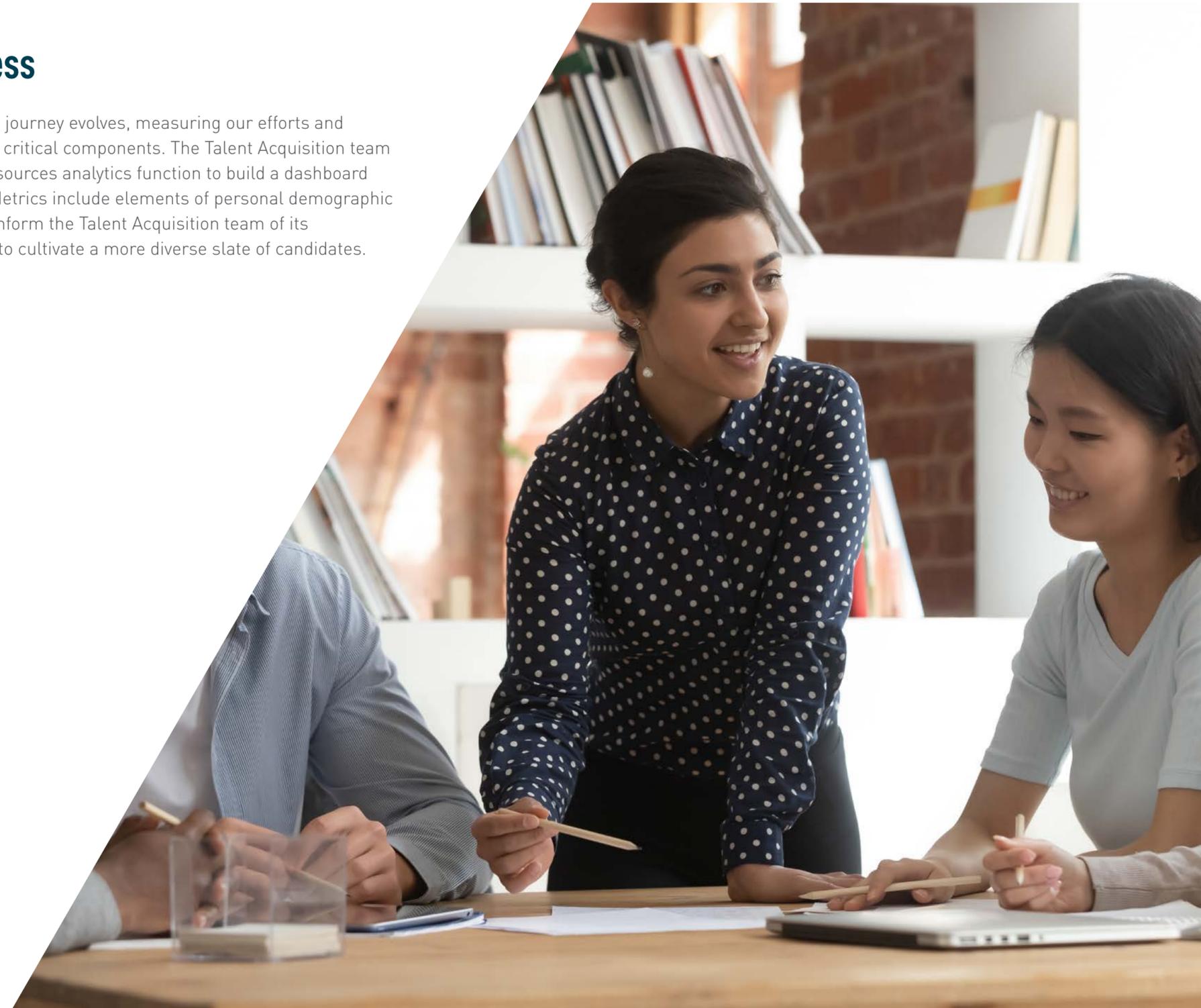
## Internal development efforts

Berkadia also balances internal efforts to create a more inclusive hiring practice, starting at the most senior level of the organization. Berkadia's Management Committee has championed a Commitment to Post initiative that pledges consistency in posting all available U.S. job vacancies internally, creating an equitable experience for internal candidates.

Berkadia also focuses on internal development and mobility, and we built an internal career marketplace to create transparency for employees to become more aware of internal open positions within the company. Talent acquisition partners (TAPs) collaborate with internal employees to understand their career aspirations and to suggest areas of Berkadia's business lines to explore. TAPs have also hosted two internal career fairs, a podcast series and group presentations to further highlight internal career opportunities. Internal candidates also receive feedback from both TAPs and hiring leaders when not selected for internal opportunities.

## Measuring success

As the team's inclusive hiring journey evolves, measuring our efforts and iterating on our approach are critical components. The Talent Acquisition team partnered with the human resources analytics function to build a dashboard with key candidate metrics. Metrics include elements of personal demographic data and, when aggregated, inform the Talent Acquisition team of its successes and opportunities to cultivate a more diverse slate of candidates.



# Benefits and Well-being

## Compensation and benefits

At Berkadia, we believe nothing is more important than the health and well-being of our employees and their family members. Our Total Rewards program provides employees with comprehensive benefits for their physical, mental and emotional health; opportunities for professional and personal growth; and incentives to give back to their local communities. Our offerings are intentionally designed to meet the unique and diverse needs of our employees, both at home and at work, and are crafted with the whole person in mind.

In recent years, Berkadia has implemented more inclusive benefits for the LGBTQ+ community, enhanced hearing aid coverage, fertility coverage, tuition reimbursement and more. Our bonding leave program is especially competitive and is offered to employees who are Family and Medical Leave Act eligible to take time off and care for or bond with their newly born, adopted or placed child.



### Culture

Values-based culture with a focus on DEIB

Employee Resource Groups including BeWIN, BePROUD+ and BeUNITED

Commitment to growing talent from within

Monthly paid volunteer hours

Donation matching

Philanthropic opportunities and activities



### Wellness

Medical, dental and vision insurance plans

Pre-tax HSA and FSA accounts

Mental health care including free counseling sessions

Employee Assistance Plan

Fertility and family planning support

Transgender-inclusive coverage



### Growth & Development

Internal career advancement opportunities

Robust training and development opportunities

Employer-paid access to LinkedIn Learning

Tuition reimbursement

Commitment to funding learning journey



### Personal

Generous PTO policy including paid and floating holidays

Competitive 401(k) match

Paid parental leave for birthing and non-birthing parents

Dependent care and commuter benefits

Legal assistance

Pet insurance discounts

## Pay equity

We prioritize equity in opportunity and pay. Through our annual pay equity review, we are proud to confirm that our pay practices remain equitable each year and that employees in the same position are paid fairly, irrespective of their race, ethnicity or gender.

## Flexible work arrangements

In the post-COVID-19 work environment, we reevaluated our traditional work policies. We offer flexible work arrangements for our employees when practical for their roles. Berkadia values allowing its employees to balance life and work to accommodate their varying needs.

## Employee well-being

Work-life balance and mental health is a top priority for Berkadia. We offer a rich paid time off program to provide our employees with the opportunity to unplug, destress and reenergize. Our employees also have access to various counseling resources and support services needed during life's expected and unexpected moments. We offer employees access to counseling through the Employee Assistance Program, our healthcare provider network and various internal offerings that promote mental well-being.

