



**Quarterra**  
MULTIFAMILY

# Annual Report

2022–2023 • ESG



# Executive Summary

“2022 marked a strategic pivot toward enhanced resilience and operational independence for our organization.

2022 was a transformative year for our organization. After celebrating our 10-year anniversary as an owner, operator, and developer of multifamily communities in 2021, we underwent a thoughtful rebranding in 2022 to support our transition toward becoming an independent organization. Rebranding from LMC to Quatterra, which blends the words ‘quarters’ and ‘terra,’ reflects our mission to provide exceptional living environments while being mindful of the land we occupy.

Critical to this transformation was the establishment of robust systems to enable our evolution toward becoming a more independent organization. We performed a comprehensive evaluation of existing operations and processes to take a systematic approach toward revising and establishing programs and policies that would meet the unique needs of our internal and external stakeholders. This included a thorough review of all policies related to information security, the integration of a new human resources platform, and the formalization of an executive oversight team to drive the alignment of operations with organizational objectives.

We are also proud to announce our new fund vehicle, Quatterra Single Family Rentals (QSFR), which helps

meet the demand for attainable, move-in ready, single-family homes in growing markets.

Moreover, in 2022, Quatterra was recognized by the Environmental Protection Agency (EPA) as an official ENERGY STAR® Certification Nation member, a testament to our dedication to energy efficiency and operational performance. This recognition underscores Quatterra’s efforts to lower our carbon intensity, reduce energy consumption, and champion eco-friendly practices across our operations.

In alignment with our commitment to transparency, we once again submitted ESG-related information to GRESB®, the leading global sustainability benchmarking framework for real estate. Our dedication to ESG performance is reflected in our continued improvement in GRESB benchmarking, and aligns well with our investors’ interests.

2022 marked a strategic pivot toward enhanced resilience and operational independence for our organization. Through robust systems, landmark initiatives, and transformative rebranding, Quatterra continued upon our legacy as an innovative and socially responsible organization poised to excel in the evolving landscape of sustainable business practices.

# About This Report

With support from our ESG consultant, Verdani Partners™, the Quarterterra ESG Committee prepared this report in reference to the Global Reporting Initiative's (GRI®) 2021 Standards. This report shares quantitative and qualitative information addressing ESG topics that are material to Quarterterra and our stakeholder groups. The quantitative environmental performance data reflects the 2022 calendar year. Significant developments occurring in 2023 may also be referenced where appropriate. While this report does not receive external assurance, our ESG consultant performs a structured review of the report's content and data, and our senior leadership team provides oversight and final approval of the material presented in this report.



# Table of Contents

## Introduction

- 6** Company Overview
- 7** Approach to ESG
- 8** Awards & Recognition

## Social

- 11** Diversity, Equity, & Inclusion
- 12** Associate Experience
- 14** Resident Experience
- 17** Community Stewardship

## Environmental

- 20** Performance Metrics
- 21** Integrated Management
- 24** 2022 Environmental Initiatives
- 28** Certified Communities

## Governance

- 31** ESG Corporate Governance Structure
- 32** ESG Committee
- 33** Business Ethics, Policies, & Procedures
- 34** Business Risk Management
- 38** Partnerships & Programs

## Reporting & Disclosures

- 41** Reporting Methodology
- 41** The Global Reporting Initiative



A photograph of a modern, multi-story residential building with a light-colored facade and dark-framed windows. The building features several balconies with metal railings. The image is overlaid with a semi-transparent blue and purple gradient and a white rectangular box containing the word "Introduction".

# Introduction



# Company Overview\*

As a wholly-owned subsidiary of Lennar Corporation (NYSE: LEN and LEN.B), Quarterra is a vertically integrated real estate company that unites in-house expertise with authentic collaboration to deliver real estate investment, development, and property management services in markets throughout the U.S.

Quarterra applies our highly collaborative approach to engage with all key stakeholder groups, enabling us to operate in synchrony and with agility as we strive to seamlessly deliver unmatched asset performance for our partners, remarkable living experiences for our residents, and a respectful working environment where our associates thrive.



---

**49,853**

APARTMENT HOMES LEASED

**59**

OPERATING COMMUNITIES

**905**

ASSOCIATES

**\$14.8 B**

AUM

**18,848**

APARTMENT HOMES IN  
PIPELINE FOR DEVELOPMENT

**13**

REGIONAL OFFICES  
HEADQUARTERS IN  
CHARLOTTE, NC

*\*All data shown as of 12/31/2022.*

---

## Assets Under Management

As of December 31, 2022, Quarterra Multifamily had over \$14.8B in assets under management (AUM), the majority of which are owned within build-to-core funds that are capitalized alongside a spectrum of institutional investors: pension funds, sovereign wealth funds, insurance companies, private equity companies, large commercial banks, and high-net-worth individuals.

# Approach to ESG

Many Environmental, Social, and Governance (ESG) principles are engrained in Quarterra, evidenced by our focus on the well-being of associates, residents, and partners, as well as our diligence toward ensuring that environmental performance and all regulatory requirements are considered throughout our operations.

## ESG Vision:

We are committed to incorporating results-oriented and sustainable real estate practices that produce life-enhancing environmental, social, and governance outcomes for our residents, associates, investors, shareholders, and communities.

## ESG Mission:

We envision a collaborative approach toward creating sustainable communities.



# Awards & Recognition



## Company Recognition

2022 Arc of Achievement Award —  
TechHome® and Housing  
Transformation

Quarterra Multifamily

2022 ENERGY PARTNER  
Certification Nation — EPA

Quarterra Multifamily

## Community Recognition

2022 Customer Experience Top 10 —  
Ellis Customer Experience

The Remy

2022 Elite 1% ORA Power Rankings —  
J Turner Research

Palmera, The Morris

2022 Multifamily Development  
of the Year — NAIOP™ Colorado

Citizen West 10



# Internal Recognition

## Community

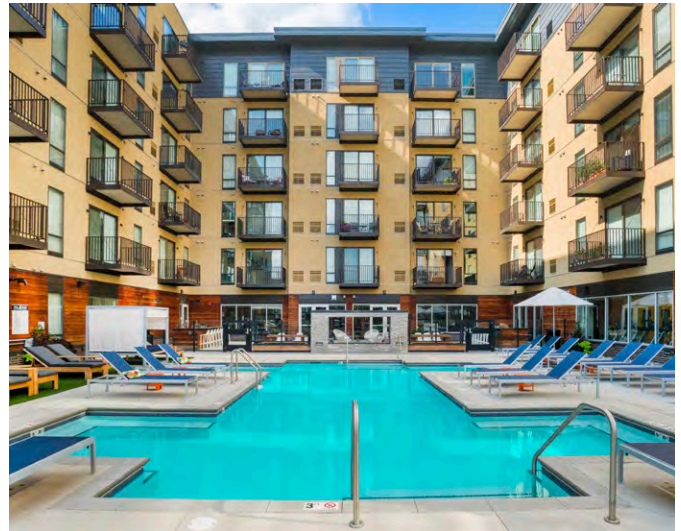
Quarterra recognized **Indigo BCS** for our second annual internal Sustainability Award. Of our communities, Indigo had the second lowest energy use intensity and third lowest water use intensity. Considering Indigo was the earliest constructed and largest community of the 2022 top performers, we were pleased to award Indigo and recognize the community's diligence toward resource conservation and responsible management.

