



PENNROSE

Bricks & Mortar | Heart & Soul

Vendor & Third Party Code of Conduct

This code serves as a guide to the high standards to which we hold all Pennrose vendors and third party contractors. Developed by the legal council at Pennrose, this policy represents our comprehensive commitment to excellence in business conduct.

Updated August 2024



Business Code of Conduct for Pennrose Vendors and Partners

1. Introduction and Purpose

Pennrose has a national reputation of excellence for real estate development and property management. We recognize that our legacy will be not only the buildings we develop, but also the neighborhoods they improve, the residents who call them home, and the employees who demonstrate the Pennrose core values to support our mission.

In building our legacy, Pennrose conducts business ethically and within the spirit and letter of all laws of the US and the communities where we operate. Our values guide our actions, distinguish us from our competitors, and help us deliver superior performance every day.

Pennrose carefully chooses the entities we work with. We work with a number of respected housing authorities, as well as private companies and their leaders (collectively our “business partners”), who share our values and commitment to integrity and promote application of these high standards both within their organization and throughout their business network. Pennrose expects all business partners to act with integrity and demonstrate the same commitment to legal, ethical, safe, fair, and responsible business practices.

To support our business partners in following Pennrose’s standards, we have developed this Business Conduct Code, which outline the expectation that our business partners shall respect and comply with when conducting business with Pennrose.

2. Responsibility and Expectations

This Business Conduct Code helps Pennrose and its business partners make the right decisions that uphold our strong, ethical culture and ensure compliance with all applicable laws and regulations. Pennrose business partners must comply with this Business Conduct Code in all aspects of their business. Pennrose will only do business with business partners who comply with this Business Conduct Code and all applicable legal and regulatory requirements in the locations where they do business. Pennrose further expects business partners themselves to only enter relationships with companies sharing a commitment to the compliance expectations set forth in this Business Conduct Code.

It is the responsibility of our business partners to ensure that their leadership, employees, other companies they work with understand and comply with the obligations of this Business Conduct Code and meet Pennrose’s expectations for conducting business.

Our Business Conduct Code also helps our business partners to know when and how to ask for help or voice a concern and makes clear that any concern raised in good faith will never be retaliated against.

3. The Business Partner Relationship

a. Contracting

New business partners receive a copy of Pennrose's Business Conduct Code. Compliance with this Business Conduct Code is in addition to the terms of any agreement or contract between Pennrose and our business partners. Meeting the requirements of the Business Conduct Code is a part of the business partner's performance of any agreement or contract. Pennrose reserves the right to update this Code, and inform business partners of any such amendments, in a timely manner.

We recognize that some business partners will face more complex issues than others in implementing and meeting the Business Conduct Code. Pennrose is committed to working with our business partners to deliver effective action plans for change and to help implement the programs required under the Business Conduct Code.

b. On-Boarding

The on-boarding process for a new business partner is an important opportunity for Pennrose to convey the conduct expected of the new business partner and clarify any questions that the new business partner may have about its contractual obligations and relationship with Pennrose. The on-boarding process also is a valuable time for Pennrose to make clear to the new business partner the highest expectations that Pennrose has for the ethical and compliant conduct of the new business partner in all its business practices.

c. Training

Pennrose, in conjunction with our business partners, will hold periodic training events as a way to ensure a common understanding of the obligations of this Business Conduct Code. Pennrose expects business partners to attend such training events. Training conducted by Pennrose is in addition to training events that the business partners shall hold to inform their employees, contractors and subcontractors about the expectations in this Business Conduct Code. Pennrose reserves the right to review training provided by business partners.

d. On-Going Obligations

Business partners are expected to incorporate the requirements of this Business Conduct Code into their business, and to develop means to monitor on-going compliance with the Code. Business partners are required to acknowledge receipt of the Business Conduct Code. Business partners are expected to remain in compliance with all aspects of the Business Conduct Code during the entirety of their contractual agreement with Pennrose.

4. Compliance Expectations

a. Safety and OSHA Compliance

Pennrose is dedicated to the safety and health of our staff and that of our business partners. Business partners shall make project safety and accident prevention the primary priority in all phases of operations and administration. Business partners shall maintain effective standards in a safety program to guard against injuries and illnesses occurring on the job. All construction activities shall be conducted in accordance with the business partner's Safety Plan, which shall conform to all applicable laws, standards and regulations.

b. Contract Diversity Compliance

Pennrose has a long history in achieving racial and economic diversity in its development projects. We encourage Small Business Enterprise, Minority Business Enterprise and Woman-owned Business Enterprise (collectively "MWDBE") participation on all of our projects, and we expect our business partners to share this commitment. Pennrose expects business partners also to be committed to fair dealing and the promotion of competitive MWDBE procurement practices. To that end, it is the policy of Pennrose that all MWDBE goods and services be procured in an open environment, documented in a manner that ensures transparency and allows Pennrose to audit the selection process and the integrity of all associated costs.