Throughout the year, Berkadia conducts different events to help employees to better understand and utilize the benefits offered to support mental health. Each May, we work to raise awareness for Mental Health Awareness Month.

# Learning and Development

**Berkadia is committed to supporting the continuous learning and development of its employees, both professional and personal.**

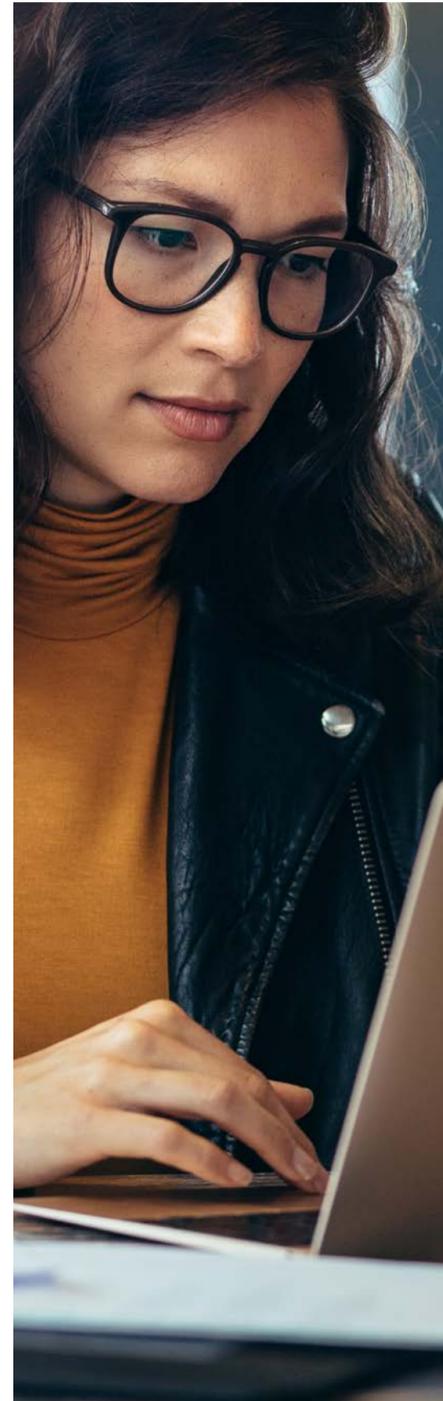
At Berkadia, we set minimum training hours and require employees to maintain role-specific credentials to keep their knowledge and job skills current. Development experiences are built to address the key needs of our business and support our employees to excel in their current roles and develop toward future roles. These development experiences are built in alignment with our mission and values and reinforce our Berkadia Way mindset to ensure a comprehensive development offering through our BeGrowing team.

## Career journey of learning

A growth plan has been introduced across Berkadia to ensure every employee is empowered to take responsibility for their own development and chart their path forward. All employee development resources can be found on a centralized site that aggregates suggested learning paths, a class calendar, and toolkits focused on key skill development.

Development begins on day one through our new-hire orientation, which is followed by a suite of required trainings to ensure employees understand our Supplier Code of Conduct and Information Technology (IT) and Security policies. We also introduced a new-hire resource center in 2021 to support asynchronous learning and deployed an ambassador program to assist new employees.

Employees have access to a variety of experiences to build their skills, ranging from on-demand access to LinkedIn Learning to live training events and business-delivered technical training. We partner with external organizations, such as the Mortgage Bankers Association, to ensure employees have access to ongoing technical and industry development opportunities. Employees are also encouraged to participate in our tuition reimbursement program to further their education.



## Our learning management system

Berkadia uses MyRED, Berkadia's virtual training management software, to support learning and development experiences and to enhance training-related data tracking and reporting. MyRED is continuously being updated as a platform, and content is expanded frequently. In addition to MyRED, Berkadia offers LinkedIn Learning, an online educational platform that helps users discover and develop business, technology-related and creative skills through expert-led course videos. There has been high utilization of our content library (87% companywide utilization) to support department-specific and individual on-demand learning needs.

# 87%

of employees use our learning management system for additional development opportunities

## Leadership programs and conferences

We offer a variety of leadership programs globally for our employees. From peer learning groups to a manager training series, our employees can level up their skills across a variety of leadership categories.

A few of our programs include:

| GLOBAL  | HYDERABAD   | U.S.  |
|---|---|---|
| <ul style="list-style-type: none"> <li>Managing With Impact program (including the Managers Helping Managers series)</li> <li>Berkadia Way Manager Series</li> <li>Hiring for Success (mentioned in our DEIB section and part of the Manager Essentials Series)</li> <li>Strive Towards Excellence and a Managers Assimilation Program/XCEED</li> </ul> | <ul style="list-style-type: none"> <li>Delve, Rise, Innovate, Venture, Exhalt (DRIVE) leadership program</li> </ul> | <ul style="list-style-type: none"> <li>Manager Essentials Series</li> </ul> |

Attending industry conferences can also be a valuable leadership experience for our employees and an opportunity to learn and network with industry peers.

## Performance feedback

All employees have year-end development discussions and ongoing quality conversations to manage performance. Topics covered within these discussions include identifying the effectiveness of the employee within their current role, as well as areas of future interest and growth.

# Employee Engagement

## Engagement surveys

Providing a clear channel for ongoing feedback is important to Berkadia. We conduct an annual employee engagement survey to hear the voice of our employees and measure the impact of our work within human capital. In November 2022, we had an 86% participation rate with an 87% favorability score globally. According to participants, “feeling a sense of belonging at work” was ranked as one of our top three strengths and was tied with the sentiment of “feeling cared about.”

## Employee resource groups

Our employee resource groups (ERGs) are an important part of creating that sense of belonging and fostering opportunities to learn about others’ cultures and experiences. Our ERGs are voluntary, employee-led and supported by the broader BELONG community, providing the necessary infrastructure and funding to drive impact across the organization.

We have also empowered a strong network of more than 40 BELONG champions across the company who come from varying areas of the organization and share a passion for our BELONG journey. These champions play a key role in helping to ensure that our DEIB journey is authentic and relevant to Berkadia.



**BeWIN (Berkadia Women’s Internal Network)** was established in 2021 with the mission of developing and mentoring women and their allies across Berkadia to support career growth and advancement. This ERG’s purpose is to facilitate the development and maturation of strong connections and to support women across the company while creating a safe place for women to grow in their commercial real estate careers with the support of allies.



**BePROUD+ (Berkadia’s LGBTQ+ ERG)** was established in 2022 to foster and cultivate community, mentorship, professional development and networking opportunities among Berkadia’s LGBTQ+ employees and allies. Its purpose is to address underrepresentation and identify and eliminate barriers for Berkadia’s LGBTQ+ employees.



**BeUNITED (Berkadia’s multicultural ERG)** was established in 2022 to create a network focused on empowering, connecting, developing and supporting employees regardless of race, ethnicity or nationality, thus resulting in a stronger, united workforce. This ERG is committed to honoring and celebrating cultures and embracing diversity among the different dimensions of race, ethnicity, culture and beyond.