## Individual

### MEGAN BLASCHKA

*General Manager of Minneapolis Region  
& Community Manager at Indigo BCS*

As the Community Manager at Indigo BCS, Megan oversees the community's business operations, helping maintain strong financials and promote healthy team dynamics. Megan embraces Quarterra's emphasis on 'know thy neighbor,' and her leadership demonstrates how we can all make a local impact by showing up, listening, and being kind.



## Team

The environmental compliance team at Emblem Conyers in Conyers, Georgia, is deserving of recognition for its excellent attention to detail and outstanding collaboration skills. The team consistently meets all the guidance milestones laid out by Quarterra's proprietary Environment Management System (EMS). As a company-wide best practice, all compliance teams participate in quarterly team workshops that center around mentorship, guidance, and problem solving, yet our senior leadership's involvement with the Emblem Conyers team's workshops is minimal since the team demonstrates strong capacity to align with our environmental compliance best practices.

**TOM MORGAN**  
*Senior Director*

**MIKE EMERLINE**  
*Director*

**SCOTT BARNETT**  
*Project Manager*

**VICTOR MARTINEZ**  
*Superintendent*

**CARSON WEBB**  
*Finish Superintendent*

**JUSTIN OLIVAN**  
*Project Engineer*

**LISA WALKER**  
*Contracts Manager*

**MELISSA PELHAM**  
*Accountant*

**TERRI SHIPLEY**  
*National Director of  
Project Management*



# Social

Quarterra aims to create empowering work environments for associates and exceptional living experiences for residents, instilling a sense of pride for all those connected to our communities.





# Diversity, Equity, & Inclusion

To achieve our vision of a company culture centered around balance and cohesion, Quarterra treats associates with respect, provides equal employment opportunities for all, and maintains a work environment free of harassment and discrimination.



All members of our Talent Acquisition team received DEI certification through Advanced Internet Recruitment Strategies (AIRS) in 2022, supporting efforts to hire and retain talent in an inclusive, respectful, and egalitarian manner.



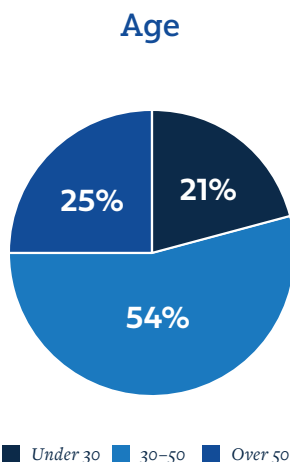
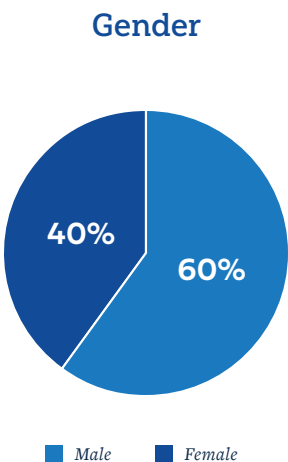
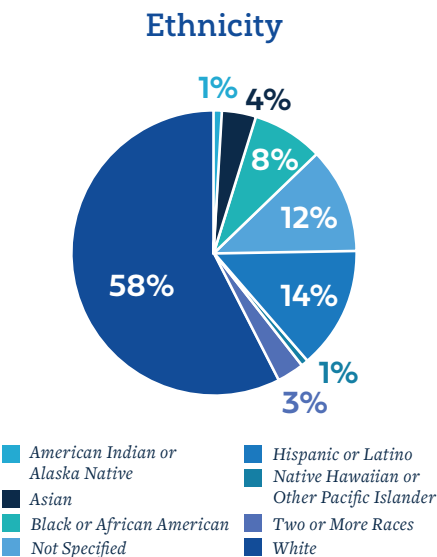
Quarterra improved the inclusiveness of several of our Corporate, Property Management, and Construction job descriptions to promote a more diverse applicant pool. These efforts have resulted in an increased volume of applicants and more female hires for construction-based roles.



Quarterra offers Workplace Diversity training for associates and those in supervisory roles, helping to build understanding and foster a sense of unity across our teams. In addition, the Property Management Division launched a “Women In Leadership” training series.



Quarterra aims to support associates’ teambuilding and decision-making capacities through various training series, including topics such as “Difficult Interactions” and “Creating Extraordinary Experiences.”



# Associate Experience



## Fostering Cohesion

Collaboration with and between associates is a pillar of our success. Quatterra applies various communication strategies, including periodic associate satisfaction surveys, to engage with our teams, foster collaboration, and solidify cohesion.

**Town Hall Calls:** regular sessions held by our Executive Committee aimed at delivering company updates and addressing any associate questions or concerns.

**Collaboration Protocol:** a living document that outlines the best communication pathways and sets procedures to ensure effective and cohesive teamwork throughout a development's lifespan.

**Quatterra Connected:** internal portal to share company news, highlights, and announcements that also serves as a repository of valuable resources on company activity and industry development.

**Ongoing Associate Development:** Managers and associates have regular check-in conversations and year-end performance reviews to support associates' personal and professional development.

## Associate Benefits

With our Associate Benefits program, Quatterra aims to cultivate a supportive workplace that prioritizes the physical, mental, and financial well-being of our associates. Significant 2022 enhancements to Quatterra's Associate Benefit Package:



Increased 401(k) matching program



Expanded health coverage options through Blue Health Rewards Program



Enhanced parental leave policy



Augmented the amount of time for vacation, community service, and bereavement leave

Quatterra approaches recruitment and training through a lens of neighborhood empowerment, prioritizing the hiring of bilingual associates who can best serve multilingual resident communities and offering various training programs in Spanish to respect incoming associates' native language.



## SPOTLIGHT

# Setting Up Associate-Focused Payroll System

In 2022, Quarterra rolled out a new payroll system that would work better for the individual needs of our enterprise. The new system enabled greater centralization of accounting processes, which will help save time for associates and for the organization. Quarterra applied a people-forward approach in our implementation strategy that aimed to enhance the associate experience.

In our transition to paying associates in arrears, Quarterra elected to provide an extra week of pay to our hourly associates to avoid disruption in pay schedule through the process change.

We allowed accrued vacation time to roll over into the new system and gave associates until 2025 to take advantage of it.

The new payroll system was part of a larger move by our organization to an independent HR platform that enabled deeper centralization and automation of Quarterra-specific processes, allowing for more targeted communication and processing of year-end, benefit enrollment and reporting.

## Celebrating Achievement



Quarterra embraces recognition and celebration as a vital aspect of our associates' and organization's development.

