

unison.

2023

# Responsible Investing Report



Dear Reader,

In the following pages, you will find Unison's 2023 Responsible Investing Report. While it is generally considered an industry standard to produce a report that addresses ESG values and compliance, I want to emphasize that, for us at Unison, it is not merely a box to check off. We want to share our work, not only because we are excited by it, but because transparency and alignment between our homeowners, investors, and employees is one of our most sacred corporate values; hence it is reflected in our very name and tagline, "Unison – together, you can." At the core of our culture, we are committed to empowering homeowners by adding the missing piece to stable, prosperous, and secure home ownership. Indeed, when the vast majority of our employees are asked what excites them about working at Unison, they cite the potential to make a significant impact in the lives of thousands of our homeowners.

To that end, Unison has pioneered the equity sharing agreement as a solution to a burdensome socio-economic problem – one that cannot be solved by the traditional Mortgage Debt Industrial Complex. Many millions of homeowners are "house-rich and cash-poor," meaning that they sit on an enormous amount of equity, but when they need to tap into it, their only options have traditionally involved selling the whole house and moving away, or piling on more debt. The Latin meaning of the word mortgage is "death grip," which aptly describes the risk of not meeting the obligatory monthly principal and interest payments that come with such debt. Unison's mission is to offer an alternative – empowering homeowners to manage the amount of debt and equity that they find suitable for their financial and life situations.

Meanwhile, Unison is also solving a complementary and fundamental need for institutional investors. Residential real estate is arguably the largest, oldest, and most core asset class in the United States, but prior to Unison it was largely inaccessible to investors at any reasonable cost, scale, or efficiency. Our vertically integrated platform is the missing piece, solving our homeowners' need to unlock their equity without taking on more debt, while establishing efficient and scalable access for investors to an asset class with investment characteristics that are highly additive to most portfolios. The largest "locked-up" component of the U.S. economy (approximately \$30 trillion) is the equity owned by millions of individual homeowners, and unlocking that equity by enabling homeowners to sell a slice of their largest asset will have a tremendous impact on some of the most pressing socio-economic problems – those that were previously without any realistic, market-based, and scalable solutions.

As you will read in this report, when homeowners can tap into their equity without incurring debt or monthly payments, possibilities open to them that were previously unavailable. Whichever they may choose to embrace – starting a small business, consolidating expensive debt, paying for kids' college tuitions, supplementing their retirement savings, or renovating their home – results in a win for society. Over time, with the more households we empower (in December 2022, we surpassed 10,000 homeowners), those wins add up and begin to have a significant impact on a larger scale. Recently our efforts were highlighted by Innovate Finance's "Wired Differently" series, produced by BBC StoryWorks and now available on YouTube. We're incalculably proud to be purveyors of a product and business that not only combats the weight of consumer debt, the home affordability crunch, the addiction to debt problem, and the burgeoning retirement financing crisis in the United States, but also enables homeowners to have the ability to balance debt and equity, protecting the economy from the kinds of homeowner defaults that both contributed to and exacerbated the Great Financial Crisis.

Our approach also considers the very tangible, real-world impacts associated with where, why, and how people choose to make their homes and live their lives, including concerns of environmental and social sustainability. Our investment screening process positively aligns attractive return characteristics with environmentally-

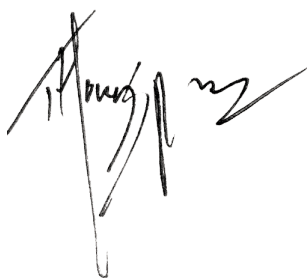
sustainable, urbanist approaches to development. We negatively screen properties in rural areas and deselect most investments outside of metropolitan areas due to the difficulty in correctly valuing the property with sufficient confidence. We also charge a higher portion of appreciation for newly-constructed homes, as they have a tendency to appreciate at a lower rate, while carrying a greater impact on the environment. Our methodology inherently promotes urban living, discouraging suburban sprawl and its profound effects on environmental sustainability.

Additionally, our ESG report delves into DEIB at Unison in detail. Anyone can declare a commitment to creating a diverse workforce; however, it requires action to develop an equitable and inclusive culture that fosters a feeling of belonging, equally, for all employees. This portion of the report will dip into our demographic statistics, but also describe internal survey results that suggest while the journey towards true diversity, equity, and inclusion is ongoing; at Unison, we are making verifiable headway towards building a culture where employees feel that they belong, and can therefore thrive. Our fundamental belief is that we can operate a better business and add more value to our entire ecosystem if our team mirrors the diverse mosaic of the homeowners and investors that we serve. I'm exceedingly proud of our team and the vast progress we've made towards reaching this goal.

Looking forward, we are determined to continue to improve in these and other areas. In service to our homeowners, we have introduced the Unison Homeowner Promise, which reiterates our commitment to transparency, accessibility, empathy, and alignment in our relationship. The Homeowner Promise boldly declares that the mantra which underscores and informs our operations every day, at every level, is "Owning with Unison is better." We are eager to optimize our performance through this lens and to innovate new ways that we can help Unison homeowners. Equally, we are determined that this optimization won't come at the expense of the environment. Starting with going predominantly paperless in our homeowner communications in 2022 Q4, we are on course to further articulate a Unison Sustainability Plan. The plan will require that we more effectively track Unison's overall carbon footprint and other related metrics, which we hope to be equipped to report on in greater detail in future ESG reports.

Fundamentally, we believe that Unison is an important facilitator to re-balance the over-exposed homeowner's equity towards the under-allocated institutional investors. By doing so, we can meaningfully contribute to solving highly pressing socio-economic challenges, including housing affordability, student and medical debt, and the looming retirement crunch that millions of consumers are facing without an actionable solution. It is becoming increasingly obvious that more individual debt will not solve these challenges. Likewise, there is no reason that in today's world, equity liquidity and equity financing should be absent from the world's largest asset class, while being present everywhere else.

Unison's founding ambition was to create the missing piece of the puzzle – bridging the needs of homeowners and investors alike with an efficient, accessible solution, and taking steps towards solving some of society's most pressing financial challenges with every homeowner with whom we engage. As our platform continues to grow and adapt, we are excited to move forward together with our core values of true grit, realistic optimism, valuing data and insight, seeing the long now, and, significantly, "in Unison, together."



**Thomas Sponholtz**  
Founder and Chief Executive Officer

**unison**

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## **A sustainable mission**

In alignment with our Homeowners and Investors, we provide the missing products and expert advice that empower our customers to optimally own a home or invest in Residential Real Estate.

With Unison, consumers are able to proactively lower their household debt and improve their financial health, while offering aligned incentives for both homeowners and investors to win, together.



### **In Unison, together**

We believe connecting investors and homeowners should be more than a zero-sum game. A Unison investment is uniquely positioned to improve home affordability, reduce leverage in the financial system, and shift home equity exposure to where it belongs — with institutional investors who benefit from diversification through real asset investments.

### **Practice realistic optimism**

At Unison, we believe it is possible to make a positive impact for both our stakeholders and society by incorporating environmental, social, and corporate governance (ESG) considerations into our investment management processes.