# Employee Health and Safety

## Oversight and procedures

Berkadia has a crisis management plan and a crisis communications plan that provide guidance on steps to take following a crisis, such as natural disasters and serious climate events, biological risks, accidental events and workplace violence in an effort to support overall business resiliency.

In addition to having a crisis management program we integrate the plan into our business operations and train employees to aid an effective response using tabletop and simulation exercises. In our tabletop exercises, executive leadership and department heads meet in an informal setting to discuss their roles and responsibilities during a crisis. Berkadia's chief risk officer also facilitates periodic training for all employees to raise awareness, increase knowledge and elevate response capabilities.

## Training and preparedness

Each of our 60+ offices reside in a leased location, and we abide by rules established by the building management. At our administrative headquarters in Ambler, Pennsylvania, the building's property management team conducts an annual fire drill. Other drills are conducted by the building management in various locations. Additionally, Berkadia conducts workplace safety training for employees and manages a physical security program designed to mitigate risk and ensure protection of personnel, hardware, software, networks and data from physical actions and events that could cause serious loss or damage to Berkadia.



# Giving Back to Our Communities

Berkadia prioritizes investing in our communities. Through partnerships with various organizations, our employees are impacting communities worldwide and creating positive change in the lives of others.

## Our philanthropic mission

We believe that healthy, self-sustaining communities arise when every individual has the essentials to live, the opportunity to learn and the chance to serve.

## Our strategic goals

- To overcome the cycle of poverty and dependence by partnering with nonprofit organizations that help provide food, clothing and shelter
- To develop educational opportunities through programs aimed at helping underserved children thrive
- To promote a corporate culture of volunteerism and social responsibility that underscores each employee's role in responding to needs within our communities
- To assist nonprofits in transforming their reach and impact by sharing our best-in-class technologies, strategies and services

## BeGiving at Berkadia

Berkadia's corporate philanthropy program, BeGiving, consists of four aspects:

### Corporate Initiatives Program

Berkadia has funding available for corporate donations to eligible 501(c)(3) organizations dedicated to strengthening our communities.

### Grants Initiated by Volunteer Service (GIVES)

When an employee volunteers their valuable time in support of an eligible 501(c)(3) organization, Berkadia GIVES awards a bonus check to the organization. The result is that the organization benefits twice — first through the contribution of an employee's time and again through a contribution from Berkadia in the employee's name. Employees are eligible for a \$900 contribution on an annual basis to reward 30+ hours of service.

### Matching Gift Program

Through the Matching Gift Program, Berkadia provides a dollar-for-dollar match of contributions that employees make personally to eligible 501(c)(3) organizations, effectively allowing employees to double their contributions on an annual basis up to \$2,000 per employee.

### Gift of Time Program

The Gift of Time Program offers employees up to eight hours per month during regular business hours to provide service to a range of eligible 501(c)(3) organizations dedicated to strengthening our communities.



## Our community partners

Berkadia takes our mission to heart, and we are intentional about establishing partnerships and supporting organizations focused on creating healthy, self-sustaining communities. Some examples are offered below.

**PROJECT  
DESTINED**

Project Destin's Mission is to transform minority youth into owners and stakeholders in the communities in which they live, work and play. Berkadia mentors students interested in careers in CRE through internships and investment pitch competitions.

Berkadia doubled our investment and engagement in this partnership in 2022 by sponsoring teams of students in four regions, offering students professional mentorship and direct access to CRE experts. We also leverage Project Destined alumni as a talent pipeline for recruiting for full time positions.

In addition to our volunteer efforts, Berkadia gives charitable donations to other organizations, such as the National Kidney Foundation, Over the Rainbow and the American Red Cross, to name a few. We also make regular contributions to organizations important to our employees, thus raising awareness of a variety of social issues.



City Year is a nonprofit organization aimed at improving high school graduation rates by recruiting and deploying AmeriCorps members to underserved schools. The AmeriCorps members are 18-to-25-year-olds who work directly with the students to provide, mentoring, tutoring and after school programming. Fifty percent of City Year's funding comes from AmeriCorps, which is a federally funded network of national service programs that engages Americans in service to meet critical needs, including education.

Berkadia has sponsored the organization monetarily and has volunteered in City Year schools. We also support AmeriCorps members with various educational workshops to strengthen their career skills and knowledge.



Habitat for Humanity is a global nonprofit housing organization working in local communities across all 50 states in the U.S. and in approximately 70 countries. Habitat's vision is of a world where everyone has a acceptable place to live.

Berkadia has partnered with Habitat for Humanity for more than two years. Through our support, we hope to advance our shared belief that affordable housing plays a critical role in sustaining strong and stable communities.

k u l a

The Kula Project is a woman-owned business, which eradicates poverty through the development of entrepreneurs in Rwanda's coffee communities. It teaches generational business knowledge and gets community members involved in the farming, roasting and shipping of coffee. The project has impacted 1,800+ children, empowered 850 entrepreneurs, invested in 100+ businesses and provided 20,000+ hours of training.

Berkadia has continued to support this initiative since its inception 10 years ago.



The Ronald McDonald House Charities provides families with access to the care and resources they need — especially when they have a sick child. Berkadia has sponsored the organization monetarily and has participated on-site to prepare and serve meals to the families staying at the Ronald McDonald House.

**Cradles  
toCrayons**

Cradles to Crayons is a non-profit organization that provides resources such as school supplies and clothing to children in need. Each Summer, Berkadia participates in Cradles to Crayons' annual Ready for Learning Backpack-A-Thon in Philadelphia, where employees purchase backpacks and school supplies and come together to provide hundreds of backpacks for local children living in poverty.





## Child Welfare and Holistic Organization for Rural Development

### HYDERABAD, INDIA

Berkadia supports a nongovernmental organization (NGO) in Hyderabad, India. In an effort to expand our support, Berkadia is invested in childhood education and launched a partnership with Child Welfare and Holistic Organization for Rural Development (CHORD) and started supporting a local school, named Disha, that educates an underprivileged population.

What started in a leased building educating approximately 80 students has grown to include new buildings, technology, furniture and a student population north of 200.

Through the Berkadia Foundation, we were able to fund the new building for Disha-CHORD and are in the final stages of constructing a multi-story school that will accommodate 250 students. This could not have been accomplished without our teammates in Hyderabad. Our team actively volunteers at the school on an annual basis, not only on week days, but also on weekends and are nearing 1,000 hours of volunteering. Berkadia's support of Disha-CHORD is promoting first-generation literacy and is enabling these students to secure future employment opportunities not otherwise available to them.



*"When I think about what makes Berkadia so special, it is how consistently we think about others and their needs. Even when the markets get tough, places like the Disha-CHORD school and the work being done there, remind me of just how blessed I am."*

#### Andy Coleman

Senior Managing Director and Head of Hotels and Hospitality



# Operating Responsibly

Compliance and ethics are embedded in our mission. We uphold our integrity and support our success over the long term by emphasizing and adhering to a high standard of conduct. We are committed to sound corporate governance and ethical practices by building long-term value and trust with all stakeholders.

