Harrison Street Advisors, LLC

Summary

Harrison Street Advisors, LLC (the “**Firm**”) considers the principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated principal adverse sustainability impact statement of the Firm for the purposes of regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector.

The principal adverse impacts statement covers the reference period from 1 January 2021 to 31 December 2021.

Since inception in 2005, Harrison Street has sought to combine innovation and process rigor to execute differentiated strategies that improve the lives of its stakeholders. In 2013 Harrison Street began a formal effort to expand its focus and reporting of environmental, social, and governance (ESG) aspects of the business, which included its first submission to GRESB. To date, robust policies and procedures have been implemented to integrate ESG considerations into investment management processes and ownership practices in the belief that these factors can have an impact on financial performance.

These processes include an ESG policy which the Firm first established in 2013, and updates annually. The policy applies across corporate and investment operations and provides a framework for ESG integration. In addition, the Firm publishes a Corporate Impact report annually, which presents the Firm’s strategy, goals and performance of the previous year. Stakeholder feedback is critical to the ESG initiative and is collected at least every three years to update the Firm’s priority list of most material ESG issues, including sustainability impacts and indicators.

Description of principal adverse sustainability impacts

Indicators applicable to investments in real estate assets						
Adverse sustainability indicator		**Metric**	**Impact 2021**	**Impact 2020**	**Explanation**	**Actions taken**
Fossil fuels	Exposure to fossil fuels through real estate assets	Share of investments in real estate involved in extraction, storage, transport or manufacture of fossil fuels	n/a	n/a	No investments in real estate involved in fossil fuels	
Energy efficiency	Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	<25%	<25%	We measure efficient assets as follows, those that have LED lighting, energy efficient appliances, and meet Green Building standards. Based on our methodology and number of	Do annual reviews of properties for efficiency upgrades

					properties evaluated in a given year, we consider less than 25% of assets under out control are candidates for energy efficiency upgrades.	

Other indicators for principal adverse impact		
Adverse sustainability impact	**Adverse sustainability impact (qualitative or quantitative)**	**Metric**
Climate and other environment-related indicators		
Emissions	GHG Emissions	Scope 1 and Scope 2 of GHG emissions generated by real estate assets.
Energy consumption	Energy consumption intensity	Energy consumption in GWh of owned real estate assets per square meter.
Social and Employee, Respect of Human Rights, Anti-Corruption and Anti-Bribery Matters		
Human Rights	Lack of human rights policy	Share of investments related to entities without a human rights policy.
Human Rights	Lack of processes and measures for preventing trafficking in human beings	Share of investments related to entities without policies against trafficking in human beings.

Today, the Firm seeks to make an impact, a vision that encompasses not only the discrete impact of assets but also the positive societal and environmental benefit created through the Firms' investment activities. Some of the accomplishments the Firm achieved in 2020 include:

- Best in Building Health Industry Leadership Award
- 35 Fitwel healthy building projects

- Co-developed the senior living Fitwel scorecard for use not simply with our partners but all senior living operators
- 160% increase in completed retrofit projects over 2019
- Became signatory to both UN PRI and TCFD

2021 goals include:

- Net Zero Emissions Goal announcement
- 150+ Fitwel certifications
- Identify 10x increase in spend on energy retrofit projects
- Identify 5x increase in spend on on-site renewables
- Research projects on how the indoor environment impacts occupant health and aging
- Partner ESG training, expectations and accountability

ESG is integrated into each investment vehicle. Our annual Corporate Impact Report, found in the Impact section of the Firm's website, highlights this integration with respect to specific funds.

Description of policies to identify and prioritise principal adverse sustainability impacts

Harrison Street Advisors, LLC established its ESG policy for the first time in 2013, which was last updated on May 15, 2020.

The policy applies across corporate and investment operations and provides a framework for ESG integration. The Firm's approach is defined in two parts, Corporate Operations and Investment Operations Within Investment Operations, each investment vehicle follows this framework to define a specific approach to ESG integration that aligns with the investment strategy, control, asset class, investment time horizon, and portfolio construction. Execution of the policy resides across the Firm's various departments. ESG is integrated throughout the Firm and into each employee's responsibilities. The overall initiative is overseen by the Firm's Chief Impact Officer and the Sustainability Leadership Team. The team leaders report activities and progress toward meeting ESG objectives quarterly to Harrison Street's Executive Committee and the Firm at large.

In the Firm's 2017 materiality assessment, the topics of highest priority were more focused on the individual issues within assets. In 2020, the results show focus is moving toward a more global, collective mindset. Instead of focusing singularly on energy reduction, the Firm will be focusing on net carbon emissions which includes energy reduction but also includes topics like clean energy procurement, on-site renewable energy development, and on-site fuel choices. In addition, the focus on tenant satisfaction will be broadened to encompass a complete picture about the residents and tenants served at assets, encompassing health, wellness, safety, and even affordability.

Sustainability metrics are integrated into due diligence processes, and evaluation criteria include alignment with the Firm governance and ethics standards, presence of certifications, and opportunity for increased efficiency in the future. Internal due diligence policies, procedures, and checklists are defined for specific asset classes and investment vehicles. ESG risks and opportunities are captured in the initial investment underwriting process, the Investment Committee presentation, and during the due diligence period.

The Firm seeks to develop or acquire assets that prioritize high efficiency standards and occupant health attributes. Development partners are engaged in enhancing their sustainable practices in design, construction, and operation. The Firm offers guidance resources and access to expert consultants to evaluate sustainable building strategies and ensure long-term economic benefit and tenant well-being. The Firm collaborates with development partners to integrate viable sustainability strategies into project proforma and design plans on a case by case basis, considering location, building type, tenant population, and portfolio goals. Harrison Street's Asset Management team continues to monitor the property during the development phase and engages third-party vendors to review construction drawings to determine energy optimization and utility expense estimates.

The Firm recognizes that changing climate conditions can impact the operation, performance, and value of real assets. Natural disasters pose a high potential financial loss to assets in key geographic areas, and other societal risks (like geopolitical disruptions or pandemics) influence the operational performance of assets. Therefore, the Firm has implemented resilience and risk management procedures in order to recognize and plan for these events, thus supporting long-term value creation and minimizing risk. These practices are continuously evaluated and enhanced as the global landscape of risks and evaluation processes evolve.

For key environmental indicators, such as energy efficiency, GHG emissions and energy intensity, the Firm uses the energy management platform called Measurabl, which both captures and calculates this information. The social indicators are captured in both initial and ongoing management and company background checks.

Reference to international standards

The ESG Frameworks the Firm follows include:

- GRESB Real Estate
- GRESB Infrastructure
- TCFD (Task Force on Climate Related Financial Disclosures
- UN PRI (Principles for Responsible Investing)
- GRI Standards (Global Reporting Initiative)

Annually, the Firm submits to GRESB and UN PRI, follows GRI Standards in our Corporate Impact Report, and completes TCFD requirements.

The Firm uses results from reports such as GRESB and UN PRI to identify areas of improvement. The assessments themselves do not predict future performance, but rather are lagging indicators of how one was performing in the previous calendar year. Identifying areas where full points were not awarded, and then setting goals to lessen the gap are how forward-looking scenarios are executed. These goals then roll into the broader ESG strategy.