### **Demonstrate true grit**

2022 was yet another challenging year, as our communities emerged from the pandemic only to face financial volatility and an ever-rising cost of living. At Unison, we've made strides to help inform, educate, and empower our homeowner partners to better understand their available options, while increasing our focus on retirement-age customers to provide an alternative solution for vulnerable homeowners.

### **See the long now**

The long-term objectives of our investments call for increased focus on risks, not just over the next few years, but over the next several decades. Unison recognizes that ESG characteristics can have a material impact on the long-term performance of our investments. The value of incorporating these factors is not limited to just due diligence; they remain pertinent in decision-making throughout the life cycle of our investment. We aim to not only select investments with sustainable characteristics but contribute to the resilience and the wellness of homeowners and their communities.

### **Value data and insights**

Unison believes that the consideration of sustainability, transparency, and social responsibility has the potential to be accretive to investor returns. The integration of ESG findings represents a fundamental pillar of a complete and thorough analysis. An active management strategy that incorporates engagement based on those findings allows for value to be added to investors, homeowners, and society alike.





## **Active ownership**

We are committed to being active asset managers, supporting our investors and homeowner partners to achieve superior and sustainable outcomes. Active ownership is one of the most effective mechanisms Unison has to reduce risk, maximize return, and have a positive impact on society and the environment at large.



## Providing an alternative for an increasingly vulnerable senior population

The older population in the United States is growing significantly. While the age groups of 18-44 and 45-64 are expected to steadily increase, growing by about 15% each by 2060, the number of seniors (aged 65 or older) is expected to almost double in the same span.<sup>1</sup> As life expectancy increases, it is becoming swellingly apparent that there is an affordable senior housing shortage.<sup>2</sup> Seniors looking to downsize and 50-65 year olds beginning to put their retirement plans into action are both faced with skyrocketing interest rates as well as a scarcity of smaller homes and eligible apartments in which to relocate.. Many of the senior housing facilities that are being built are considered “luxury” domiciles, beyond the price range of the average retiree. According to the AARP, roughly 90% of seniors want to remain in their homes and age-in-place.<sup>3</sup> However, it can be difficult to remain in one’s home without making certain renovations and taking on increasing additional expenses – all of which, on a fixed post-retirement income, might not be affordable.

Unison’s equity sharing agreements present homeowners who are planning for this stage of life with an option they previously lacked. Home equity loans and HELOCs require monthly payments and accrue interest, neither which is friendly to a fixed income (especially when rates are variable and rising). The funds from a Unison Agreement can help homeowners make the renovations or accessibility modifications needed to stay in their homes as they age, as well as supplement their savings in order to budget for future services they may need to outsource or bring into their home, such as yard maintenance or medical care, respectively.

**90%**

of American seniors want to remain in their homes and age-in-place

**But 27%**

of Americans aged 59 and up have \$0 set aside for retirement.

1. US Census Bureau, 2017 National Population Projections
2. Center for Retirement Research, Boston College. "Senior Housing Shortage", 20188
3. AARP. "Preparing for an Aging Population", 2018

Meanwhile, Bloomberg recently reported that 27% of people aged 59 and older have no money set aside for retirement. This year, Innovate Finance highlighted Unison in their “Wired Differently” series, produced by BBC StoryWorks. The feature introduced Easan Katir, a homeowner who discovered Unison in his quest to start financial planning towards his retirement. He knew his family’s home had appreciated, but didn’t want to take on a second mortgage or other loan product that would charge him monthly payments and interest. With Unison, he describes the “mental bandwidth and spiritual bandwidth” accompanying the feeling of having a “better financial foundation for our future.” Katir is just one example of the tremendous impact that Unison can have for this particular demographic. According to a 2022 Unison survey of homeowners over 50, roughly 25% of our existing homeowners have used their funds to prepare for retirement. By tapping into their equity, homeowners can finally start to build a foundation for financial wellness and stability as they grow older.

While Unison’s social impact is not limited to those over 50, we believe that placing a keen focus on this particular demographic enables Unison to achieve consistently superior, sustainable, and mutually beneficial outcomes that contribute to alleviating the strain that increasing numbers of vulnerable and potentially underhoused seniors may place on our economy and society at large.



**25%**

of Unison homeowners have used their funds to prepare for retirement

## **Reducing financial risk while being environmentally efficient and transparent for our homeowners & investors**

A home is the largest purchase and investment most people make. Most individuals heed common investing advice to “diversify,” yet effectively allocate the majority of their wealth into one single asset: their home. Although a home can represent financial stability for homeowners, its market behavior is similar to a public equity index and mirrors the asset class in annualized volatility.<sup>4</sup>

The traditional method of financing a home solely through debt exposes homeowners to ongoing financial burden and risk beyond what may be best for the individual. Unison seeks to change this by making equity financing an option and helping homeowners reduce this overexposure. Unison’s social objective is to reallocate this risk by providing an alternative: financing a home through equity investments.

Unison provides a choice for homeowners to transfer that risk to better-suited parties, namely institutions with large, diversified portfolios. In addition, reallocating this risk has substantial potential benefits for the broader economy. We are helping to deleverage households’ balance sheets and diversify the property-specific risk that individual households face. Unison is in a unique position to help homeowners while seeking to help prevent foreclosures and preserve homeowner equity.

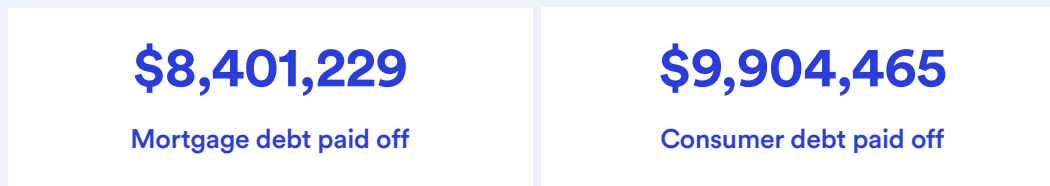
The nature of our investment process is inherently environmentally efficient. Our investment framework is built to structurally favor homes in cities and high-density areas, which creates a barrier to suburban sprawl and contributes to the preservation of greenfield areas. Our investment process leverages quantitative tools, and we rely on local property appraisers and inspectors which limits our carbon footprint in the investment due diligence process.

Transparency underlies our relationships with homeowners and investors. Our customer education process and careful suitability analysis ensures homeowners understand what an agreement with Unison means for them now and in the future. For investors, we deliver unparalleled transparency and are committed to industry-leading controls and compliance.

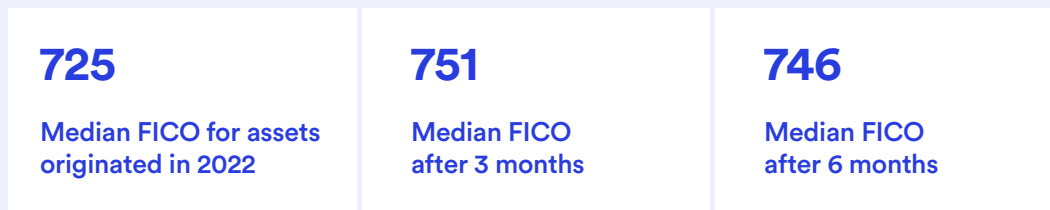
4. Unison Investment Management "Volatility Index" 2019

## Decreasing leverage

With Unison, consumers are able to proactively lower their household debt. In 2022, Unison continued to contribute to a reduction in both homeowner consumer and mortgage debt, resulting in credit improvement for households who received Unison Agreements.<sup>5</sup>



Homeowners, investors, and society benefit from the reduction of leverage and risk carried by individual consumers. Through Unison, homeowners are able to improve their financial health, resulting in decreased credit risk which is sustained beyond the immediate impact of reducing balances.<sup>6</sup>



### To our Homeowners

Unison's Asset Management division — the Home Partnership Team (HPT) — leverages data insights and new technologies to drive industry-first Asset Management interventions that generate strong returns for our investors and better financial outcomes for homeowners. Our active management strategy is focused on reducing unnecessary risk and helping our homeowners achieve their financial goals.

