



# Environmental, Social and Governance Policy

## MISSION

A cornerstone of Federal Realty's success is the continual focus on finding better ways to drive value in real estate, including driving value through our commitment to incorporating environmental, social, and governance (ESG) principles into how we do business. ESG is not a separate mission at Federal, but rather an embedded part of our approach to disciplined investing and operational excellence that leads to better results for our investors, employees, tenants, and communities. We focus on:

- Implementing ESG in ways that support our objective of creating value in our real estate over the long-term.
- Adopting innovative ideas and evolving current business practices to improve efficiencies and drive long-term shareholder value.
- Creating value for our tenants by reducing expenses, improving the customer and occupant experience, and differentiating our retail and mixed-use environments.
- Investing in and improving the communities where we do business.

## RESPONSIBILITIES

Federal's head of sustainability ("Sustainability Leader") and ESG Council are responsible for embedding ESG into all facets of our business. They will work with stakeholders to continuously evolve our ESG approach, respond to market trends, and drive maximum value. They will review this Policy annually to address all relevant areas of the business, adjusting as warranted to facilitate continuous performance improvement.

The Sustainability Leader will act as a subject matter expert, leading resource, and sounding board for all groups within the company. The Sustainability Leader will regularly (i) solicit new ideas to present to the ESG Council, (ii) integrate the sustainability perspective into the decision-making process for the company, and (iii) provide support companywide to further ESG initiatives.

The ESG Council will consist of a diverse group of individuals who represent our primary business functions as well as the primary markets in which we do business. The Council will convene at least once a quarter with the Sustainability Leader to discuss ESG strategy, monitor key performance indicators (KPIs), identify improvement opportunities, communicate progress, and make recommendations to the company. The Council will annually review ESG performance trends and outline top ESG priorities. Council members will also serve as ESG advocates within their functional areas of expertise and geographic regions to help promote ESG initiatives and to help develop a more comprehensive level of thinking about ESG issues by all employees.

## OUR APPROACH

Our adoption of ESG principles is reflected in how we develop, operate, monitor, maintain and acquire properties, and in how we monitor and report on the performance of our properties.

### Development

We are committed to designing and building properties that better the community and enhance the quality of life for residents, tenants, employees, and visitors. From new developments to the renovation and improvement of existing properties, our projects reflect our commitment to sustainability and the values of the communities in which our properties serve. Our design, development, and construction teams incorporate sustainability at every step of the process including selecting environmentally responsible materials, ensuring construction waste is properly disposed of, designing to energy efficient standards, safeguarding the investment through resilient design strategies, and much more. Our teams continuously work to find better ways to design and construct our buildings, with sustainability as a key component.

### Operations

We believe that investing in efficient, sustainable, and resilient properties can both minimize investment risk and support strong financial returns. Through engagement with all stakeholders—including employees, tenants, vendors, and the community—we will strive to be mindful of and to measure the impact of our actions, educate our stakeholder about ESG, and search for opportunities to improve financial and ESG performance.

Where feasible, we will deploy sensible technology upgrades, sustainability measures, and contracting processes across our portfolio with respect to:

- Energy efficiency
- Water conservation
- Renewable energy
- Recycling and waste diversion
- Electric vehicle charging and sustainable transportation
- Climate, weather, and natural disaster resilience

- Submetering
- Property management training and guidelines
- Green leasing initiatives with our tenants

## **Data Management**

We will track energy and sustainability performance for our properties and use this data to strategically identify opportunities across our portfolio to reduce expenses and to improve ESG practices in our communities.

We will continuously:

- Aggregate property-level data into a central database
- Establish ESG key performance indicators (KPIs) and monitor progress
- Where available, provide visibility for property and asset managers into property-level and portfolio-level ESG performance
- Use data to identify and prioritize performance improvements

## **Acquisitions**

We will assess new acquisitions through the lens of long-term shareholder value potential. This will include evaluating potential opportunities to enhance the property through sustainability initiatives and identifying climate-related risks to understand mitigation strategies that can enhance the asset's longevity and value.

## **Reporting**

We believe that transparency and disclosure of ESG performance is a key part of our responsibility to our investors. We commit to annually reporting to at least one ESG reporting framework, such as the Global Real Estate Sustainability Benchmark (GRESB), the Carbon Disclosure Project (CDP), enabling us to benchmark our performance against peers and identify areas for improvement.

## **Governance Policies**

Federal is committed to operating under corporate governance policies that are designed to promote the long-term success of the company. Some hallmarks of our governance policies include our annual election of trustees, diversity of thought on our Board and management team through the presence of a high percentage of women, and an independent Chairman of the Board. These types of practices provide the foundation that has allowed us to create a sustainable business and generate long-term shareholder value. Our record of having increased our annual dividends to our common shareholders for 52 consecutive years, a record in our industry, exemplifies the true sustainable nature of our business borne from these practices.