- + WOW gifts for exceptional performance
- + 5-year work anniversary gift for associates
- + Annual Multifamily Property Management Awards Ceremony
- + Associate spotlights on company intranet and internet
- + Company birthday celebration

## Becoming Quarterra



On August 1, 2022, we officially launched our rebrand as Quarterra (formerly LMC). We prepared associates for the launch by sharing the decision-making

process behind the name and educating associates on appropriate and effective brand awareness. Alongside updating our complete library of logos, templates, and brand assets, we also gifted each associate a thoughtful 'swag bag' to celebrate and promote our new brand.

# Resident Experience

## Promoting Remarkable Living

We aim to provide exceptional living environments that prioritize resident health and lifestyle preferences, as well as mitigate our communities' resource intensity. Most of our standing communities feature ENERGY STAR appliances, water-efficient fixtures, resident recycling options, EV charging infrastructure, and convenient access to alternative transportation options.



Across our standing communities and developments, Quarterra prioritizes the following features and amenities where feasible and appropriate.

### Health & Sustainability Features

- + MERV 8 air filters
- + Low VOC paint
- + ENERGY STAR rated appliances and features, including entry doors
- + LED lighting in apartment homes and parking
- + WaterSense fixtures
- + Low-E windows

### Amenities

- + Dynamic fitness centers
- + EV charging infrastructure
- + Bike shops and storage
- + Courtyard spaces
- + Pet-friendly features
- + Fully equipped coworking offices



# Sharing Sustainability Insights

## Green Living Guide

As of 2022, Quatterra has a comprehensive guide for any and all residents interested in embracing a more sustainable lifestyle and supporting our environmental performance objectives. The guide offers insights and suggestions around six key categories.

1. Energy
2. Water
3. Materials & Resources
4. Indoor Environmental Quality
5. Transportation
6. Innovation in Upgrades, Operations, & Maintenance

## Awareness Campaigns

Quatterra advocates for personal and environmental well-being, and periodically shares insights into ways residents and associates can incorporate sustainable practices to support an enriching life and healthy community.

- + Health & Well-being
- + Earth Day
- + Bike to Work
- + Energy Efficiency
- + Water Efficiency
- + Waste Reduction
- + Juneteenth/Pride



## Creating a Sense of Community

We want our multifamily communities to be more than a spot to live; we want them to be places for our residents to belong. To that end, we further expanded our partnership with Apartment Life throughout 2022 to support incoming residents' transition into their new homes and facilitate an increased number of engagement events across our communities.



12  
MORE QUATTERRA  
COMMUNITIES PARTNERED  
WITH APARTMENT LIFE

40,370  
RESIDENTS PARTICIPATED IN

1,063  
EVENTS ACROSS

44  
COMMUNITIES

## SPOTLIGHT

# The Emery Shuttle Promotes Resident Mobility & Quality Living

As of 2022, Quarterra's Emery Apartments in Emeryville, California, offers residents access to a free shuttle service, boosting resident mobility and promoting sustainable methods of transportation. Known as The Emery Express, this shuttle service provides residents with a convenient transportation alternative to driving a passenger vehicle, reflecting our commitment to environmental sustainability, economic development, and quality of life.

Benefits of The Emery Express extend beyond serving our residents. The 4.4-mile-round-trip shuttle service helps to alleviate congestion on neighborhood roads, and conveniently connects passengers to the more extensive Bay Area Rapid Transit (BART) system for their more extensive commute needs. Residents who utilize The Emery Express in place of a traditional vehicle help reduce the amount of tailpipe emissions entering the atmosphere and polluting local airways, promoting a more pleasant living environment for all.

EXPRESS

THE | EMERY

EXPRESS

## By the Numbers: Ridership & Impact\*

4,649

ONE-WAY PASSENGER  
TRIPS TO DATE

4,509 lb

REDUCTION  
OF DIRECT CO<sub>2</sub>  
EMISSIONS

38

DAILY PASSENGER  
TRIPS, ON AVERAGE

52,475 lb

REDUCTION OF  
CONNECTING  
EMISSIONS\*\*

The Emery Express showcases our desire to create people-forward communities that provide exceptional living environments and promote healthy lifestyles.

*\*Ridership stats include trips up to October 17, 2023, and impact stats are estimates based off of Metropolitan Transportation Commission data for Alameda County.*

*\*\*We have calculated the emissions impact from the Emery shuttle commutes themselves, as well as estimated the emissions reduction associated with longer commute trips that involved the Emery Express and other connecting public transit services, such as the BART system.*



# Community Stewardship

Quarterra is committed to doing the right thing for the right reasons, which is reflected in how we engage with our associates and local neighborhoods through philanthropy and volunteerism. Our concerted efforts help support team cohesion and offer meaningful opportunities to give back to the communities in which we operate.

## Focused Acts of Caring

Coming from the Lennar Foundation, the Focused Acts of Caring program provides financial support and other resources to support various non-profits in achieving their goals. Annually, any division within Lennar can apply for Focused Acts of Caring grants based on the philanthropic activities they participated in for the year. These grants serve to recognize admirable work and provide financial support for teams to further assist their non-profits of choice.

IN 2022, QUARTERRA RECEIVED

**\$115,000**

IN FAC GRANTS TO RECOGNIZE  
AND SUPPORT THE  
PHILANTHROPIC ENDEAVORS  
OF 11 QUARTERRA TEAMS.

We are proud to highlight their efforts and showcase a handful of the community stewardship activities that Quarterra teams engaged in throughout 2022.



**Northern California** facilitated a food drive enabling associates and residents to support the Alameda Food Bank

**Texas** organized various food, toy, and blood drives to support local organizations, including North Texas Food Bank, Central Texas Food Bank™, Katy Christian Ministries, Toys for Tots, and Carter BloodCare™



**Atlanta** contributed \$2,000 to a Toys for Tots™ donation drive

**Seattle** hosted various food drives to support local organizations, including Ballard Food Bank, Mary's Place, Hopelink, The Forgotten Children's Fund, and Byrd Barr Place