# Corporate Governance and Business Ethics

Berkadia complies with the Code of Business Practice (Code) that applies to Jefferies Financial Group Inc. and all of its subsidiaries. The Code outlines the values, principles and guidance for reporting violations and covers topics including conflict of interest, insider trading, anti-money laundering, and anti-bribery and corruption. In adopting this Code, Berkadia has recognized the importance of conducting its business in full compliance with all applicable laws and regulations and has also adopted other policies and procedures to extend its ethical business practices across its operations. Every employee and board member is required to annually certify both receipt and review of the Code. Berkadia also offers ethics and compliance training for employees to increase awareness, provide guidance and establish expectations for employee conduct.

Each employee is bound by Berkadia's Code of Conduct and must review and certify the policy annually. The Code of Conduct provides guidelines for acceptable behavior, covering expectations such as:

- Prohibiting falsification of records;
- Appropriate use of company property, both physical and intellectual;
- Expectation of safety within the workplace;
- Prohibiting substance abuse within the workplace and
- Criminal acts

## Whistleblower policy

Berkadia's Whistleblower Policy includes procedures for receiving and investigating complaints and provides protection for whistleblowers.

Berkadia has its own whistleblower hotline, called the CONCERNline, for employees to report suspected violations of the Code of Conduct. The CONCERNline is provided through a third party and is overseen by our vice president of internal audit. Complaints can be filed anonymously either electronically or via a phone call. Once a complaint is filed, the concern is then escalated to the appropriate team, such as human resources, legal or compliance, based on the nature of the complaint. Berkadia investigates all complaints, documents the results of the findings and closes cases after appropriate actions are taken to remediate the findings.



# Risk Management and Business Continuity

Risk assessment and management is crucial to the long-term success of Berkadia. As such, we have implemented a comprehensive method of identifying, tracking, mitigating and reporting potential risks in a rapidly evolving regulatory and competitive business environment.

## Credit risk management

Berkadia actively monitors evolving and potential risks across several interrelated dimensions by deploying a methodical and comprehensive approach. First, our Servicing department assigns loans to a watch list based on a series of defined triggers. These loans are then subjectively reviewed by our Loan Surveillance team, who performs a detailed credit review, which often includes active engagement with borrowers. Second, Berkadia employs not only required Current Expected Credit Losses (CECL)-compliant loss estimates but also a long-term scenario analysis to estimate a range of potential losses across economic environments. These estimates use models that are grounded in proprietary research and informed by our Loan Surveillance team's detailed knowledge. Third, current and projected performance metrics are stratified across several dimensions, including sponsor, property type, geography and rate type, to evaluate concentrations and relative performance. Fourth, results of these analyses are packaged to create a feedback loop for those involved in the origination process.

In the event of a loan default, our Special Servicing team works to maximize recovery.



## Enterprise risk management

Our Enterprise Risk Management (ERM) Program, which utilizes the Committee of Sponsoring Organizations framework, provides a repeatable process that can be implemented across Berkadia to continually monitor and identify areas of risk and opportunity. Berkadia maintains an ERM Policy to provide formal guidance. The Management Committee and the Risk, Controls, and Compliance (RCC) team oversee our ERM Program. The RCC team works closely with leadership from the lines of business to examine trends and emerging risks and controls, identify risks and stay current on elevated risks that could impact Berkadia. The risk management framework is regularly reviewed for its effectiveness in determining areas requiring heightened monitoring and mitigation and is frequently reevaluated to reflect key changes in policies, functions and industry best practices for risk management. We publish annual and quarterly risk reports, dashboards and metrics to highlight the effectiveness of our risk mitigation strategies.

To support control effectiveness, Berkadia performs annual enterprise wide disaster-recovery testing. We are further expanding our risk register to incorporate environmental factors within our business lines, such as properties and areas with social and environmental impacts.

### **Crisis Management Plan**

Berkadia faces a variety of risks, including those with the potential to become crisis situations. These situations may occur suddenly, creating a circumstance in which normal business operations and support services become disrupted or overwhelmed. It is Berkadia's responsibility to prepare for situations or events that could jeopardize the company's business operations; brand; reputation; employees; financial results; or relations with shareholders, customers, suppliers and other stakeholders. The Crisis Management Plan (CMP) provides guidance on how Berkadia should prepare for, react to and remediate a crisis, which includes guidance on mobilizing the Berkadia Crisis Management Team (BCMT). The BCMT is composed of members of Berkadia's Management Committee and the designated Management Committee members will serve as BCMT chair and have overall responsibility for Berkadia crisis management.



Crises include natural disasters and serious climate events, biological risks, accidental events, and workplace violence. The CMP also provides ways to lessen the impact of a crisis, protect our employees, preserve operations and productivity and safeguard the company's reputation.

In the event of a crisis, the BCMT coordinates Berkadia's responses to help ensure an effective resolution.

Crisis communications, a vital part of our crisis management process, is a strategy to communicate timely, accurate information to all Berkadia stakeholders and the media during any local, regional or global crisis. Our crisis communications protocol includes taking all reasonable and appropriate steps necessary to ensure we effectively communicate timely, accurate information to all Berkadia stakeholders during an event affecting our business, reputation, people, or the tangible and intangible resources used to execute key business processes.

## Business continuity and disaster recovery

Berkadia's Business Continuity Plan (BCP) prepares the company in the event of extended service outages caused by factors beyond its control (e.g., natural disasters, man-made events, etc.) and provides guidance to help restore essential services to the widest extent possible in a minimum amount of time. All Berkadia sites are expected to implement preventive measures whenever possible to minimize network failure and to recover as rapidly as possible when a failure does occur. Our BCP team supports Berkadia's continuity of business operations and protection of Berkadia's critical operations, assets and personnel so that it can continue to function when faced with a major disruptive event.

# Supplier Management

**Berkadia developed a Supplier Code of Conduct in 2022 to provide formal guidelines and compliance requirements to our suppliers.**

All suppliers must be committed to adhering to our core values, mission and vision. We conduct regular reviews of our suppliers. A supplier's failure to comply with our Supplier Code of Conduct can result in consequences, including possible termination of the business relationship. Berkadia is committed to the highest standards of professionalism, ethical conduct and legal compliance in its operations and activities and expects all suppliers to act accordingly.

Suppliers are required to comply with all laws and regulations and the following rules and policies:

- Information security and data privacy
- Conflicts of interest
- Anti-bribery and anti-corruption
- Labor practices

Berkadia aims to continually strengthen the third-party risk management program. We also now expect suppliers to minimize the environmental impacts and risks associated with their operations. Some examples of these expectations include:

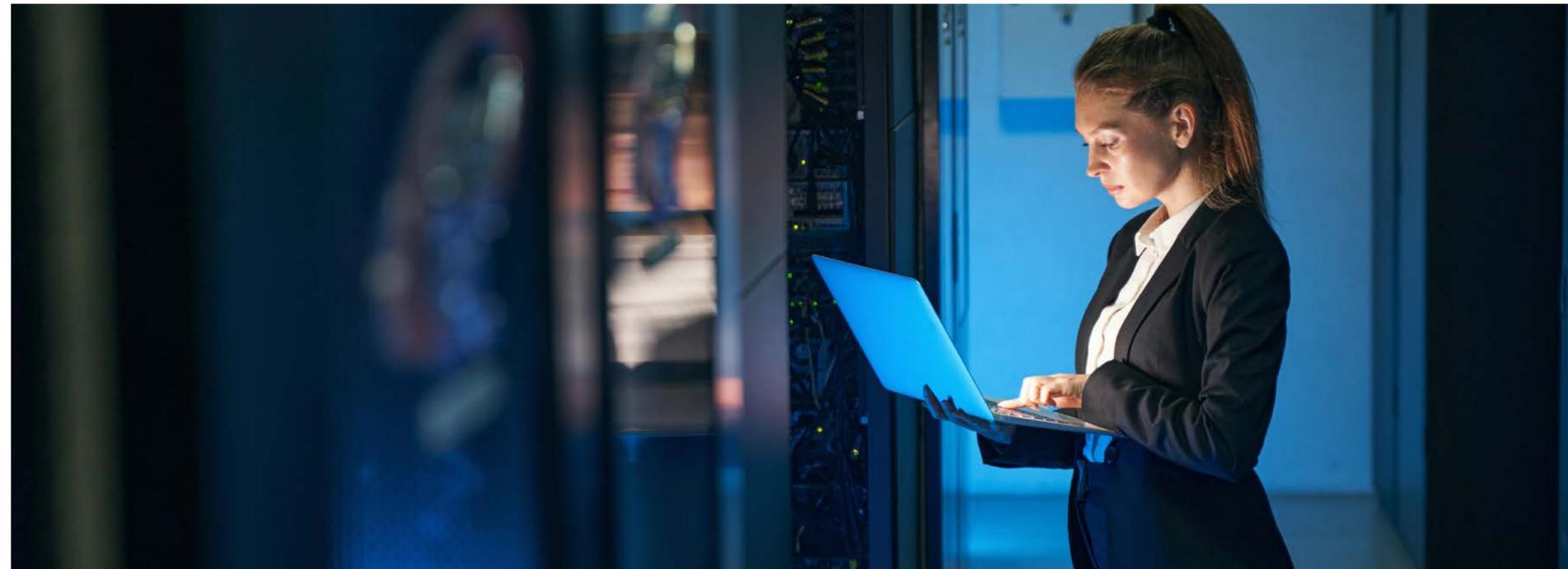
- Compliance with all applicable environmental laws and regulations
- Conservation, when feasible, of natural resources and reduction of energy and water usage, waste and pollutants
- Responsible management of hazardous waste disposal, including e-waste
- Monitoring of greenhouse gas emissions; and development of climate-saving action plans

Our suppliers' concerns are important to us, and they have access to our concern line to report possible violations of Berkadia's Code of Conduct, company policies, laws or regulatory requirements.

## Third-party risk management

Our Third-Party Risk Management Policy provides guidelines and practices for how organizations assess, monitor, remediate and report on the risk posed by vendors, suppliers and business partners.

We make every effort to ensure all third-party organizations are compliant with Berkadia standards and external regulations and guidelines governing our business operations. We also seek to ensure that third parties do not compromise the integrity, security and privacy of Berkadia's or Berkadia customers' data. Third parties include customers, business partners, subcontractors and vendors.



# Data Security and Responsibility

## Oversight and policies

Berkadia's Information Security program is managed by the chief information security officer and vice president of information security and is composed of several teams:

### Information Security Engineering

Information Security Engineering is designed to promote the protection and ensure the confidentiality, integrity, availability, accountability and auditability of Berkadia's information assets. The overarching objective of Information Security Engineering is to develop, implement and manage a security program that provides the tools, processes and visibility required to reduce the overall risk to Berkadia and its assets.

### Security Operations Center (SOC)

The Security Operations Center (SOC) is designed to continuously monitor and improve Berkadia's security posture while preventing, detecting, analyzing and responding to cybersecurity incidents and threats.

### Application Security

Application Security is designed to identify, prioritize, protect and monitor Berkadia's applications against security vulnerabilities during all stages of the secure development life cycle.

### Cyber Risk Management

Cyber Risk Management aspires to identify, evaluate and improve awareness of risk that the Berkadia organization is exposed to through continuous education, participation, analysis and communication.

## Defense in Depth

We use a Defense in Depth strategy for our information security approach, which includes layering policies and controls throughout our systems to protect the confidentiality, integrity and availability of the network and the data. In the past two years, we are proud to have had zero data breaches.

## Promoting awareness and education for employees to work securely

We invest in ongoing employee educational programs designed to train employees on cybersecurity threat avoidance as part of our learning initiatives.

Employees are required to complete annual information security awareness and anti-fraud training. We also provide additional training throughout the year based upon elevated threat levels and specific topics that require greater attention by employees. Phishing simulations are frequently sent to all of our users to raise awareness and minimize risk.

Because cybersecurity is so important to Berkadia, we have security awareness team channels that are continuously posting and alerting people to tips and tricks to increase security. Our holistic approach goes beyond simply protecting our employees at work and extends to protecting them, and even their family members, in their personal lives. Our "Ask Security" channel allows people to reach out and ask questions or give suggestions related to cybersecurity.

During Cybersecurity Awareness Month in October, we dedicate the entire month to cybersecurity education. Although our employees are already engaging in regular security training and simulations, we use October as an additional training and engagement opportunity.



## Protecting data and privacy

Cybersecurity and privacy are ingrained in our culture. We incorporate a proactive approach to data protection and cybersecurity management by following industry-leading frameworks, such as the U.S. NIST Cybersecurity Framework.

We conduct our own reviews to benchmark our current state against the U.S. NIST Cybersecurity Framework and to identify areas of improvement. Internally, we track the maturity levels of our program elements and publish a final report of recommended changes that is monitored throughout the year. Berkadia's Internal Audit team conducts audits of the Information Security program and continuously identifies opportunities for improvement.

Berkadia's Privacy Policy outlines what personal information is obtained through our websites, how the information is used, and the user's rights and choices. Berkadia uses appropriate data security procedures and practices to protect users' personal information from unauthorized access, use or disclosure. Please see our full [Privacy Policy](#) for more information.



# Incorporating Sustainability into Our Products and Services

# Supporting Affordable Housing

Berkadia Affordable Housing's integrated platform offers mortgage banking, investment sales, tax credit syndication and advisory services. Our team provides clients with access to comprehensive investment and capital solutions for the entire life cycle of their assets. Berkadia's affordable housing experts bring a balance of drive, versatility and focus to guide clients to successfully develop affordable communities across the country.



*"There is no greater need in the marketplace, and no more important mission for our partners, than strengthening communities by creating affordable housing opportunities for families across the nation."*

**David Leopold**

SVP - Head of Affordable Housing  
Berkadia

## OUR SUCCESS STORY

#1

In 2022, Berkadia was ranked as Freddie Mac's #1 affordable housing lender, and our affordable housing production volume totaled \$5.2 billion

\$3.5B

In 2022, Berkadia's Affordable Housing platform generated \$3.5 billion of financing

\$1.5B

In 2022, we closed more than \$1.5 billion affordable housing investment sales transactions

\$204M

In 2022, our tax credit syndication experts closed \$204 million in Low-Income Housing Tax Credit equity transactions

Safe and affordable housing has the power and is oftentimes the catalyst to transform communities. Berkadia's best-in-class technical expertise supports developers, investors and operators as they navigate the complexities of the housing industry.