### To our Investors

Unison's platform powers efficient capital deployment and active management at scale. Our investment philosophy is ingrained in the models, systems, and processes we build. Unison Investment Management (UIM) is committed to providing investors unrivaled transparency and innovative product offerings within ESG investing.

5. Unison Investment Management: Internal Calculations 2023

6. Unison Investment Management: Internal Calculations 2023

## Protecting Homeowner & Investor equity

Unison has the opportunity to act as a true ally, aligning investors and homeowners during times of financial duress to create win-win scenarios. Homeowners are able to exit their home with their hard-earned equity and protect investor returns from the catastrophic effects of a distressed sale. The Unison Home Partnership team has many ways to protect homeowner and investor equity in distressed situations, including protective advances. Given the impact of Home Partnership efforts to perform preventative measures to help customers avoid distressed situations, zero protective advances were necessary in 2022.

Two examples from 2022 demonstrate some of the preventative measures applied and their impact.

- A homeowner was approached by an unscrupulous real estate agent to sell their home to the agent's buyer clients. The homeowner did not have the home on the market or prior education on the selling process; therefore, they trusted that accepting the offer would be fair because the agent would be representing them as the seller's agent as well. Since this was not considered an open market transaction, our Home Partnership Team obtained appraisals for the property and discovered the home was under contract for almost half of its current market value. The Home Partnership Team educated the homeowner about the large variance and supported the homeowner in their efforts to void the purchase agreement. Ultimately, the homeowner was able to cancel the agreement and they are still in the home today.
- The Home Partnership and Asset Management Team continuously monitor the activities of our AUM. HPT developed a list of free and low cost resources to guide homeowners to solutions aimed at getting them back on track and preventing foreclosure. We have established an open line of communication with homeowners that has helped them stay in their homes. Others have decided to sell their property to pay out investors and retain the excess equity – which is a win for both the investor and homeowner.



## Increasing resilience

The U.S. Environmental Protection Agency (EPA) estimates 600 million tons of construction and demolition debris were generated in the United States in 2018.<sup>7</sup> Promoting beneficial environmental stewardship helps to minimize the impact associated with the extraction and consumption of virgin resources while also conserving landfill space. All Unison homeowners are required to perform regular maintenance and repairs of their homes. By requiring the preservation of the real asset, Unison inherently encourages environmental stewardship that will increase the lifespan of the housing stock and reduce waste associated with property demolitions and reconstruction. Unison encourages home renovations and upgrades by offering a remodeling adjustment. This lets homeowners truly own the upgrades they make in their homes, resulting in alignment of incentives and increased property values over the life of the investments.

**18.04%**

of homeowners that exited their agreement in 2022 used the remodeling adjustment.<sup>8</sup>

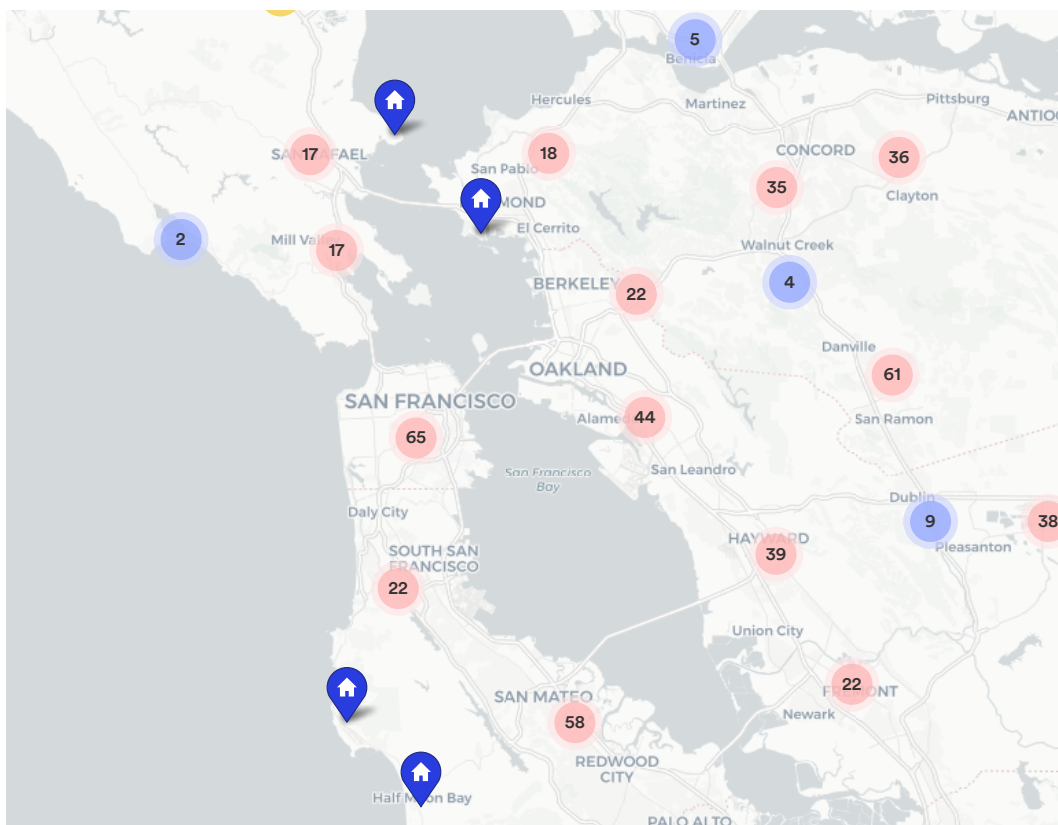
*The Unison **Remodeling adjustment** is a mechanism to adjust a home's final valuation to allocate any increase in value attributed to the remodeling, directly to the homeowner.*

7. EPA, 2020. Advancing Sustainable Materials Management: 2018 Fact Sheet

8. Unison Investment Management: Internal Calculations 2023

## Natural disaster support

Unison tracks natural disasters and contacts consumers that may be at risk. In 2022, Unison expanded on our live fire map to include hurricane and flooding alerts, gauging risk to Unison properties and notifying our team to conduct wellness checks by email and phone when homeowners may be in danger.



For example, the 2022 hurricane season severely impacted many homes in the southeastern United States. In support, Unison reached out to all active homeowners in the affected states of Florida, Georgia, and South Carolina with links to emergency resources to check in and provide assistance. We released a survey to gain insight regarding property damage, severity, insurance coverage, and receipt of communication material.