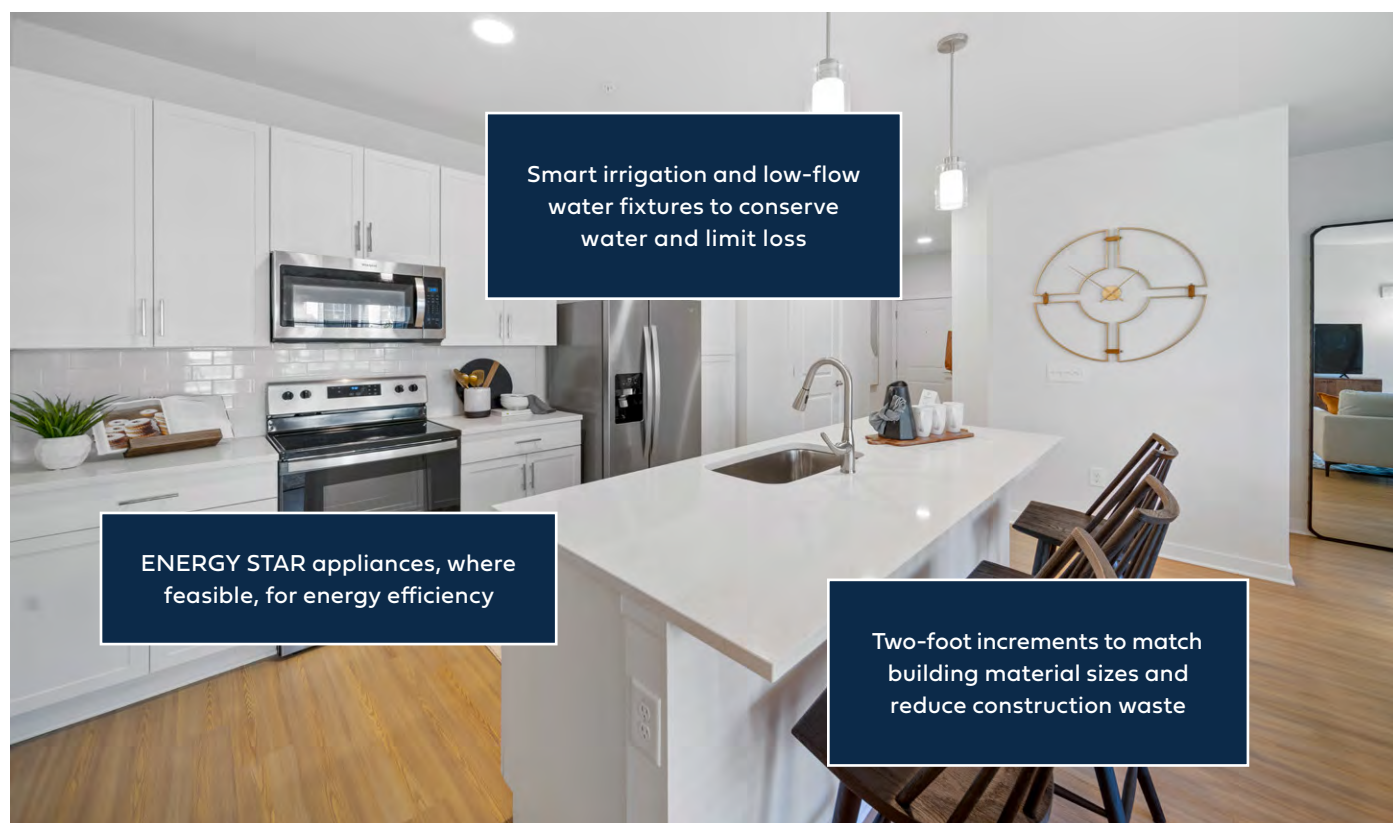
**Chicago** volunteered with Feed My Starving Children™ by helping sort and prepare nutritional care packages for children in need

**NY Metro** coordinated an angel tree program that supported Salvation Army®'s holiday vision of providing gifts to under-privileged youth

## Continued Success of Emblem Program

Through our Emblem program, Quarterra endeavors to supply cost-effective housing to help alleviate the shortage of housing that is attainable for middle-income residents. Without deviating from our high-quality standards, the Emblem program adheres to a more structured design template in an effort to reduce development timelines and save on development costs.

Emblem communities feature numerous specifications that support environmentally conscious design:



Initiated in 2019, the Emblem program has proven successful, with the first community completed and sold in 2022, and six under construction as of the end of 2022.





# Environmental

Committed to rigorous due diligence and team cohesion, Quarterra teams work effectively to ensure our communities comply with environmental regulations and uphold our high standards for excellence.





# Performance Metrics

Quarterra utilizes ENERGY STAR Portfolio Manager® and collaborates with a utility data automation service provider to monitor and examine our energy, water, and waste performance data. The resulting metrics enable us to implement efficient practices, technologies, and building improvements to achieve our environmental targets.



Energy Use  
Intensity

**11.17**  
KWH/FT<sup>2</sup>



Water Use  
Intensity

**27.18**  
GAL/FT<sup>2</sup>



Green House Gas  
Intensity

**0.003**  
TONS/FT<sup>2</sup>



Waste Diversion  
Rate

**19.8%**

*For metrics on energy use intensity, water use intensity, and greenhouse gas emissions, communities with 12 months of whole-building data were included. Waste diversion is calculated on a portfolio-wide level for calendar year 2022.*



# Integrated Management

Quarterra utilizes a highly collaborative approach in developing, building, and managing our communities. This enables cross-department communication and workflow that help us drive seamless project management and deliver exceptional communities, bringing value to our various stakeholder groups.

## Taking Developments From Start To Finish

Spanning the entirety of development lifecycles, our teams remain highly engaged and communicative throughout our environmental due diligence to ensure we comply with regulations, provide quality living environments, and bring value to partners and investors.



### Pre-construction

- + Perform environmental due diligence to assess potential liabilities, requirements, and financial risks prior to land acquisition
- + Complete environmental planning and design, including procurement needs and budgeting, to satisfy applicable environmental regulations and meet project objectives
- + Hold inclusive project reviews to ensure alignment between development, construction, and development management teams

### Construction

- + Verify site-specific permitting
- + Carry out procurement and on-site management on a regular basis
- + Remediate site, as necessary, to ensure an environmentally sound development

### Property Management

- + Archive all relevant project documents upon construction completion
- + Transfer responsibility of constructed site to property management
- + Manage community in accordance with pre-determined, site-specific operating requirements

# Environmental Risk Management Program

Quarterterra has established a company-wide environmental risk management program designed to promote environmental compliance from start to finish for each of our developments. The program provides a simple, effective, and easy-to-follow structure that helps ensure compliance with environmental regulatory programs as well as Quarterterra’s own corporate policy. As part of the program, senior members of Quarterterra’s Construction Team aim to review developments monthly and visit quarterly to evaluate their compliance with safety and environmental requirements.

With our well-structured and adaptable environmental risk management framework, Quarterterra strives to minimize adverse environmental impacts and comply with applicable laws and regulations.



## PRE-CONSTRUCTION

*Lead: Development Team*

**Step 1:** Feasibility Poces

**Step 2:** Environmental Planning & Design (Permits & Plans Developed)

**Step 3:** Pre-Construction Workshop



## CONSTRUCTION

*Lead: Contruction Team*

**Step 4:** Transfer to Construction & Site Setup

**Step 5:** Daily Project Management

**Step 6:** Weekly Activity Documentation

**Step 7:** Monthly Reporting

**Step 8:** Quarterly Field Workshops



## POST-CONSTRUCTION

*Lead: Management Team*

**Step 9:** Property Management & Post-Construction BMP Transfer

**Step 10:** Terminating & Archiving (All Teams)





## Sustainability Practices in Property Management

After developments transition to operational communities, our property management teams uphold the responsibility of maintaining compliance with local and federal environmental regulations, as well as our own best management practices. This requires our property management teams to have a clear understanding of the on-site water quality facilities and other permanent systems that may require

monitoring, maintenance, and reporting. Our well-structured transition process helps establish proper budgeting for ongoing environmental compliance and ensures that our property management teams have sufficient understanding of the operation and maintenance requirements of the community's permanent systems.



