

# MDH ESG POLICY | 2020

ENVIRONMENTAL

SOCIAL

GOVERNANCE



*Signatory of:*



*Silver Sponsor:*





# LETTER FROM **OUR CEO**

Dear Investors,

We focus on our ESG efforts with the intention that we can become a higher performing organization in which our employees feel more engaged, creative, and enthusiastic and thus provide consistent above-market returns to our investors. Through our sustainability practices, we hope to leave the world around us in a better place than we inherited and not to saddle future generations with the bill for our gluttony today.

We value diversity not as a “check-the-box factor” of what our investors expect of us, but because diversity makes us a stronger organization. Having a team in which all members have similar backgrounds and life experiences naturally leads to one kind of thinking. Creativity, however, arises from new perspectives, new ways of viewing our world to brainstorming innovative aspects of an urban industrial redevelopment, all led by new members of our more diverse team.

Embarking on this journey of focusing on our ESG efforts at MDH provides exciting avenues for progressing as a firm that will leave our small piece of the world a better place while also enhancing the returns for our investors.

We have the opportunity today to become a leader in our space on ESG issues that can have positive impacts beyond the size of our organization.

A handwritten signature in black ink, appearing to read 'Jeffrey Small', located below the main text.

Jeffrey Small



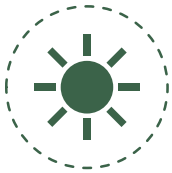
# ESG **STATEMENT**

We focus on our ESG efforts with the intention that we can become a higher performing organization in which our employees feel more engaged, creative, and enthusiastic. Ultimately, we hope to leave the world around us in a better place than we inherited.



# ENVIRONMENTAL INITIATIVES

MDH has been utilizing sustainable practices in our developments, redevelopments, and capital improvements for years. Here are some examples of our practices.



## **DAYLIGHT HARVESTING**

Build both clearstory and skylights on new developments. On sunny days, many tenants can operate without the use of their overhead warehouse lights.



## **LIGHTING**

Install high efficiency LED high bay fixtures with motion sensors in the warehouses and LED office fixtures with occupancy sensors in the office spaces of new developments.

When renovating older buildings, replace energy inefficient metal halide and sodium fixtures with the same LED fixtures used in our new developments, creating significant energy and cost savings for tenants.



## **RECYCLED MATERIALS**

Utilize recycled materials like crushed concrete for base materials for new developments or recycled asphalt for paving projects.



## **ROOFS**

Install TPO/PVC reflective roofs that reduce heat island effects on both new construction and when re-roofing older buildings; the portfolio is currently 80% reflective.

Install roof insulation higher than code requirements. The buildings stay cooler and enhance the work environment for employees.



# ENVIRONMENTAL INITIATIVES



## **BROWNFIELDS**

Purchase and then improve brownfield sites to mitigate environmental issues and have properties delisted from HIS. Reroute irrigation systems and fire pump systems from potentially contaminated groundwater wells to safe/clean municipal water sources.



## **HEATING AND COOLING**

Utilize refrigerants that do not deplete ozone (non HCFC) (Typically R-410A).

Install high efficiency Energy Star rated HVAC systems. Promote the use of high-volume, low-speed fans in tenant space to provide more comfortable working environments for employees.



## **ADAPTIVE REUSE**

Give new life to 1950's vintage vacant warehouses through an adaptive reuse redevelopment into a mixed-use project that combines industrial, creative office, food and beverage, and residential uses in a walkable environment that will revitalize an underserved community.



## **WILDLIFE**

Relocated several Gopher Tortoises to a State approved DEP habitat.

Design landscaping with native plants to enhance the habitat for native birds.



# ENVIRONMENTAL INITIATIVES



## **CARBONCURE**

Utilize CarbonCure concrete in new developments, which captures waste industrial CO<sub>2</sub> that would have been released into the atmosphere and embodies the CO<sub>2</sub> into the chemical structure of the building's concrete. (See page 7)



## **WATER PROTECTION**

Utilized grey water from the adjacent wastewater treatment plant for irrigation, reducing freshwater use.

Craft landscaping plans to minimize irrigation utilizing native species and low maintenance designs.

Install plumbing replacements with water conserving fixtures.



## **WINDOWS**

Utilize low-e glass specifications in new developments which reflects heat back to its source.



## **REPAIRS**

Specify low-VOC paints, coatings, primers, adhesives, sealants, sealant primers, coatings, and stains in both new developments and when renovating older buildings.

# EMBODIED CARBON

## Reducing the carbon footprint of MDH Partner's industrial developments before turning the lights on for the first time.