More broadly, Unison works closely with affected homeowners to find creative ways in which we might be able to apply our expertise or provide support. Unison offers to pay for short-term hotel accommodations at no cost, to help alleviate the burden to our customers during difficult times. If the property requires a post-disaster appraisal, we can step in to cover those costs, which would typically be the responsibility of the homeowner. Unison is also happy to assist in reviewing insurance claims and maximizing homeowners' coverage, as it can be a convoluted process that can often lead to claims being denied or receiving less coverage than they may be entitled to.

### **Refinance negotiation assistance**

The Home Partnership Team (HPT) reviews all homeowner refinance documents. Because Unison subordinates to senior-ranking mortgages, we seek to ensure homeowners are making decisions that are in their best interests. HPT identifies high fees or predatory lending practices and alerts the homeowner to help them make better informed decisions.

Some examples include:

- Identify and help homeowners eliminate excessive fees from refinances.
- Clarify and explain terms the homeowner does not understand or is not aware of, like points and broker fees.
- Helping homeowners avoid refinancing into mortgages with less favorable terms than their current one.
- Point out inflated or above-market interest rates and refer to lenders that offer more competitive rates.

## An integrated approach

Unison Investment Management maintains a fiduciary responsibility to our investors. We pursue an integrated approach where ESG best practices are applied to both strategic and asset-level decisions. In 2022, we made investments based on the belief that the integration of environmental, social, and corporate governance considerations help us better understand our investment risks and maximize long-term returns.



## Promoting urbanism

One of the most significant factors in determining the environmental impacts of real estate is location. Investing in properties within and near presently-developed areas reduces the fragmentation and development of greenfield areas. Close proximity to existing developments reduces the need for new infrastructure and encourages more sustainable methods of transportation. Geographic location, both on a regional and granular scale, plays a critical factor in the investment selection and management process at Unison. Our methodology inherently promotes urban living, discouraging suburban sprawl and its profound effects on environmental sustainability.

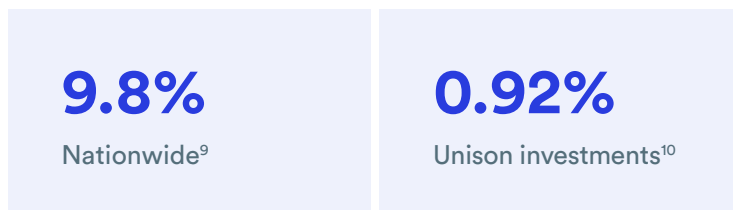
## Zero investments in rural properties

We negatively screen rural areas and deselect most investments outside metropolitan areas due to their unattractive return characteristics. Lower density regions have more available space for further greenfield and infill development compared to more densely populated regions. This dynamic affects local market supply and demand factors as well as home price appreciation.

## Limited new construction

New construction homes in greenfield areas tend to be more environmentally harmful than infill development, as they efface natural land and require additional construction and transportation of materials. We charge a higher proportion of appreciation for newly constructed homes in order to make an investment in such homes, as they have a tendency to appreciate at a lower rate than more developed areas and come with greater pricing uncertainty. This is aligned with our intent to discourage suburban sprawl and preserve natural land.

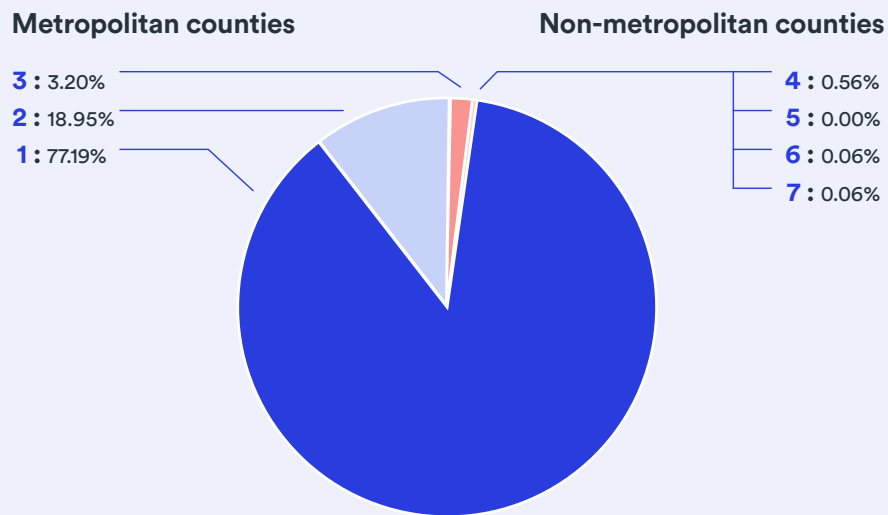
## 2022 Home sales of newly constructed properties



9. U.S. Census Bureau and U.S. HUD: New Residential Sales

10. Homes considered by Unison to be 'New Construction' are greenfield developments and do not include infill teardown re-builds

## Unison 2022 investments by Rural Urban Continuum Code: 2022



		Metropolitan counties	
Urban	1	Counties in metro areas of 1 million population or more	77.19%
	2	Counties in metro areas of 250,000 to 1 million population	18.95%
	3	Counties in metro areas of fewer than 250,000 population	3.20%
	Non-metropolitan counties		
	4	Urban population of 20,000 or more, adjacent to a metro area	0.56%
	5	Urban population of 20,000 or more, not adjacent to a metro area	0.00%
	6	Urban population of 2,500 to 19,999, adjacent to a metro area	0.06%
Rural	7	Urban population of 2,500 to 19,999, not adjacent to a metro area	0.06%
	8	Completely rural or less than 2,500 urban population, adjacent to a metro area	0.00%
	9	Completely rural or less than 2,500 urban population, not adjacent to a metro area	0.00%

## Leveraging renewable energy

Solar energy can improve homeowners' carbon footprints and property marketability. Residential buildings consumed approximately 30% of the energy produced in the U.S. in 2022 and were responsible for 14% of total U.S. emissions, or 942 million metric tons of CO.<sup>11</sup> During the investment process of each individual home, Unison records and considers the presence of energy-efficient features, such as solar panels.