Business partners shall demonstrate experience and comply with all federal, state and local MWDBE laws, and shall ensure that all representations and certifications concerning project inclusion are honest, accurate and complete.

c. Equal Employment Opportunities

Pennrose conducts business with complete respect for diversity and social responsibility and is committed to providing equal employment opportunities. Pennrose prohibits any form of unlawful employee discrimination or harassment by its business partners, who shall not discriminate with regard to race, color, gender, language, religion, union membership or affiliation, political opinion, national origin, sexual orientation, health status, age, disability, marital status or other characteristics protected by law. Harassment and any form of physical or verbal abuse also shall be prohibited.

d. Construction and Building Code Certifications

Penrose is skilled at leading complex multi-phased projects through the stages of comprehensive community planning, site planning, and implementation. We are proud to have a long and successful history of exceeding goals set by municipalities and regulatory agencies, including complying with all applicable construction and building codes.

Business partners shall comply with all applicable construction and building codes and shall ensure that all representations and certifications concerning such codes are honest, accurate and complete.

e. Davis-Bacon Act / Prevailing Wage

The Davis-Bacon Act applies to contractors and subcontractors performing on federally funded contracts in excess of \$2,000 for construction, alterations, repairs (including painting and decorating) and also, including craft positions such as plumber, carpenter, cement mason/concrete finisher, electrician, insulator, laborer, lather, painter, power equipment operator, roofer, sheet metal worker, truck driver, and welder.

Penrose utilizes a process to ensure compliance with these prevailing wage and fringe benefit obligations. Business partners similarly shall have a process to ensure compliance with prevailing wage and fringe benefit on all applicable projects. Certifications of compliance with the Davis-Bacon Act shall be provided by business partners upon request. Business partners also shall maintain appropriate business records for three years documenting compliance with these requirements.

If a state or local government has a prevailing wage law similar to the Davis-Bacon Act, Penrose expects business partners to meet the compliance obligations for such laws.

f. Bribery / Kickbacks

Penrose business partners shall not engage in any form of bribery or corruption, including the giving or receiving of any payment or anything of value, including voluntary contributions and sponsorships, in order to influence the behavior of a public official with the intention of obtaining an improper benefit or advantage in a business transaction.

Business partners shall abide by all applicable laws and regulations concerning commercial bribery. This includes any form of “kickback,” which is the payment of anything of value to another person with the goal of influencing that individual’s decision or job performance.

g. Bidding / Tendering

Pennrose follows procedures to ensure that contracts are awarded fairly, and all relevant bidding and tendering laws are met. Business partners are expected to be open and honest in dealings with us in any bid or tender process. Business partners shall see that all information in bids and tenders is complete and accurate, including any information provided by contractors or subcontractors. Business partners also shall not collaborate with any other bidder in any way intended to manipulate, fix or rig the bid result. Business partners also shall not share or obtain prior, during, or after a bid any confidential information associated with that bid in violation of any applicable tendering laws and procedures.

h. Gifts and Entertainment

Business gifts and entertainment, when exchanged appropriately, can build goodwill and help develop and enhance business relationships. Gifts and entertainment, however, also can be perceived to create conflicts of interest under some circumstances. Business partners shall follow all applicable laws and regulations concerning the providing of gifts and entertainment, particularly when public officials are involved. Some states and localities have strict prohibitions or limitations on providing gifts or entertainment to public officials, and business partners shall understand and follow any such restrictions.

Even if allowed under applicable laws and regulations, business partners shall only provide gifts that are not extravagant and travel or entertainment that is reasonable and appropriate. Any gifts, travel and entertainment shall not be for the purposes of corruptly influencing any public official in their duties or to secure an unfair business advantage.

Business partners should apply similar rules for receipt of gifts by leadership, employees, contractors and subcontractors.

i. Conflicts of Interest

A conflict of interest may arise when a business partner has a competing professional or personal interest in the course of carrying out business for Pennrose. Business partners shall avoid any conflict of interest in their work with Pennrose. Business partners shall also ensure that all contractors and sub-contractors avoid such situations.