# 2022 Environmental Initiatives

In our steadfast commitment to upholding compliance with all applicable environmental regulations and benchmarking ordinances, Quarterra incorporates environmentally friendly equipment, systems, and processes where possible. Our initiatives reflect a dedication to best practices and to providing exceptional communities.

## Around Our Communities

Quarterra strives to develop and maintain healthy communities that provide quality living spaces and respect the surrounding environment. To enhance capacity to evaluate our portfolio, we continue to prioritize data coverage to gain deeper insight into our communities' operations and resource management, as well as to utilize efficient equipment to reduce our communities' ecological footprint.

The next two pages of this report highlight some of the initiatives and priorities that our organization has undertaken and advanced to more responsibly manage our consumption and usage of critical environmental resources.



Energy



Water



Waste







## Energy

Quarterra has been intentional in our approach toward improving energy data management and providing energy optionality to our residents. From 2021 to 2022, we increased our portfolio-wide energy data coverage by retrieving more whole-building data from communities across our portfolio. Whole-building data, rather than common-area data, provides elevated insight into the consumption patterns of our communities and enables us to make more informed decisions when considering energy conservation strategies on existing and future communities.

Additionally, Quarterra has seven communities with on-site PV solar systems, supporting efforts to meet rigorous building code requirements and increase the use of clean power sources in our energy portfolio.

Lastly, we continue to leverage our partnership with RealPage® and Arcadia® to provide residents of select Quarterra communities with the opportunity to opt into local community solar programs. This option enables residents to support local solar farms while also guaranteeing utility cost savings.

IN 2022, WE SAW A

**35%**

YEAR-OVER-YEAR INCREASE  
IN REGISTERED COMMUNITY  
SOLAR ACCOUNTS.

PROPERTY NAME	NUMBER OF ACCOUNTS REGISTERED	COMMUNITY SOLAR KWH
Beacon85	16	18,766
Camber	14	4,129
Malbec at Vallagio	15	24,592
Maris	9	8,624
Marlowe	16	16,702
Radiant	25	21,362
The Brook on Janes	15	7,838
The Emerson	15	11,900
The Fynn	9	7,381
Triangle Square	16	21,423
Total	150	142,717



## Water

Quarterra prioritizes efficient appliances and landscape management practices where feasible. Most of our kitchen and bathroom faucets are WaterSense certified, and 73% of our communities possess the WaterSense® label, an EPA designation for multifamily communities that demonstrate water conservation strategies and include water-saving features.



## Waste

Aligning with jurisdictional mandates, Quarterra implemented composting programs at three communities in Seattle, Washington, and two in Oakland, California, by year-end 2022. These freshly implemented programs have proven successful, averaging an additional waste diversion of an estimated 3.3 tons compared to our communities without composting programs.

# Corporate Initiatives

Quarterra also works to instill corporate-level best practices to promote environmental stewardship out of our corporate offices in an effort to implement portfolio-wide initiatives with the potential for widespread impact across our business operations.

## Corporate Hardware Recycling

Quarterra has partnered with ERI, a leading provider of IT asset disposition and electronic recycling solutions, to safely and responsibly retire end-of-life electronics in a manner that clears the data and complies with EPA e-waste recycling protocol.

## Green Lease Language

At the end of 2022, Quarterra implemented a green lease addendum into our resident lease agreements. The addendum aims to advance our ESG objectives by offering us greater visibility into our residents' utility usage. While residents can opt out of the green lease addendum, our standard Quarterra leases now come with it included.

THROUGHOUT 2022,  
QUARTERRA RETIRED

**1,388 pounds**

OF ELECTRONICS. OF THAT,

**197 pounds**

WERE ALLOCATED FOR REUSE,  
AND THE REMAINING AMOUNT  
WENT THROUGH PROPER  
RECYCLING PROCEDURES.





## CASE STUDY

# Celebrating Earth Day Across Quarterra

At Quarterra communities across the country, residents and associates came together for Earth Day to celebrate a shared appreciation of Earth and reflect on the importance of protecting and preserving the environment.

For the 52nd anniversary of Earth Day, themed Invest in Our Planet, our teams aimed to inspire residents by providing a series of curated and thoughtfully planned events and initiatives centered around learning, planting, and showing appreciation for the environment and our shared resources.

## LEARNING

### Vegan Cooking Class at Palmera

Our Palmera community in Doral, Florida, hosted a vegan cooking class to highlight the nutritional and environmental benefits of a plant-rich diet. The engaging lesson featured a cooking demonstration of traditional Venezuelan street dishes, courtesy of a local chef.



## PLANTING

### Gardening Parties at Aria, Capitol 650, & Denizen

Our Aria community in Orlando, Florida, invited residents to learn about the history of Earth Day and pick out a new plant for their apartments. Residents were able to paint plant pots to enliven the setting for the newest living member of their apartment homes.

At Capitol 650 in Milpitas, California, residents were able to receive pots, soil, seeds, and care instructions to promote gardening and indoor plants.

Our Denizen community in Portland, Oregon, hosted a DIY Herb Garden Party that welcomed residents to an instructional, hands-on experience that walked residents through curating their own apartment-friendly mini herb gardens.

# Certified Communities

## LEED

REGION	PROPERTY	CERTIFICATION TYPE	LEVEL
California	Luma	LEED for Homes	Gold
California	Shift	LEED for Homes	Gold
Illinois	The Emerson	Building Design & Construction (BD+C)	Silver
Minnesota	NordHaus	Building Design & Construction (BD+C)	Certified
Virginia	Lumen	Building Design & Construction (BD+C)	Silver
Washington	Axle	LEED for Homes	Gold
Washington	Ovation	LEED Operations & Maintenance (O+M)	Gold

## National Green Building Standard

REGION	PROPERTY	CERTIFICATION TYPE	LEVEL
New Jersey	The Lively	NGBS/National Green Building Standard — Design & Construction	Silver
North Carolina	The Francis	NGBS/National Green Building Standard — Design & Construction	Bronze

## CALGreen

REGION	PROPERTY	CERTIFICATION TYPE
California	AYA	CALGreen
California	17th & Broadway	CALGreen
California	19th & Harrison	CALGreen
California	Capitol 650	CALGreen
California	Core	CALGreen
California	The Emery (Sherwin Williams)	CALGreen
California	Halcyon House	CALGreen
California	Leya	CALGreen
California	Luma	CALGreen
California	Marisol	CALGreen
California	Novo	CALGreen
California	Shift	CALGreen
California	Winslow (North Park)	CALGreen



## SPOTLIGHT:

# Quarterra Recognized As Member of ENERGY STAR Certification Nation

For its 30th anniversary, the EPA's ENERGY STAR program offered a special, one-time recognition to organizations earning ENERGY STAR certification for five or more buildings in 2022. Throughout 2022, Quarterra earned ENERGY STAR certification for 10 communities, making us an official member of Certification Nation. All our standing communities have an ENERGY STAR profile, and we plan to continue certifying communities as they become eligible.