## Mortgage banking

Our mortgage banking services provide agency and conventional loan options as well as balance sheet bridge loans for commercial multifamily properties.

In 2022, Berkadia's Affordable Housing platform financed \$3.5 billion of affordable housing and was ranked the No. 1 Affordable Housing Lender by Freddie Mac. In addition to our leadership in affordable housing, Berkadia's mission-driven multifamily housing business was 73% of our total loan volume with Freddie Mac and 78% with Fannie Mae in 2022. Berkadia was the first to close a credit facility loan utilizing Fannie Mae's Sponsor-Initiated Affordability program, which was designed to preserve naturally occurring affordable housing and workforce housing. Berkadia has been at the forefront of efforts with Fannie Mae to facilitate programmatic considerations for minority-owned multifamily housing providers seeking financing solutions.

## Investment sales

Since 2021, Berkadia Affordable Housing has been involved in the sale of more than \$3 billion of affordable apartment homes across the country. With a network of strong investor relationships and a focus on transparency, competitive pricing and long-term value creation, we are committed to providing financial solutions for affordable housing.

Berkadia Affordable Housing's investment sales business provides disposition and valuation services to investors and developers on LIHTC, section 42, HUD section 8, USDA Rural Development and QCT/ U.S. Department of Agriculture Rural Development and Qualified Census Tract opportunity zone land dispositions. Other valuation services include fee-simple or GP/LP General Partner or Limited Partner interests of rent-, income- and age-restricted assets. Berkadia Affordable Housing's integrated platform also provides buy-side advisory services.

## Tax credit syndication

Berkadia Affordable Housing's tax credit syndication business provides tax credit equity solutions for nonprofit and for-profit developers. We support affordable housing with our LIHTC equity and fund and asset management services. Furthermore, we provide proprietary and multi-fund investment structures.

We have guided the financing and syndication of more than 10,700 affordable apartment homes across the country, representing over \$1.75 billion in tax credit equity since inception.

# Empowering Responsible Investment

## Lending practices

Investing in affordable housing is an investment in our communities and their livelihoods. Implementing ESG practices in commercial real estate financing is critical to developing lasting and diverse communities and leads to better results for all stakeholders involved.

We are dedicated to transforming communities for the better. Nearly half of all residents living in rental housing in the U.S. are considered cost burdened, meaning they spend more than 30% of their income on housing. Providing cost-burdened households with affordable and safe housing is the first step to addressing income inequalities head-on. Not only does investing in affordable housing provide residents with safe housing and improve their living conditions, but it is the jumpstart to the social stability that will impact future generations. Home is the intersection of family, health and education, and it is foundation of a healthy, stable community.

Each of our business lines empowers our clients to invest responsibly. Berkadia provides loans to finance energy- and water-efficiency improvements through Federal Housing Finance Agency mission-driven and multifamily loans via Fannie Mae's Green Rewards and Freddie Mac's Green Up and Green Up Plus programs. To qualify for mission-driven classification, there are certain affordability and consumption requirements that help ensure that utility savings from green renovations are passed on to tenants, who benefit the most.

## Avoiding discriminatory lending

At Berkadia, we ensure loans are provided to a diverse pool of candidates without redlining or discriminating against specific groups. Berkadia serves the housing credit needs in various neighborhoods and communities. These efforts are a part of our broader compliance and customer welfare program.

## Climate risks and opportunities

For our loan servicing business, we manage climate risks by ensuring properties are covered by insurance and work with our insurance group to review and ensure that everything is up to Berkadia and industry standards.

We work closely with the Mortgage Bankers Association to stay close to industry trends on coverage limitations, participate in market discussions and actively participate in discussions with lenders about requirements in connection with changes in the market.

# Caring for the Environment

# Our Environmental Impact

Environmental sustainability is an important part of Berkadia's corporate operations. We are dedicated to improving our corporate sustainability initiatives and reducing our footprint.

## Energy usage

Berkadia has over 70 offices located across the U.S. and India. All our office buildings are leased, and several have existing energy conservation and efficiency efforts in place, such as LED lighting and sensors that automatically conserve energy. Several of our locations utilize third-party-operated data centers to power our operations, which allows us to leverage economies of scale to improve energy efficiency and reduce greenhouse gas emissions.

## Waste reduction

Berkadia offices have recycling and e-waste initiatives to reduce our waste output. Not only do we divert waste from the landfill, but we also work to reduce it at the source. We encourage employees to utilize our paperless workflow as much as possible and encourage double-sided printing. We compost in locations where infrastructure allows. Water machines are also placed in the offices for employees to use reusable cups instead of a disposable cup or plastic water bottle. We do not carry Styrofoam products in our offices.

## Greenhouse gas management

As part of an effort to report on our ESG-related impacts and further develop its ESG program, Berkadia has undergone an inaugural carbon assessment of its 2021 and 2022 operations. This greenhouse gas (GHG) inventory represents Berkadia's Scope 1 emissions, Scope 2 (location- and market-based) emissions and Scope 3 emissions for business travel over calendar years 2021 and 2022. The Scope 1 and Scope 2 GHG inventories cover the emissions related to energy usage at three collocated data centers and 32 offices in both in the U.S. and India that each have at least 10 full-time employees. The Scope 3 inventory covers emissions related to business travel across both U.S. and India operations.

Scope 1 and Scope 2 GHG emissions are considered direct and indirect emissions, respectively. For Berkadia, direct emissions are generated by on-site fuel usage (natural gas and diesel), and indirect emissions are generated by electricity usage in its leased offices and collocated data centers. Scope 3 emissions are the result of upstream and downstream activities related to a business's operations. This inventory is currently limited to Scope 3 emissions related to Berkadia's business travel, which includes emissions from flights, hotel stays, and car and rail travel.

The methodologies used to estimate Berkadia's total GHG emissions are consistent with the World Resource Institute and World Business Council for Sustainable Development GHG Protocol Corporate Accounting and Reporting Standard (GHG Protocol) for emissions calculations.

## Results

Berkadia's Scope 1 and 2 emissions increased by 10% from 2021 to 2022 due to an increase in the square footage of leased spaces and likely some behavioral changes across the company coming out of the COVID-19 pandemic. For example, for Berkadia's India operations, the second floor of an office that was under renovation for all of 2021 reopened in 2022. With fewer employees working on-site during 2021, no additional office lease was required to compensate for the space loss due to the renovations.

Berkadia's total business travel emissions in 2022 increased by nearly 150% from 2021 due to the lift of travel restrictions issued after the COVID-19 pandemic. In both years, the largest source of emissions was air travel, while the source with the least emissions was rail travel.

See right for a table of the calculated 2021 and 2022 Scope 1, Scope 2 and Scope 3 emissions totals in metric tons of carbon dioxide equivalents (MT CO<sub>2</sub>e), which is used to express the total impact of greenhouse gas emissions in the atmosphere and compares the impact of different greenhouse gases based on their ability to trap heat in the atmosphere.

As is often the case with an inaugural effort, our current GHG inventory is heavily estimated, with 60% of emissions from electricity and 100% of emissions from natural gas being composed of estimates. One of Berkadia's initial focuses will be on improving data coverage while continuing to assess its environmental impact.