Unison considers owned solar as a meaningful addition to a property's value. A source of on-premise renewable energy reduces energy consumption, resulting in lower expenditures for the homeowner. In California, for instance, the homebuyers have been willing to pay a \$15,000 premium for homes with a solar array.<sup>12</sup>

According to research done by Zillow, solar panel installations not only allow homeowners to save on their monthly utility bills, but also potentially increases the home's value by up to 4.1% more than comparable homes with no solar panels. This is also comparable to approximately \$9,274 of additional value for the median-valued home in the U.S.<sup>13</sup>



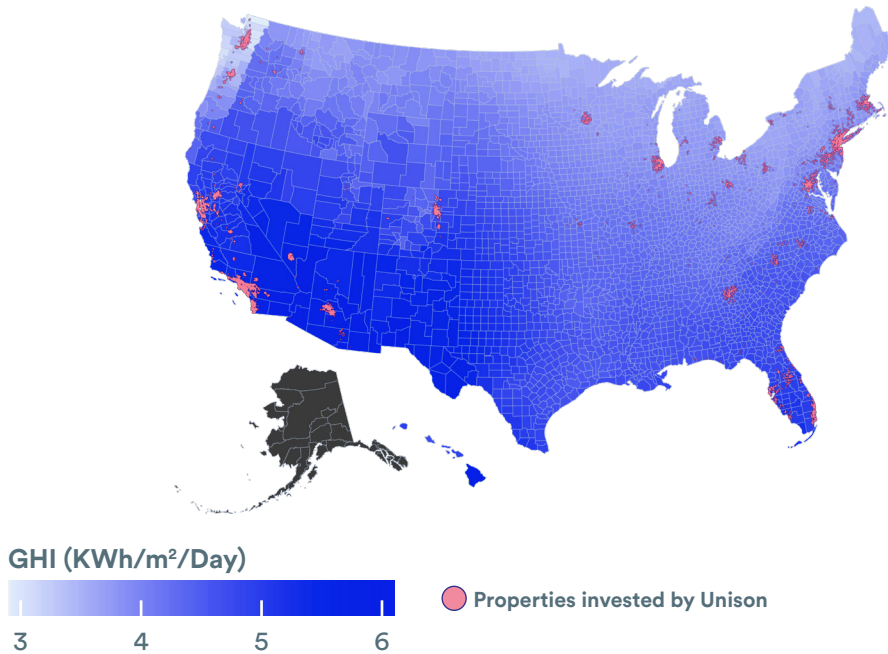
11. U.S. Energy Information Administration: Monthly Energy Review; January through December 2022

12. U.S. Department of Energy National Laboratory: "Exploring California PV Home Premiums"; December 20138. Stanford University DeepSolar Database, originally published by Joule December 2018

13. Solar Power Can Boost Your Home's Value - Especially in These 10 States. CNBC, October 201



## United States solar energy production potential



*Solar potential by county; an identical home can expect to produce as much as four times more energy if it is in the darkest blue region compared to the lightest region.<sup>14</sup>*

## Unison portfolio in high-solar potential regions

Solar potential is a measure of the potential output created by the installation of solar panels on a home, incorporating data on the strength of the sun’s energy at a particular home’s location and assumptions about the size and efficiency of the installation based on the square footage of the home.

65.72% of Unison invested properties are located in counties with solar potential above the national average, as measured by GHI.<sup>15</sup>

Throughout our homeowner journey, Unison works to keep customers informed, through regular newsletters and articles, regarding eco-friendly home upgrades that can enhance the value of their property, while reducing both their footprint and their utility bills.

14. National Renewable Energy Laboratory: Solar Resource Data: Global Horizontal Irradiance 2018

15. Unison Internal Calculations, 2023

## Understanding climate change risk

One of the most poignant and destructive elements among many climate-related risks is sea level rise. Rising sea levels threaten coastal communities around the world and threaten to cause a reshuffling of urban geographies and patterns of urbanization.

The Task Force on Climate-Related Disclosures' scenario analysis is based on projecting earth's global mean temperature rising one or two degrees Celsius. Though these increases may appear to be a marginal temperature difference, a one degree increase in global mean temperature could have catastrophic outcomes for coastal communities.

The Intergovernmental Panel on Climate Change (IPCC) outlined various climate change scenarios called Representative Concentration Pathways (RCP), which are based on the parts per million of greenhouse gasses in the atmosphere. RCP 2.6 and RCP 8.5 are widely considered to correspond with approximately 1 and 2 degree Celsius rises in global median temperatures, respectively.

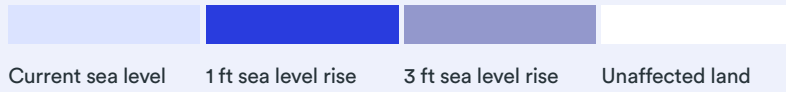
Under RCP 2.6, the IPCC has predicted that sea levels would rise approximately 0.43m with the likely increase being between 0.29–0.59m. Under a more extreme emissions scenario, RCP 8.5, the IPCC predicts that sea levels could rise as much as 0.84m with a range between 0.61–1.1m in 2100.<sup>16</sup>

The following Sea Level Rise Scenarios indicate current sea level, land likely to be underwater in a 1 foot sea level rise scenario, land likely to be underwater in a 3 foot sea level rise scenario, and land likely to be unaffected.

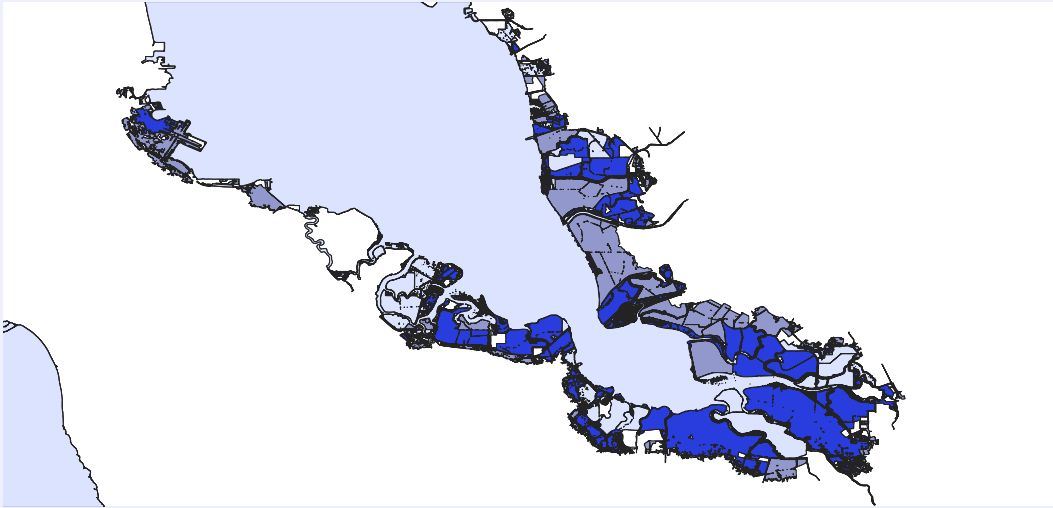
16. Intergovernmental Panel on Climate Change: "Special Report On the Ocean", 2019

### Sea level rise scenarios

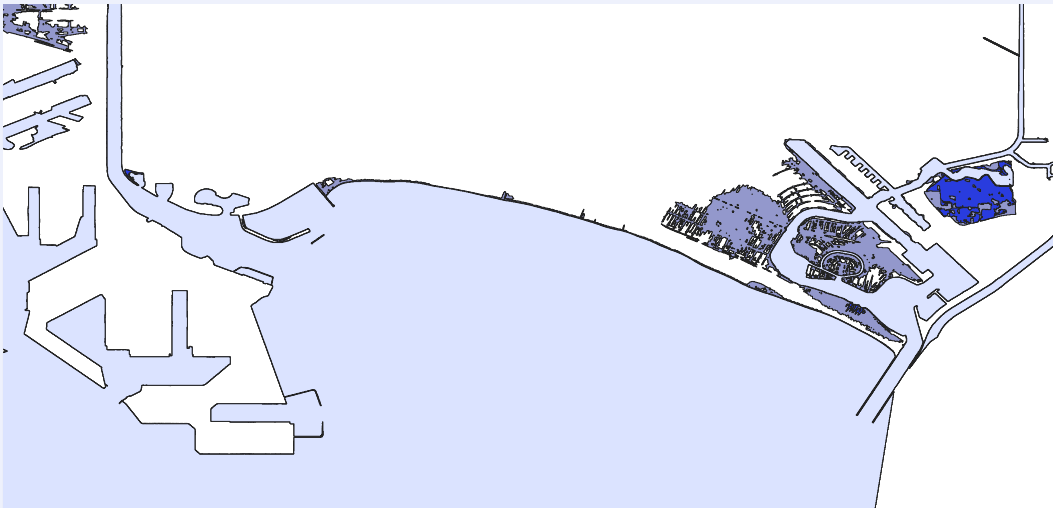
Below indicate current sea level, land likely to be underwater in a 1 foot sea level rise scenario, land likely to be underwater in a 3 foot sea level rise scenario, and unaffected land.