COMMUNITY	2022 ENERGY STAR SCORE
Indigo @ BCS	100
Marisol	100
Odin	100
Valdok 1701	100
Valdok 1702	100
Axle	97
Onyx	95
Beacon85	94
NordHaus	94
Shift	89





A photograph of a modern building facade with large windows, overlaid with a blue tint. The image is used as a background for the text.

# Governance

We showcase integrity and cohesion through our ongoing efforts to establish Quarterra as a standalone organization. Embedding accountability and collaboration into the identity of our teams and business mindset, Quarterra is building upon our thriving foundation with independent systems aimed at best meeting the needs of our individual stakeholder groups.



# ESG Corporate Governance Structure

Focusing on effective collaboration and intentional design, Quatterra continues to develop a leadership structure with the expertise and agility to meet our business needs and excel in a constantly evolving regulatory landscape.

In 2022, this included establishing several pivotal leadership roles and committees:

**Chief Accounting Officer:** played an instrumental role in our efforts to implement policies and processes that meet our unique business needs.

**Chief Operating Officer:** helped drive organizational success through concentrated focus on operational excellence, resource management, and cross-functional collaboration.

**Infrastructure Committee:** supported alignment across operations as we worked collaboratively to establish new platforms and partnerships that will help enable an independent Quatterra.



# ESG Committee

Governed through executive-level oversight, the Quarterra ESG Committee works in collaboration with our ESG consultant to determine priorities and advance ESG-related projects. Comprised of senior managers across departments, the ESG Committee oversees our annual green energy audits and helps ensure that our published material and benchmark reporting aligns with our larger business objectives.



**BETH TUTTLE**  
(CO-COMMITTEE CHAIR)  
*Marketing —*  
*Senior Vice President of Marketing*

**JR PLYLER**  
(CO-COMMITTEE CHAIR)  
*Investments —*  
*Senior Managing Director*

**PAUL BERRY**  
*Development/Construction —*  
*Regional Safety & Environmental*  
*Risk Director*

**PETER CHMIELEWSKI**  
*Development —*  
*Division President (Midwest) LEED AP*

**PRISCILA GARCIA**  
*Human Resources —*  
*Senior Manager of Talent Acquisition*

**JONI SAPPINGTON**  
*Systems —*  
*Director of Utility Management Solutions*

**AMY BUI**  
*Property Management —*  
*Senior Vice President of Property*  
*Operations*

**KRIS RONNING**  
*Development/Construction —*  
*Environmental Services Director*

**JACK JOHNSTON**  
*Investments —*  
*Investments Analyst — QSFR*



# Business Ethics, Policies, & Procedures

**Quarterra recognizes serving our stakeholders' needs to the best of our ability will require Quarterra to uphold strong governance tailored to our particular enterprise.**

As such, we are in the process of evaluating our company policies and procedures to establish Quarterra as a standalone organization. We worked diligently throughout 2022 to evaluate our business needs and determine the most impactful systems to refine and bolster. Through deep assessment of Quarterra's policies and procedures, we strengthened our capacity to develop and align processes that work for our company, mesh with our culture, and best serve our stakeholder groups.

“Giving associates latitude to make good decisions for the company, but also implementing guardrails so that they know where the parameters are.

— AUSTIN W.

Where appropriate, Quarterra still leverages entity-level policies from our parent company. This includes alignment with Lennar's Code of Business Ethics and Conduct, which outlines the business principles and behavioral standards to which our associates are held accountable. associates have numerous resources

at their disposal should they ever require additional guidance or support in identifying a best course of action. In addition to our Human Resources department and Conflict Committee, Quarterra also offers our internal and external constituents with 24/7 access to an Ethics Hotline, which is managed and operated by an independent third party that offers a completely anonymous setting to raise any ethical concerns.



## Drafted New Policies

In 2022, we drafted several new policies that aimed to optimize performance and streamline operations by improving clarity and accountability around critical activities. To draft the policies, we applied cross-department collaboration to help ensure a smooth and successful rollout in 2023.

- + **Approval Limits Matrix:** enhances clarity and reduces unnecessary friction associated with transaction authorization by ensuring the right personnel have visibility into Quarterra's expenditures and provide approval before authorizing transactions.
- + **Travel & Expense Policy:** helps streamline the transaction approval process by providing associates with the latitude to make responsible business decisions within defined parameters.

# Business Risk Management

Quarterra aims to mitigate risks by implementing best practices across every facet of our operations. Whether it involves securing appropriate insurance or strengthening data security measures, our dedicated teams consistently prioritize business continuity through effective risk management.



## Collaboration Protocol

Quarterra's Collaboration Protocol provides our associates with a roadmap for ensuring proper due diligence throughout the multifamily development and construction process. Harnessing an adaptive model, the Protocol undergoes iterative improvements as we identify opportunities for it to better meet our business needs. With its guidance on operational best practices and communication strategies, the Protocol fosters harmonious cooperation among our departments and enhances effectiveness throughout every stage of community development and management. This promotes cohesion across departments and supports the company-wide implementation of best practices.

## Information Security & Data Privacy

Quarterra's security strategy establishes a scalable and risk-based approach to addressing Quarterra's external threat landscape and maintaining an acceptable security posture. Our security strategy also ensures that the policies and standards set forth

align with industry accepted best practices and are in compliance with regulatory mandates. Quarterra has a fiduciary responsibility to secure and protect information and we make every reasonable effort to ensure that systems and data are protected against:

- + malicious, intentional, or unintentional disclosure
- + alteration
- + unavailability

Quarterra is committed to the development and ongoing maturity of an information security program designed to protect Quarterra's information assets. As such, Information Security and Data Privacy are of top priority, and we are committed to being in alignment with industry best practices. In 2022, Quarterra focused on optimizing resilience and transparency within the established security programs and domains.





