



CGI Responsible Investment Policy

“Having been raised by parents who are advocates for the poor and the powerless, I learned of the transformational power that responsible investing can have on society and people. Now, more than ever, I am compelled to continue that legacy through a commitment to the principles of ESG. This is why CGI Merchant Group is dedicated to being an ethical corporate citizen and why we enshrine these compassionate values in every investment decision we make.”

– Raoul Thomas, CEO & Founder CGI Merchant Group

Introduction

CGI Merchant Group believes that Environmental, Social and Governance (ESG) issues are increasingly impacting real estate and hospitality markets worldwide. We recognize that incorporating ESG into a sound investment strategy matters greatly to our investors, stakeholders, and the communities we reach. This commitment to ESG-focused investing is a defining element of our aspiration to be a leading global investment management firm.

Our unique approach is based on the belief that ESG must be integrated throughout our firm’s business operations and asset management —beginning with initial investment evaluations all the way through to divestment. We believe a comprehensive, well-functioning ESG program drives asset value creation, enhances long-term returns, expands understanding of risk, identifies opportunities for improvement, and supports market differentiation. Adopting an ESG mindset also enables us to have greater predictive power in understanding the trends that will shape future markets and consumer behavior.

This document outlines CGI Merchant Group’s holistic approach to ESG and corporate responsibility through the creation of its proprietary Certified Conscious Hotel (CCH) program.

“At CGI Merchant Group, diversity and inclusion are the cornerstone of our DNA. Diversity in our beliefs, backgrounds, and experiences makes

us better and stronger as an investment team. We celebrate our diversity through the practice of socially and environmentally responsible investing and believe it to be a powerful investment tool in affecting change.”

–Valerie Trouillot, Managing Director CGI Merchant Group

Key Tenets

At CGI Merchant Group, we developed our Responsible Investment Policy by embodying the following core beliefs that underpin our Environmental Social Governance (ESG) program:

- We believe that ESG factors directly impact an investment’s performance to varying degrees and must be considered when evaluating and managing real estate assets.
- We believe that a healthy environment is the cornerstone of a strong society and robust economy. Protecting natural resources through sustainable practices is critical for the success of future generations and their progress.
- We believe that climate change poses a serious challenge to our society’s future, and we must reduce our emissions through mitigating practices that will transition us to a low-carbon economy.
- We consider the risk exposure of our assets to climate change and take action to make them more resilient through adaptive practices.
- We believe in the power of innovation and technology to help drive change and progress as it relates to our society and environment.
- We believe in cooperation between the private and public sector to shape the world we live in and to provide opportunity for economic and societal growth.

- We believe in transparency, fair business practices, and social responsibility. We hold ourselves accountable and work to instill that ethos within our investments.
- We believe that diversity of people, thought, and experience makes us stronger as a firm and as a society.
- We believe in the wellbeing of the communities and individuals we touch through our investments.
- We believe in ESG through encouraging our suppliers to adopt sustainable practices and we consider such factors when selecting contractors and vendors.

Objectives

The goal of CGI Merchant Group's ESG program is to create a perpetually improving process that encompasses the full operational range of our business practices and influences our thinking. We intend to reach our ESG goals by following the objectives outlined below:

Incorporate

Build a management team and investment practice that incorporates environmental, social, and governance considerations when evaluating new investment opportunities as well as during the management of our assets and portfolios. Embed in our process the ability to produce accurate and timely ESG data on all our investments. Organize that data into a cohesive management strategy that drives value creation and growth while managing risk. Identify ways to expand ESG thinking beyond our investment process and into our everyday business practices.

Assess

During acquisition and due diligence, assess the ESG attributes of potential investments and develop strategies that reduce risk, address liabilities, remediate gaps, and leverage opportunities. Benchmark new assets against our portfolio and align our ESG strategy with clear and attainable goals. Under certain circumstances, seek the implementation of green or sustainable building certificate programs to help



achieve our goals and will consider additional capital investments to obtain such certifications.

Engage

Through our Responsible Investment Policy and ESG practices, we seek to influence the spectrum of individuals and organizations we work with within our industry. Our ESG standards are a critical component of the management team's approach and influences their relationships with external property management entities and brand partners. Furthermore, we communicate our ESG ambitions with tenants and stakeholders through initiatives like our Certified Conscious Hotels (CCHSM) program. We assign great value to these programs because our operational thesis leverages our ESG actions as a driver of brand engagement, customer affinity, and ultimately top-line revenue.

Report

Practice openness and transparency with our limited partners and shareholders on the performance, strategy, and goals of our ESG program. We accomplish this through reliable reporting tools and data management procedures that provide portfolio-wide awareness.

Improve

Steer assets towards sustainable practices and implement initiatives aimed at improving operational and environmental performance across the portfolio. Utilize tools like audits, green building certifications, retrofits, management systems, and technology to achieve higher efficiencies, reduce resource consumption, and lower emissions. Manage the social impacts of our assets and actions while employing corporate social responsibility practices, foundation giving, and community partnerships to achieve our goals.

“CGI Merchant Group follows a principled and responsible approach to investing. It is a philosophy that has served our firm and investors well, building upon our reputation as a company that delivers value and enhances returns. We see Environmental, Social, and Governance investing as a natural evolution to our philosophy and believe it to be a set of principles that will shape demand and markets in years to come.”



–Euclid Walker, Senior Managing Director and Partner CGI Merchant Group

How We Practice ESG

Our approach to responsible investing and ESG encompasses a broad spectrum of globally recognized reporting frameworks and policies while focusing on widely accepted industry specific ESG practices that deliver the greatest returns. Our desire is to operate an ESG program that drives consistent and uniform reporting of data at the fund level while still providing asset managers with a flexible set of tools and resources to develop property-specific strategies and priorities.

Reporting & Administration

CGI will publish the results of its ESG program through an annual report. This report will describe the organization's sustainability, social responsibility, and governance achievements over the previous year as well as new initiatives going forward. This report will also include data generated and organized according to an ESG reporting framework.

The firm will be assessing material issues in the sustainability and ESG performance of its real estate assets through the Global Real Estate Sustainability Benchmark (GRESB) framework, which is also aligned with international reporting frameworks, such as Global Reporting Initiative (GRI), Principles for Responsible Investing (PRI), Sustainability Accounting Standards Board (SASB), and the UN's Sustainable Development Goals.

CGI's executive leadership team is the owner of the Responsible Investment Policy. This includes the oversight of its implementation and the utilization of an ESG framework for reporting purposes. The executive leadership team has the authority to make any interpretations regarding the operation of this Policy, with assistance from the company's legal and compliance team, including any environmental, social and governance issues affecting the firm. The executive leadership team is also responsible for establishing and/or revising this policy, in consultation with stakeholders and experts, to stay abreast of new risks and opportunities.



CGI Investment Management, LLC expressly reserves and does not waive its right to continue, eliminate, or modify the Responsible Investment Policy at its sole discretion and at any time without notice.