#### San Jose, California



#### Long Beach, California

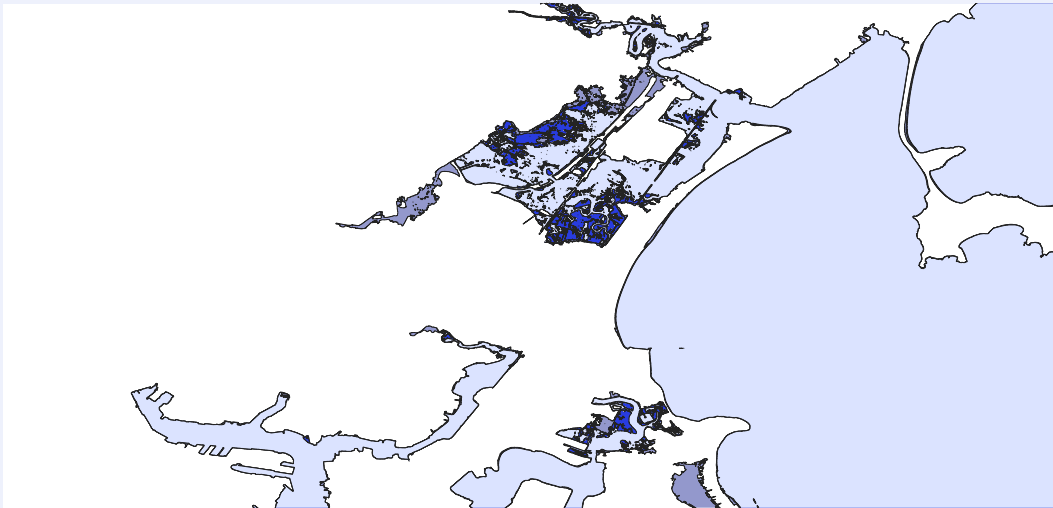


### Sea level rise scenarios

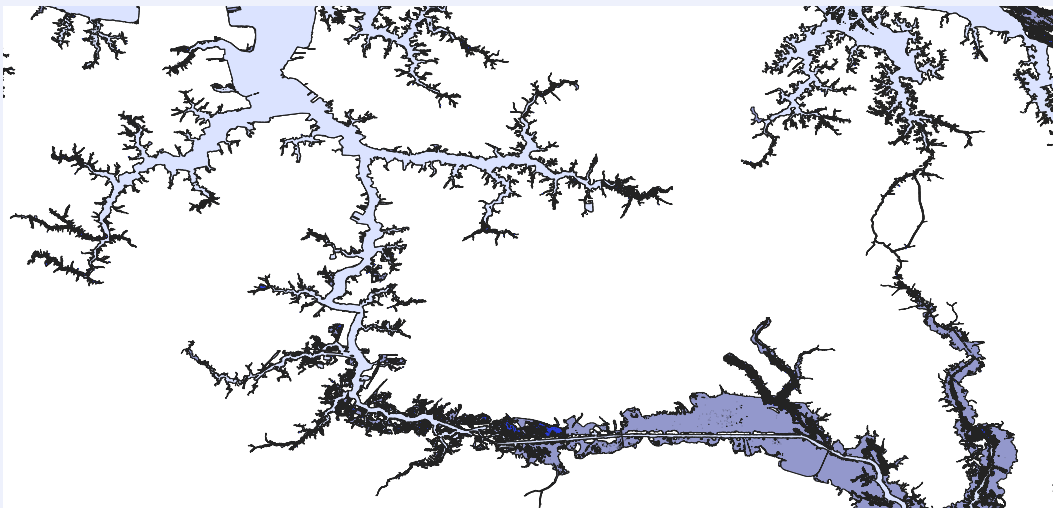
Below indicates current sea level, land likely to be underwater in a 1 foot sea level rise scenario, land likely to be underwater in a 3 foot sea level rise scenario, and unaffected land.



#### Boston, Massachusetts



#### Norfolk, Virginia



## **Unison's portfolio, strong in the face of rising tides**

Residential real estate is increasingly under threat from rising seas in several parts of the country. Unison owns an equity stake in a geographically diverse portfolio of thousands of individual assets in every major market in the United States. This broad allocation and long-term focus brings to light a unique exposure risk in the context of rising sea levels, as well as seasonal flooding and increasingly frequent storms and wildfires.

To better understand the potential risks to our portfolio and further improve our active management, we are in frequent communication with our homeowners in vulnerable areas; learning about their perspectives, concerns, and preventative efforts, sharing resources to keep our customers engaged and informed regarding ever-changing threats to their home security, and practicing timely outreach in times of crisis to safeguard our homeowners and their properties. Unison has built proprietary technology to track and monitor homes at risk of natural disasters, with which we intend to continuously learn and better understand how a changing climate poses risks to Unison's portfolio, i.e. sea level rise, wildfires, hurricanes, tornadoes, floods, and beyond.

## **Practicing corporate sustainability**

Our ESG and DEI practices are incorporated into our asset management approach, corporate decisions, and investment processes, as well as our internal culture, on a daily basis. Unison aims to be a thoughtful and reliable partner to our investors, homeowners, and employees by fostering and pioneering an organizational culture of inclusion, impact, and sustainability for years to come.



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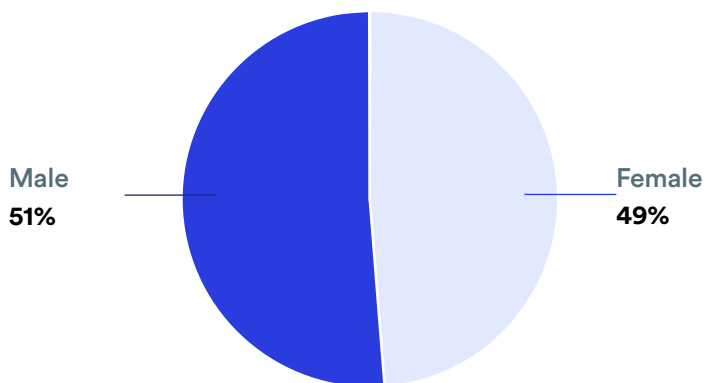
### DEIB: Building a company and culture as diverse as our homeowners

From the beginning, Unison has acknowledged that the homeowner base which we serve is tremendously diverse, and that matching that diversity with internal representation is a key factor to enhancing the quality of that service. To that end, Unison formed their DEI Committee in 2021, and released their first DEI report in 2022. This year’s report will reflect the committee’s decision to add “B” to their title, which recognizes that being diverse, practicing equity, and facilitating inclusion do not necessarily ensure an atmosphere of belonging.