**Hardened domains in 2022 included among others:**



**Governance, Risk & Compliance (GRC)**



**Security Awareness**



**Third-Party Risk Management**



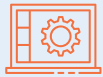
**Incident Response**



**Threat & Vulnerability Management**



**Security Monitoring & Visibility**



**Business Continuity & Disaster Recovery**



**Network Security**



**Endpoint Protection**



**Data Protection**

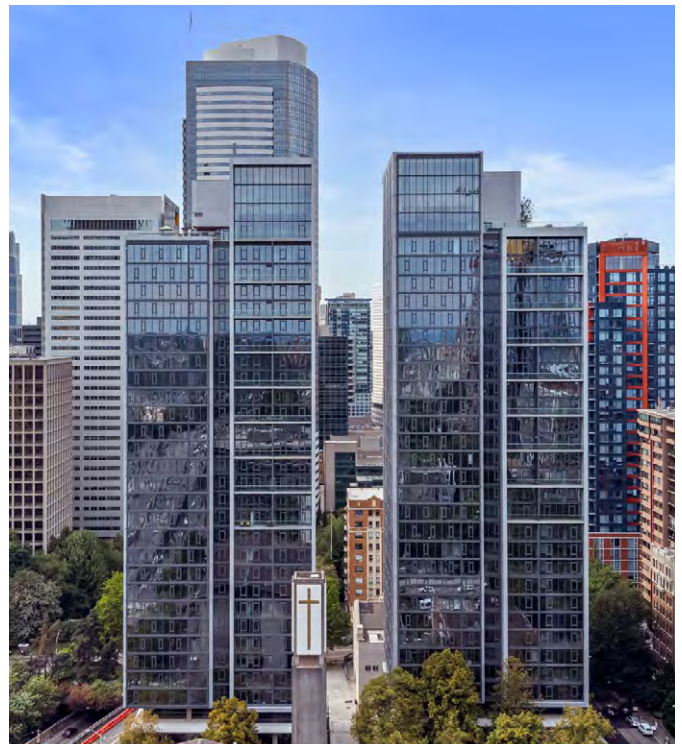


**Identity & Access Management**

## Executive Oversight & Alignment

A core pillar of Quarterterra's information security and data privacy program is executive oversight and continuous alignment to organizational objectives. Our Executive Oversight Board is charged with guiding the organization's data management, establishing its security posture, and fostering Quarterterra's security culture.

In 2022 we formalized our data governance and executive oversight board with the launch of a framework and communications structure for facilitating executive oversight, visibility, and advisory on IT Portfolio Investments, Projects, Risks, Services, and Information and Data. Formally named the Strategic Technology Advisory Team, STAT is the heart of the information technology and security advisory structure at Quarterterra. STAT brings together critical organizational stakeholders comprised of executive leadership representing all major functions of the business to focus on critical strategic technology and security decisions, as well as information impacting the organization as a whole. The committee convenes quarterly or as needed based on business activities.





## Third-Party Risk Management

Adapting to an increasingly interconnected, digital landscape, Quarterra Information Security & Compliance recognized the need to expand the scope of our vendor security risk management program to encompass third-party relationships with our organization. This led to an expansion of the program in 2022 to include:

- + security assessment
- + monitoring
- + oversight of all third parties beyond vendors

In addition to continuing to manage the security risk of existing third-party relationships, in 2022, Quarterra Information Security & Compliance completed over 40 third-party security assessments providing invaluable risk-mitigating strategies to the business and further enabling strong relationships focused on data security and competitive market position.

## Strengthening the Security Culture

Recognizing that the human element presents the greatest source of security risk to an organization, creating a strong security awareness culture has always been a critical function of Quarterra's security risk management strategy.

We keep security best practices front of mind for associates by deploying nontraditional training methods year-round that relay cybersecurity and data privacy knowledge in a memorable way.

Strategies include:

- + Tips
- + Games
- + Challenges
- + Podcasts
- + Memes

These are distributed via bulletins and current-events responsive alerts that provide information on how employees can be responsive to potential threats. We also test associates on their ability to recognize, report, and not fall victim to cyber attacks, which also tests the effectiveness of our security awareness program.

In 2022, we expanded our mere-exposure and gamification techniques to further boost engagement and enhance the effectiveness of the training exercises. This included adding multiple gift card prize opportunities and expanding upon our thematic training resources with trending TV concepts to better connect with our associates.



## CASE STUDY

# Meaningful Learning During Cybersecurity Awareness Month

Beginning in 2021, Quarterra began creating thematic security awareness training in recognition of National Cybersecurity Awareness Month in October. The goal for security training has always been to create and deliver fun, engaging information and resources that resonate with associates in order to boost engagement, foster retention, and promote utilization of best practices.

The theme for 2022 was 'Social Engineering: Things Are Often Not What They Seem,' as Quarterra Information Security & Compliance aimed to help associates develop a perceptive eye for social engineering tactics. Engaging content included elements from the popular Netflix series Stranger Things as well as short-form videos that utilized reality TV-style confessionals to showcase how cybersecurity impacts each of us in our personal and professional lives. These efforts elevated the material from a typical,

mundane training to an engaging learning experience that connected with our associates.

Our associates have increasingly become more engaged with the campaigns and often express their excitement and appreciation for game campaigns that "make their day." The phish-prone rate has continued to trend down despite phishing tests becoming increasingly more difficult, and reporting rates have skyrocketed.

While associates enjoy the games, materials, and opportunities to win prizes during the October training, the most valuable benefit has been associates' adoption and application of the knowledge. Information security is continuously at the forefront of their minds. They are alert, cautious, and eager to do the right thing; all the makings of a strong security awareness culture and ultimately, a continued reduction of the human risk factor.

**Quarterra INFORMATION SECURITY BULLETIN**  
Oct 2022, WEEK 4

**SOCIAL MEDIA: THE SOCIAL ENGINEERING GOLD MINE**

Social media has opened the door for us to connect more with each other allowing for our day-to-day lives to be documented and shared at will. While social media has offered so many positive aspects of expanded human connection, threat actors see that open sharing as a gold mine for social engineering. However, with the use of smart social media practices, you can help keep you and your loved ones **Socially Safe & Secure**.

- 1. Regularly review and update your social media privacy and security settings.** Don't assume default settings are sufficient to protect you. Updated settings can often be overwritten with updates.
- 2. Remember that everything you post is public and deleted posts never truly disappear.** Any information you share publicly can be used against you to hack or takeover your account, or to make malicious emails, phone calls, and other communications seem legitimate.
- 3. Practice zero social trust.** Don't accept messages or friend/follow requests from anyone you haven't met in person. Pay attention to sudden odd behavior from your existing friends or contacts. Social media accounts are regularly hacked, and scammers will often use stolen identities to befriend you and try to gain your trust.
- 4. Separate your personal and business account.** If you use social media for promoting a personal business, set up a separate business account with as little personal information as possible and set your personal account to private so it's harder to discover.
- 5. Sharing is caring.** Share your smart social media practices with friends, family and loved ones. Your smarts can help save someone else from becoming a victim.

Social engineering attacks are nearly 80% effective because they prey on the human instinct to trust and tendency to overshare information.

If you believe your email, device or information have been compromised, contact [Cybersecurity@Quarterra.com](mailto:Cybersecurity@Quarterra.com).

**October is National Cybersecurity Awareness Month!**  
Just one more week of chances to win prizes.  
Don't miss your chance to win!

**SOCIAL ENGINEERING: THINGS ARE OFTEN NOT WHAT THEY SEEM**

October is **CYBERSECURITY AWARENESS MONTH**  
Challenges, Games, Prizes.

Quarterra

**CONGRATULATIONS [NAME] & [NAME]**

Win Round 2 of the Quarterra Security Training Challenge & Each Take Home a **\$50 Amazon Gift Card!**

**CYBERSECURITY TRIVIA**

If you fall for a phishing scam, what should you do right away to limit the damage?

- Delete the phishing email.
- Unplug the computer to delete the malware.
- Immediately change any compromised passwords and notify Information Security.
- Nothing. You don't have anything valuable to steal.

Send your correct answer to [Cybersecurity@Quarterra.com](mailto:Cybersecurity@Quarterra.com) by 12pm ET on 10/14/22 for your chance to win a \$25 Amazon Gift Card!