## Berkadia Corporate Greenhouse Gas (GHG) Emissions Reporting <sup>2,3</sup>

| GHG EMISSIONS SOURCE  | 2021 EMISSIONS<br>(MT CO <sub>2</sub> E) | 2022 EMISSIONS<br>(MT CO <sub>2</sub> E) |
|---|--|--|
| <b>Scope 1 (including on-site diesel and natural gas use)</b>                       |  |  |
| Scope 1 Emissions – Natural Gas   | 278                                      | 283                                      |
| Scope 1 Emissions – Diesel  | 6  | 6  |
| <b>Total Scope 1 Emissions</b>  | <b>284</b>                               | <b>289</b>                               |
| <b>Scope 2 (including purchased energy)</b>   |  |  |
| Scope 2 Location-Based Emissions  | 2,265                                    | 2,513                                    |
| Scope 2 Market-Based Emissions  | 2,301                                    | 0 <sup>4</sup>                           |
| <b>Total Scope 1 and Scope 2 Location-Based Emissions</b>                           | <b>2,549</b>                             | <b>2,801</b>                             |
| <b>Total Scope 1 and Scope 2 Market-Based Emissions</b>                             | <b>2,585</b>                             | <b>289</b>                               |
| <b>Scope 3 (Business Travel)</b>  |  |  |
| Air Travel Emissions  | 491                                      | 1,390                                    |
| Road Travel Emissions   | 205                                      | 313                                      |
| Rail Travel Emissions   | 2  | 4  |
| Hotel Stay Emissions  | 39                                       | 104                                      |
| <b>Total Scope 3 Business Travel</b>  | <b>736</b>                               | <b>1,811</b>                             |
| <b>ELECTRICITY USAGE</b>  |  |  |
| <b>Total Electricity Consumption</b>  | <b>6,338</b>                             | <b>6,723</b>                             |
| Percent Renewable Electricity, reflecting Renewable Energy Credits (RECs) purchases | 0%                                       | 100%                                     |
| RECs Purchased  | 0  | 6,724 <sup>5</sup>                       |

<sup>2</sup>Data from offices and meeting facilities with fewer than ten employees were not included in our calculation. Our environmental indicators are preliminary, unaudited, and subject to revision.

<sup>3</sup>Emissions factors utilized: U.S. EPA's Emissions & Generation Resource Integrated Database (eGRID) 2020 (released 2022); U.S. EPA's GHG Emission Factors Hub (released September 2021); Department for Environment, Food and Rural Affairs (DEFRA) (2021 release); IEA Emission Factor Database (released 2022); 2022 Green-e® Residual Mix Emissions Rates (2020 Data released July 2022, updated October 2022)

<sup>4</sup>Remaining market-based Scope 2 emissions were reduced using renewable energy credits (RECs).

<sup>5</sup>Environmental Attribute Certificate purchases have been made prior to publication of this report but certificate retirements reflect 2022 vintage RECs to properly account for 2022 MWh grid usage. Berkadia purchased 1 more credit to account for the partial MWh not reflected due to rounding.

## Renewable energy certificates and offsets

The main goal of our GHG assessment was to understand the emissions impact of the company and use the results to make meaningful decisions on how to reduce its negative impacts. In this case, the results from our GHG assessment informed our decisions regarding the purchase of renewable energy certificates (RECs) and carbon offsets.

We purchased verified carbon credits to offset the 2,100 MT CO<sub>2</sub>e from our Scope 1 and Scope 3 (business travel) GHG emissions in 2022. Carbon offsets are a means of financially supporting GHG emissions avoidance or reduction activities on the measure of the metric tons emitted by our operations.

REC purchases represent our voluntary decision to pay for zero-emission, renewable energy and support the renewable energy market. As local utilities are not always able to provide direct access to renewable sources, these credit purchases allow Berkadia to “net-out” emissions associated with electricity sourced from the grid in our market-based calculation. Berkadia purchased 6,724 MWh of RECs to offset Scope 2 (market-based) emissions in both the U.S. and India.

As we continue to improve our understanding of ways to reduce our impact, we will use our GHG assessment results to inform financial decisions regarding RECs and carbon offset purchases.

## Berkadia’s Carbon Offset Project - Foam Blowing Agent

### WINCHESTER, VIRGINIA, USA

This project supports Kingspan’s ability to purchase and use a lower GHG emitting foam blowing agent in their processes. Instead of using a foam blowing agent (BA) with a high Global Warming Potential (GWP), the manufacturer can use methyl formate or HFO-1234ze to produce extruded polystyrene (XPS) boardstock, which is used in roofing, walls, flooring and insulation of pipes. The replacement of a high-GWP blowing agent with methyl formate and/or HFO-1234ze in the XPS boardstock production processes results in a net reduction of greenhouse gas emissions and allows Kingspan to produce their product with a reduced environmental impact.





# Appendix

# High-Priority ESG Topics

Below is a list of the definitions of the 18 key ESG factors that surfaced through our 2022 Materiality Assessment. Please see page 7 for more information regarding this assessment and how it is being incorporated into Berkadia's approach to ESG.

## Business Model and Innovation Factors

**Climate Risk:** Understanding how climate change will impact business and how business will impact climate. This may include identifying and mitigating climate related risks (physical, regulatory, reputational, etc.), identifying opportunities related to climate change, conducting scenario analysis to plan for climate scenarios, and more.

**Responsible Investment:** Integrating the analysis of ESG factors and deploying engagement strategies into investment decision-making. This may include negative screening for investments, value-based investment approaches, becoming a signatory of the UN Principles of Responsible Investment, assessing ESG related risks in portfolios, and more.

**Systemic Risk Management:** Preparing for and managing potential crisis and risks that may impact the business. This may include forecasting, mitigation strategies, training, critical incident management, and more.

**Vendor Management:** Understanding and ensuring third party vendors align with the company's business ethics, including social and environmental performance. This may include efforts that detail considerations and expectations for vendors to uphold ethical standards, protestation of human rights, audits and vendor due diligence, sustainable procurement strategies, and more.

## Environmental Factors

**Facilities Management:** Measuring and minimizing the environmental impacts throughout the company's operations and facilities. This may include initiatives to conserve energy, source renewable energy, implement waste and recycling programs, pursue green building certifications, provide employee training and education, and more.

**Greenhouse Gas ("GHG") Management:** Measuring and minimizing greenhouse gas emissions wherever feasible throughout the life cycle of the company's products and services. This may include reporting emissions, mitigation strategies, carbon footprint reduction or neutrality goals, and more.

**Integration of Sustainability in our Services:** Researching, developing, and offering services that drive innovation in sustainability. This may include financing properties with green certifications, incentivizing lease and building owners to enhance sustainability performance, advising on implementing environmental solutions, and more.

## Governance Factors

**Board Independence and Diversity:** Sharing the structure of the company's board to ensure effectiveness and representation of shareholder values. This may include disclosing information regarding independent board members, committees, minority representation, and more.

**Business Ethics:** Ensuring the company's values, standards, and norms are ethical and managed throughout business operations. This may include policies or practices relating to the code of conduct, anti-corruption, grievance mechanisms, compliance, levels of executive compensation, audits, and more.

**Governance of "ESG":** Ensuring oversight and management of environment, social, and governance topics throughout the company's operations. This may include ESG policies, strategies, audits, committee oversight, and more.