Part of this focus emphasizes the fact that demographics don’t tell the whole story of a company space. That said, they are an important aspect of that story, and where this one begins.

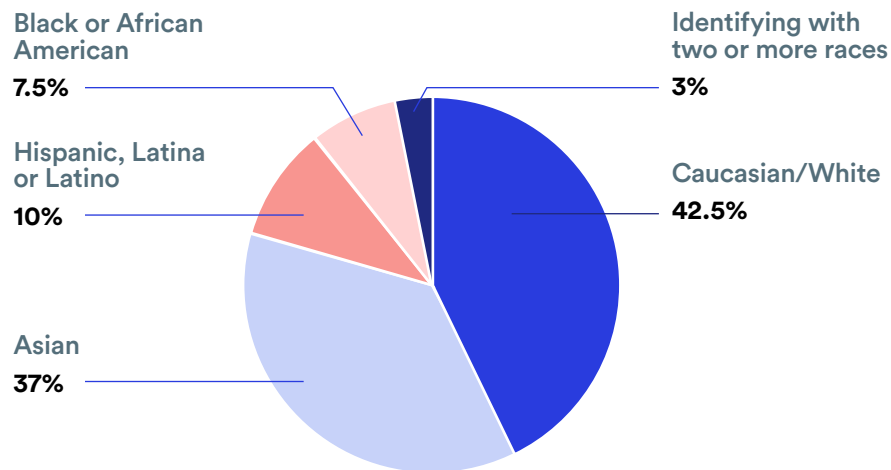
In terms of gender, as of Q4 2022, 49% of Unison employees identified as female – approximately half the company. Women made up 57% of both the VP and director levels, and comprised exactly 50% of individual contributors. According to a 2021 report from Findexable, women account for roughly 30% of the total fintech workforce, placing Unison significantly ahead of the curve. As of Q4 2022, 37% of Unison employees identified as Asian, 10% as Hispanic, Latina, or Latino, 7.5% as Black or African American, and 3% as two or more races. Year over year, Unison has increased the percentage of underrepresented races in leadership positions; as of Q4 2022 at the director level, 64% identified as a traditionally underrepresented race, and at the manager level, 71%.

#### Unison employee gender demographics





### Unison employee self-reported ethnicities



As previously mentioned, diverse demographics are just one part of the equation behind a truly inclusive, equitable workplace with an authentic culture of belonging. In order to get a better sense of where Unison really stands, the DEIB Committee distributed a survey to all employees in Q1 2023. With an 86% participation rate, the survey indicates high scores in themes of both “Fit and Belonging” (92) and “Feeling Valued” (91); “Diversity Climate,” however, received the lowest score (71). Employees overwhelmingly agreed with the statements “I can be myself at work” and “At work, my unique skills and talents are valued and utilized.” These results speak more strongly to the “B” than the pure demographic statistics can.

At Unison, we also put DEIB into action when it comes to recruitment and hiring. Our job descriptions are continuously audited for exclusionary or ableist language, and we run postings for new positions through a process that suggests revisions to use more gender-neutral diction. The Talent and Acquisition team posts new positions to diverse talent boards and employs a system that actively helps mitigate around bias during interviews. In addition, the team has recently undergone conscious and unconscious bias training.

## **Fostering team-driven education and engagement**

The DEIB Committee, in tandem with Unison's Learning and Development department, hosted talks and book clubs in 2022 to offer employees the opportunity to engage with different perspectives. Committee members Keren Ackerman and Daisy Medina gave a talk entitled "What You Didn't Learn in School about Residential Segregation" to deepen understanding around a highly relevant topic and provide key historical context. During Black History Month, employees were invited to read *The Vanishing Half* by Brit Bennett, and join a discussion.

Similarly, during Pride Month, DEIB sponsored two reading groups who read either Carmen Maria Machado's *In the Dream House* or John Paul Brammer's *Hola Papi*, both recently-published queer narratives. DEIB leadership has committed to continuing its efforts in inviting employees to engage and grow as a team, fostering a culture that is as inclusive and diverse as the company and customer base as a whole.

## **Expanding our reach and uplifting our communities**

In 2022, Unison proudly opened doors to our new office location in Omaha, Nebraska, placing the company within a rapidly-emerging fintech hub and robust talent pool, as well as building a stronger foothold in the Midwest to improve customer experience and origination outreach, better serving an increasingly-nationwide homeowner base.

Our new office is centrally located, allowing for easy employee commutes to most residential neighborhoods of Omaha, with a wide array of cafes, restaurants, and workday amenities within a short walk around the Riverfront and Old Market areas. With its rich and developing culture, Omaha is a top destination for young professionals and families, and rife with opportunities to advance Unison's commitment to diversity and a healthy work/life balance.

The Unison team is proud to give back to the communities in which we live, work, and play, encouraging all employees to take two days annually to give time and volunteer with causes close to their hearts.

**112**

hours of volunteer time  
logged in 2022

In December 2022, 14 Unison San Francisco associates joined CityTeam in San Francisco to support the underprivileged and underhoused communities with food, clothing, showers, and resources. Our volunteers assisted with sorting and preparing goods to be distributed, creating food bags and distributing them along with clothing and accessories, as well as breaking down boxes and participating in a block clean-up near our San Francisco HQ.



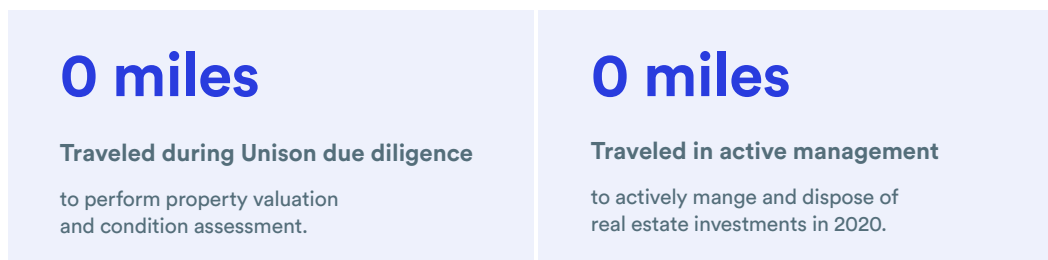
## Corporate carbon footprint

### **Our commitment is to a low carbon footprint investment process.**

The investment due diligence process for real estate can be incredibly carbon intensive as it often involves significant personnel travel. For example, a single round-trip flight between San Francisco and Chicago emits nearly 1 ton of carbon, roughly equivalent to the annual carbon sequestration of an entire acre of forest.