Quarterra

**CYBERSECURITY TRIVIA**

**D. All of the above!**

\* Someone stealing your social security number is the most widely-known version of identity theft.

\* Social media accounts are part of your online identity. Your online identity can be used as evidence in court and as part of a background check.

\* What someone looks like is part of their identity and pictures can be used as a method of identifying them.

**CONGRATULATIONS! [Name] & [Name]**

**Each Take Home a \$25 Amazon Gift Card!**

Quarterra

**SHARE YOUR CYBER CONFESSION**

Do you have a story about a time when you were the subject of a social engineering attack? Was the attacker successful? What did the attacker do to try to gain your trust or get you to act? How far were they able to get and what information did they get from you?

Your story can help others. Send your story to [Cybersecurity@Quarterra.com](mailto:Cybersecurity@Quarterra.com) for a chance to win a \$50 Amazon Gift Card.\*

All submissions will be kept anonymous.

Quarterra

# Partnerships & Programs

Our strategic partnerships and the associated programs stemming from the relationships bolster our efforts to align and advance our sustainability and business objectives.



## ENERGY STAR

Quarterra utilizes ENERGY STAR Portfolio Manager, the premier tool for tracking energy, water, and waste data, as we work toward reducing the environmental impact of our portfolio.



## J Turner Research

Quarterra works with the leading, full-circle online reputation-management firm for multifamily companies to enhance resident satisfaction and increase closing ratios.



## GRESB

GRESB® is an investor-driven organization committed to assessing the ESG performance of real estate assets and infrastructure investments around the world.



## U.S. Green Building Council (USGBC)

Quarterra is a member of the USGBC® and aims to align our properties with the sustainability best practices outlined in USGBC's LEED® rating system for efficient, healthy green buildings.



## Conservice

Quarterra has partnered with Conservice, a utility management provider, to support our QSFR fund with utility management and billing services.



## RealPage

Quarterra engages RealPage, a corporation providing property management software for multifamily and real estate industries, for their support with data analytics, property management software, and services to efficiently manage rental properties and real estate.





## National Association of Home Builders (NAHB)

Quarterra participates in NAHB® and their National Green Building Program™, which is the largest network of professionals in the nation dedicated to building and enriching communities.



## Society for Human Resource Management (SHRM)

Quarterra takes part in the SHRM® organization, which creates better workplaces by empowering people, advancing HR practices, and maximizing human potential.



## National Multifamily Housing Council (NMHC)

Quarterra is part of NMHC®, a prominent organization for providing insight, advocacy, and action for members and the multifamily housing communities they build.



## Urban Land Institute® (ULI)

Quarterra benefits from a variety of ULI sustainability resources that help to improve our sustainability programs and share best practices with the greater real estate community.



## Occupational Safety and Health Administration (OSHA)

Quarterra actively engages OSHA standards to promote safe and healthful working conditions for workers, and Quarterra Multifamily associates who are working in the field must complete OSHA's 10-hour and 30-hour Outreach training.



## Verdani Partners

Quarterra works with Verdani Partners, a full-service sustainability and ESG consulting firm, to develop and implement our ESG strategy, communications, and building certifications.





# Reporting & Disclosures



# Reporting Methodology

This report aims to communicate essential sustainability details relevant to Quatterra's stakeholders, such as investors, residents, tenants, associates, partners, and communities. Our disclosure adheres to the Global Reporting Initiative's 2021 Standards and incorporates data from our third annual disclosure of ESG information to GRESB. In line with our previous report published in 2022, which covered the calendar year 2021, the performance and qualitative data in this report reflect the activities of the 2022 calendar year, unless specified otherwise.

## Contact

For questions about this report, please contact:

[Quatterra.ESG@Quatterra.com](mailto:Quatterra.ESG@Quatterra.com)

# The Global Reporting Initiative

## About GRI

GRI is an international, independent organization that helps businesses, governments, and other organizations understand and communicate the impact of business on critical sustainability issues such as climate change, human rights, governance, and social well-being. With thousands of reporters in over 100 countries, GRI provides the world's most widely used standards on sustainability reporting and disclosure, enabling businesses, governments, civil society, and citizens to make better decisions based on information that represents global best practices on economic, environmental, governance, and social issues.

GRI STANDARD	DISCLOSURE	LOCATION	PAGE NUMBER
GRI 2: General Disclosures 2021	2-1 Organizational details	About This Report Company Overview	3 6
	2-2 Entities included in the organization's sustainability reporting	About This Report	3
	2-3 Reporting period, frequency, and contact point	About This Report Reporting Methodology	3 43
	2-5 External assurance	About This Report	3
	2-6 Activities, value chain and other business relationships	Company Overview Partnerships & Programs	6 40–41
	2-7 Employees	Company Overview Diversity, Equity, & Inclusion	6 12
	2-8 Workers who are not employees	Third-Party Risk Management	38
	2-9 Governance structure and composition	ESG Corporate Governance Structure ESG Committee	33 34
	2-12 Role of the highest governance body in overseeing the management of impacts	ESG Committee Executive Oversight and Alignment	34 37
	2-13 Delegation of responsibility for managing impacts	ESG Corporate Governance Structure ESG Committee	33 34
	2-14 Role of the highest governance body in sustainability reporting	About This Report	3
	2-24 Embedding policy commitments	Environmental Risk Management Program Executive Oversight and Alignment	23 37
	2-25 Processes to remediate negative impacts	Fostering Cohesion Taking Developments From Start To Finish Environmental Risk Management Program	13 22 23
	2-26 Mechanisms for seeking advice and raising concerns	Business Ethics, Policies, & Procedures	35
	2-28 Membership associations	Partnerships & Programs	40–41
	2-29 Approach to stakeholder engagement	Company Overview	6



GRI STANDARD	DISCLOSURE	LOCATION	PAGE NUMBER
GRI 302: Energy 2016	302-3 Energy intensity	Performance Metrics	21
GRI 303: Water and Effluents 2018	303-5 Water consumption	Performance Metrics	21
GRI 305: Emissions 2016	305-4 GHG emissions intensity	Performance Metrics	21
GRI 306: Waste 2020	306-4 Waste diverted from disposal	Performance Metrics	21
		Corporate Hardware Recycling	27
GRI 401: Employment 2016	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Associate Benefits	13
	401-3 Parental leave	Associate Benefits	13
GRI 403: Occupational Health and Safety 2018	403-5 Worker training on occupational health and safety	Partnerships & Programs	41
	403-6 Promotion of worker health	Associate Benefits	13
GRI 404: Training and Education 2016	404-2 Programs for upgrading employee skills and transition assistance programs	Fostering Cohesion	13
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Diversity, Equity, & Inclusion	13
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Focused Acts of Caring	18





500 East Morehead St., Suite 300  
Charlotte, NC 28202

[Quarterra.ESG@Quarterra.com](mailto:Quarterra.ESG@Quarterra.com)  
[quarterra.com](http://quarterra.com)