**Stakeholder Engagement:** Actively engaging and seeking input from stakeholders to incorporate into business strategies and priorities. This may include fair and transparent reporting, membership in industry associations, materiality assessments, shareholder governance and rights, political involvement, and more.

## Human Capital Factors

**Diversity, Equity, and Inclusion:** Providing a work environment that promotes diversity of gender, ethnicity, sexual orientation, physical ability, age, religious or personal beliefs, and socioeconomic background. This may include policies that prohibit harassment and/or discrimination, recruitment and retention strategies, employee resource groups, pay equity assessments, and more.

**Employee Engagement, Training, and Development:** Implementing programs and policies that attract and retain talent. This may include efforts or policies that relate to employment security, compensation, incentives to develop knowledge or skillsets, career growth opportunities, and more.

**Labor Practices and Employee Well-being:** Upholding fair labor practices to ensure the health, safety, and well-being of all employees. This may include providing a safe work environment, comprehensive employee benefits, promoting a work-life balance, freedom of association policies and practices, emergency preparedness, and more.

## Social Capital Factors

**Access and Affordability:** Providing products and services that are accessible and financially inclusive. This may include affordable housing communities, supportive service programs for low-income residents, efforts to manage barriers that may prevent or restrict access to buildings, and more.

**Data Security and Customer Privacy:** Establishing an information and cybersecurity system that is secure, resilient, and ensures the protection of privacy. This includes managing and mitigating the risks of security breaches, employee IT training, protocols for the collection and retention of personal information, and more.

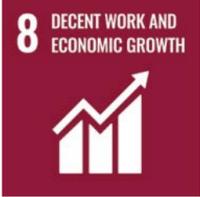
**Fair Lending and Customer Welfare:** Aligning products and services with the interests and well-being of customers. This may include efforts or policies to ensure fair and transparent selling and lending practices, risk disclosure, customer engagement and feedback mechanisms, mitigating conflicts of interest, and more.

**Philanthropy and Volunteerism:** Establishing and supporting positive relations within communities. This may include volunteer incentives or programs, donations, active engagement with local communities, and more.

# U.N. Sustainable Development Goals (SDGs)

The U.N. Sustainable Development Goals (SDGs) are a collaborative, global effort to achieve a better and more sustainable future for all. Represented by 17 global goals and 169 targets, the SDGs address challenges of poverty, inequality, climate change, environmental degradation, peace and justice. We identified the key areas in which we have the greatest influence and impact through our business strategy, products and services.



| GOAL   | DESCRIPTION  | ALIGNMENT WITH BERKADIA   | REPORT SECTION                    |
|--|--|---|-----------------------------------|
|  <p>5 GENDER EQUALITY</p>                       | Achieve gender equality and empower all women and girls  | Diversity, equity, inclusion and belonging are at the core of Berkadia's culture. We aim to deliver a best-in-class experience to both our colleagues and our clients by cultivating an inclusive environment in which everyone belongs, feels represented, and is empowered to be their best and authentic self. We continue to add resources to support our DEIB work, including the recent hire of a diversity sourcing and talent attraction partner, a talent acquisition and sourcing role focused 100% on diversification of candidates. | See Investing in Our People       |
|  <p>8 DECENT WORK AND ECONOMIC GROWTH</p>       | Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all | Berkadia works hard to provide fair, livable wages. We conduct a pay equity assessment annually, and we are proud to confirm that our pay practices remain equitable each year. Employees within the same position are paid fairly, irrespective of their race, ethnicity or gender.  | See Investing in Our People       |
|  <p>10 REDUCED INEQUALITIES</p>               | Reduce inequality within and among countries   | Affordable housing is a priority at Berkadia. We are committed to providing equal opportunity and reducing inequalities of outcome, including by providing greater access to housing for all who need it.   | See Supporting Affordable Housing |
|  <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p> | Make cities and human settlements inclusive, safe, resilient and sustainable   | Our specialization in affordable housing plays a role in providing access to adequate, safe and affordable housing and basic services to all.   | See Supporting Affordable Housing |

# Sustainability Accounting Standards Board (SASB)

The following tables incorporate the accounting standards from the Sustainability Accounting Standards Board (SASB) related to mortgage finance and real estate services. They include the relevant topic metric(s) when available and/or references to sections within this report where specific topics are discussed.

| TOPIC   | ACCOUNTING METRIC   | SASB CODE    | REPORT REFERENCE  |
|---|---|--------------|---|
| <b>Sustainability Services</b>  | Revenue from energy and sustainability services   | IF-RS-410a.1 | See Incorporating Sustainability into Our Products and Services |
|   | (1) Floor area and (2) number of buildings under management provided with energy and sustainability services  | IF-RS-410a.2 |   |
|   | (1) Floor area and (2) number of buildings under management that obtained an energy rating  | IF-RS-410a.3 |   |
| <b>Transparent Information &amp; Management of Conflict of Interest</b> | Brokerage revenue from dual agency transactions   | IF-RS-510a.1 | See Operating Responsibly                                       |
|   | Revenue from transactions associated with appraisal services  | IF-RS-510a.2 |   |
|   | Total amount of monetary losses as a result of legal proceedings associated with professional integrity, including duty of care   | IF-RS-510a.3 |   |
| <b>Lending Practices</b>  | (1) Number and (2) value of residential mortgages of the following types: (a) Hybrid or Option Adjustable-rate Mortgages (ARM), (b) Prepayment Penalty, (c) Higher Rate, (d) Total, by FICO scores above or below 660 | FN-MF-270a.1 | See Empowering Responsible Investment                           |
|   | (1) Number and (2) value of (a) residential mortgage modifications, (b) foreclosures and (c) short sales or deeds in lieu of foreclosure, by FICO scores above and below 660  | FN-MF-270a.2 |   |
|   | Total amount of monetary losses as a result of legal proceedings associated with communications to customers or remuneration of loan originators  | FN-MF-270a.3 |   |
|   | Description of remuneration structure of loan originators   | FN-MF-270a.4 |   |

| TOPIC   | ACCOUNTING METRIC  | SASB CODE    | REPORT REFERENCE   |
|---|--|--------------|--|
| <b>Discriminatory Lending</b>                     | (1) Number, (2) value and (3) weighted average Loan-to-Value (LTV) ratio of mortgages issued to (a) minority and (b) all other borrowers, by FICO scores above and below 660     | FN-MF-270b.1 | See Empowering Responsible Investment                                    |
|   | Total amount of monetary losses as a result of legal proceedings associated with discriminatory mortgage lending   | FN-MF-270b.2 |  |
|   | Description of policies and procedures for ensuring nondiscriminatory mortgage origination   | FN-MF-270b.3 |  |
| <b>Environmental Risk to Mortgaged Properties</b> | (1) Number and (2) value of mortgage loans in 100-year flood zones   | FN-MF-450a.1 | (1) 1,010 mortgage loans with properties located in 100-year flood zones |
|   | (1) Total expected loss and (2) Loss Given Default (LGD) attributable to mortgage loan default and delinquency due to weather-related natural catastrophes, by geographic region | FN-MF-450a.2 |  |
|   | Description of how climate change and other environmental risks are incorporated into mortgage origination and underwriting  | FN-MF-450a.3 |  |



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