We consider our investment process to be “Carbon Conscious Asset Management” by using technology and local third party appraisers and inspectors to minimize the carbon impact of our investment decisions.<sup>17 18</sup>

## Greenhouse gas emissions



In 2022, Unison Investment Management sought to measure its Scope 1 and 2 GHG emissions based on the Greenhouse Gas Protocol Initiative.<sup>19</sup>

**Scope 1: Direct GHG emissions = 0**

**Scope 2: Electricity indirect GHG emissions = 0**

Looking forward, our goal is to measure and reduce our Scope 3 emissions, defined as other indirect GHG emissions, through the following metrics:

- Purchase of electricity
- Employee business travel (air/car)
- Employees commuting to and from work
- Corporate Value Chain Emissions

17. MyClimate.org:Carbon Footprint Calculator

18. United States Environmental Protection Agency: Greenhouse Gas Equivalencies Calculator

19. World Resource Institute: “Greenhouse Gas Protocol



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## **Transparency through engagement**

At Unison, we believe that the integration of our ESG considerations into our investment management processes and ownership practices helps us better understand investment risks and maximize long term investment returns. We believe this connection provides an outlet for Unison to engage with homeowners on sustainability for the benefit of individuals, investors and the community at large. Unison's commitment to proper governance ensures that its portfolios are aligned with investor objectives, and is key to confirming the suitability of our agreement with the homeowner.



## Transparency for our customers

Transparency is everything. The education we provide to potential homeowner customers serves to ensure they understand their current and future rights and responsibilities should they decide to co-invest with Unison. Ensuring the suitability of the product for our customer is a key step in the process.

After investing alongside our homeowner, we provide a transparent view of how the estimated price of the property has changed, along with the corresponding value of our investment through our Homeowner Platform. The goal of the platform is to provide homeowners with education on sustainable homeownership and resources for financial wellbeing. We continue to grow the resource center to provide information about the environmental impact of their choices as homeowners.

Our education process is designed to ensure that the homeowner understands what an agreement with Unison represents for them now and in the future. Our consumer education process is comprehensive and continuous:

- We provide a calculator tool and detailed FAQs on the website demonstrating how the program works. Each applicant is assigned a dedicated Program Specialist during origination to ensure continuity of messaging and appropriate disclosures for all customers.
- We provide a detailed Program Guide clearly explaining the agreement and we confirm understanding through a Program Knowledge Review.
- Our Offer Package includes a summary of all key financial terms of the deal, reiterates the key product features, and provides additional tools to assess the program, such as the estimated cost of the home co-investment based on various home price appreciation scenarios.
- After origination, Unison sends quarterly statements that serve as reminders about key product features and provides a transparent view of how the current estimated value of the property and corresponding value of Unison's investment.



## Transparency for our Investors

For our investors, we provide regular reporting with detailed analysis of performance and market conditions. We deliver industry-leading transparency through our interactive investor dashboard, providing real-time in-depth information on individual assets and portfolio-level analysis. At the portfolio level, the dashboard provides investors with information spanning FICO scores, Loan-to-Value levels, geographic diversification, and property types. At the individual investment level, investors have full transparency of property attributes (e.g. lot size, bed/bath count, age) and current valuation estimates.

Unison is committed to industry-leading controls and compliance and follows key governance practices which include:

- Engagement with top-tier independent third parties to produce and verify valuations of investments and to provide audit and administration services to our investment vehicles.
- Comprehensive compliance policies and controls tailored to the specific risks applicable to Unison and our investment strategy.
- Public disclosures and filings consistent with our status as an SEC-registered investment advisor.





### **UN Principles for Responsible Investing**

Unison provides additional transparency as a signatory to the United Nations-supported Principles for Responsible Investing (UN PRI). The annual Public Reporting and Assessment feature of the program enables our investors, homeowner customers, and other stakeholders to review and assess our progress in achieving compliance with UN PRI. More information about the UN PRI can be found at: <https://www.unpri.org/>



### **Task Force on Climate-Related Financial Disclosures**

Unison considers climate risks to be material to our investment strategy. Measuring and responding to physical, liability, and transition risks associated with climate change allows us to align our disclosures with the long term nature of a Unison investment. We support the TCFD and report in accordance with the recommendations.

## Task Force on Climate-Related Financial Disclosures

Governance		
	Describe the board's oversight of climate-related risks and opportunities.	Unison has developed technology to track and monitor homes at risk of being impacted by natural disasters.
	Describe management's role in assessing and managing climate-related risks and opportunities.	Unison's portfolio management efforts use climate risk factors to identify physical risks to the portfolio.
Strategy		
	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Unison has developed mapping technology to assist in the identification of exposure to climate-related risks and is developing a methodology to implement climate-risk into the acquisitions process, as well as to engage in climate-aware ownership. Over the short term we are conducting research to implement climate risk into our decision-making procedures. Over the medium and long term, we intend to implement climate-risk into decisioning of property acquisitions and offer resources on climate-related risk to our partner-owners.
	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	<p>As an asset manager of real assets, Unison considers the impact of climate related risks on the assets under management to be material, including physical risks, both acute and chronic:</p> <p><b>Acute</b></p> <ul style="list-style-type: none"> <li>• Increased severity of extreme weather events such as cyclones and floods</li> </ul> <p><b>Chronic</b></p> <ul style="list-style-type: none"> <li>• Changes in precipitation patterns and extreme variability in weather patterns</li> <li>• Rising mean temperatures</li> <li>• Rising sea levels</li> </ul>
	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2° C or lower scenario.	Unison's preliminary analysis of its exposure to climate-related sea level rise is relatively negligible both in a low emissions scenario as well as in a 2° C scenario. Preliminarily we have found that Unison's climate risk is relatively negligible in the scheme of the portfolio.

More information regarding the Task Force on Climate Related Financial Disclosures can be found at [www.fsb-tcfd.org/](http://www.fsb-tcfd.org/)

Risk management		
	Describe the organization's processes for identifying and assessing climate-related risks.	At present we have identified weather events such as cyclones, floods, changes in precipitation, rising mean temperatures, and rising sea levels. We intend to establish better frameworks for integrating these identified risks into our acquisitions methodology and asset management procedures.
	Describe the organization's processes for managing climate-related risks.	Unison collects data about its existing assets and analyzes whether they exist in geographies which are likely to be impacted by climate-related disasters.
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	Unison has begun to establish frameworks for integrating climate-related risks into its selection of properties. Furthermore, Unison continues to seek process improvements to allow its asset management team to better respond to homeowners whose homes are threatened by emergent natural disasters
Metrics and targeting		
Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	At this time, Unison currently measures the risk of mean temperature and sea level rise. Our strategy remains offering homeowners a responsible partner during their homeownership journey. Unison's metrics are likely to eventually include the integration of geographic data and the incorporation of internationally-accepted projections about which characteristics will come to define our changing physical world.
	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Unison has currently determined its scope 1 emissions to be zero as no GHG emissions occur from the sources owned wholly by the company. Unison's scope 2 emissions have also been determined to be zero as Unison leases its offices and maintains no control of how the energy consumed in its office is produced.
	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	At this time, Unison is investigating appropriate metrics to manage climate-related risk and measure performance.



Unison is committed to being a leader in impact investing. For us, that starts with delivering unparalleled transparency to both investors and our homeowner customers as we forge a more balanced, sustainable path towards homeownership. In the coming years, Unison will continue to promote responsible investing while continuing to advocate for greater ESG engagement across our industry.

Unison Home Ownership Investors

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