MDH Partners is committed to reducing embodied carbon in new construction alongside operational carbon reduction strategies, such as our high efficiency heating & cooling, LED conversions, and repurposing older buildings with modern uses.

We recognize that **50%** of the carbon footprint from new construction over the next four decades will come from embodied carbon, which is the carbon generated by the building materials or construction itself. It is estimated **7%** of the world's greenhouse gas emissions come from cement production, which is the key ingredient in concrete.

While being one of the most essential building materials, concrete is the largest contributor to embodied carbon in our buildings and we wanted to find a new solution.

CarbonCure captures CO<sub>2</sub> from industrial emitters that would have released it into the atmosphere, and instead embodies it into the concrete that delivers the same structural performance but with a reduced carbon footprint. We're proud to utilize CarbonCure to reduce the carbon footprint of concrete in our industrial buildings.

### CASE STUDY: CEDAR CREEK DISTRIBUTION CENTER

The 226,000 sq.ft. distribution center in Lebanon, Tennessee, developed by MDH, is located on 16.3 acres and used 8,250 cubic yards of CarbonCure concrete made by Irving Materials, Inc. [See how it works on YouTube.](#)



**With CarbonCure, we discovered a cost neutral initiative that's a win-win for construction and the environment.**

### CARBONCURE IMPACT AT CEDAR CREEK DISTRIBUTION CENTER



**8,250** cubic yards  
of concrete



The use of  
CarbonCure will save  
**140,000** pounds of  
embodied carbon.



That's equivalent to  
the amount of CO<sub>2</sub>  
created by  
**156,000** miles of  
driving.



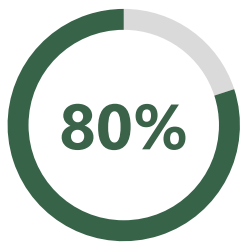
Or equivalent to **82**  
acres of US  
Forestland  
absorbing CO<sub>2</sub> for a  
year!



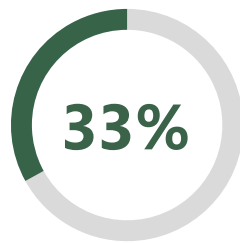
# SOCIAL

## PEOPLE

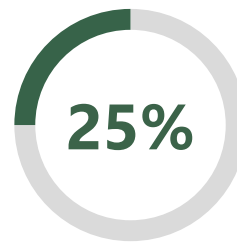
- In 2020, we added a formal Diversity & Inclusion initiative after recognizing our lack of diversity, with the following improvements in our people:



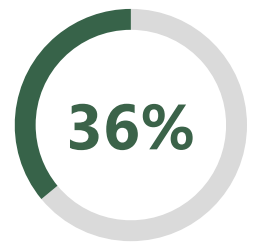
**Recent Diverse Hires\***



**Total Diversity\***



**Female Employees\***



**Diverse Leadership\*\***

\* As of July 2020

\*\*Defined as VP, Director, or Partner

## BENEFITS

- We recently changed our Paid Time Off policy from 15 days to an unlimited policy and added a parental leave policy.
- We added Juneteenth as an official company holiday.
- Each employee is encouraged to vote and volunteer on national voting days, to focus on our civic duty.

## COMMUNITY

- We launched a new program which allows an employee to direct MDH to make a \$500 donation to a non-profit of an employee's choice.
- At our Lee + White redevelopment, we added a free COVID testing site and are adding a community garden, both firsts in the West End of Atlanta.







# GOVERNANCE

## FINANCIALS & REPORTING

- We deliver our LP investors audited financials annually.
- We also deliver un-scheduled reports, updates, and presentations when requested.

## LP ADVISORY COMMITTEE

- All major decisions or conflicts are brought to our LP Advisory Committee for guidance and decision making.

## NEW POLICIES

- We expanded our policies to include a Code of Ethics & Professional Conduct, Whistleblower policy, Expense Reimbursement, and Political Contribution polices.

## ASSET LEVEL

- We use third-party, unaffiliated property managers who are responsible for accounting, with MDH oversight.
- Annual inspections proactively identify environmental hazards and capital needs.

## ORGANIZATIONS

- We're a signatory The UN Principles for Responsible Investment ("PRI") which is an international organization that works to promote the incorporation of ESG into investment decision-making. We'll report our activities and progress towards implementing their leading ESG Principles.
- We're Silver Sponsors of the Carbon Leadership Forum, whose mission is to eliminate embodied carbon in buildings and infrastructure by inspiring innovation and spurring change. Our Cedar Creek development embodies the mission of minimizing carbon in our new developments.