Any business partner suspecting an actual, potential or perceived conflict of interest must disclose the situation immediately and in writing to Pennrose.

j. Political Contributions

Pennrose respects the right of its business partners and their employees to participate in the political process as permitted by applicable laws. In some jurisdictions, corporations are prohibited from making political contributions. When political contributions are permitted, under no circumstances will political contributions be made or conditioned upon a recipient's agreement or understanding to take or refrain from taking any particular governmental action on behalf of Pennrose or any business partner. All political contributions shall be accurately and fully disclosed according to all applicable laws. No business partner shall require any person to contribute to, support or oppose any political group or candidate.

k. Charitable Contributions.

Pennrose is proud to have established and provide support for the Pennrose Foundation to give back to the residents and communities that we serve, particularly our residents who are working to pursue academic achievement. Pennrose also contributes to other registered charities and foundations and encourages our business partners to have similar community involvement.

Charitable giving, however, must never be used for the purpose of improperly influencing business decisions associated with Pennrose or its business partners.

l. Recordkeeping

Pennrose business partners shall create, retain, and dispose of business records in full compliance with all applicable legal and regulatory requirements. Falsification of records or making any misrepresentation in records is prohibited.

Among records expected to be maintained are attendance records for compliance training conducted by business partners.

m. Addressing Workplace Concerns

Pennrose business partners shall have a process through which employees, contractors, subcontractors and others can raise workplace concerns without fear of retaliation. This complaint mechanism should be transparent and understandable and should recognize the sensitivities associated with lodging a concern, especially by employees, contractors or subcontractors who are women, minorities, or people with disabilities.

Pennrose also has a private and confidential “hotline” phone service that may be used by business partners and their employees, contractors and subcontractors to make good faith reports of suspected improper conduct. Business partners shall cooperate with Pennrose in the investigation of any such report.

n. Non-Retaliation

Business partners shall not interfere with the good faith report of suspected improper conduct. Business partners shall not retaliate in any way against any person making a good faith report of suspected improper conduct.

5. DIVERSITY, EQUITY, AND INCLUSION

Pennrose embraces the rich culture diversity brings to our organization. We view and define diversity broadly. Diversity in race, skin color, ethnicity, gender, personal and sexual preference; difference in thought, education, experience, and background.

Pennrose is committed to eliminating discrimination and creating an inclusive culture based on merit where everyone has an equal chance to succeed, and where collectively we can advance equality and fairness. We recognize that by attracting, recruiting, and developing staff with different life experiences and perspectives, we can generate greater creativity in anticipating and meeting the needs of all our employees and our business associates. We want all our employees to work and be free to perform at their very best. To make that a reality, we aim to eliminate bullying, harassment, victimization, and discrimination in our workplace.

One purpose of this Code of Conduct is to demonstrate a commitment to and provide a framework for the provision of equality and fairness for all of our staff and prospective staff and to ensure we will not discriminate in any area of our employment practices because of a protected characteristic such as age, disability, gender identity and/or trans identity, marriage and civil partnership, pregnancy and maternity, race, ethnic origin, color, nationality, national origin, religion or belief, sex or sexual orientation.

Pennrose’s employment practices (which include pay, promotion, access to training opportunities, recruitment, disciplinary and grievance procedures) aim to be fair, objective and allow all staff to feel valued, respected, supported and engaged in their work.

This Code of Conduct incorporates all relevant employment legislation and is underpinned by Pennrose’s Core Values. All employees need to comply with the requirements of relevant equality legislation. Any breaches of this Code of Conduct will be managed in accordance with Pennrose’s Disciplinary Policy.

6. Business Partner Management Program

a. Business Data Reporting

Pennrose may request periodic reporting of business data from business partners. Business partners shall promptly, completely and accurately provide such business data when requested.

b. Business Reviews

Pennrose will hold periodic business review meetings with business partners to review open issues on projects and the status of the business partner's compliance with contract obligations and the Business Conduct Code.

c. Compliance Certifications

Business partners shall complete an annual certification, indicating that the business partner is following its contract obligations and the Business Conduct Code.

d. Audit

Pennrose may ask its business partners (as well as the business partner's contractors and subcontractors) to participate in an audit of the business partner's compliance with the Business Conduct Code. Pennrose will work with its business partners to ensure that the scope and nature of the audit is understood. Pennrose also will provide information about any audit findings so that any open issues can be addressed, and appropriate operation adjustments can be made. Pennrose expects that business partners will cooperate in any audit, and that business partners will require cooperation in audits by any of the business partner's contractors or subcontractors.

e. Resolving Issues

Pennrose is available to consult with business partners concerning questions that arise under this Business Conduct Code or that arise in the day-to-day operation of a business partner's business. Pennrose is committed to helping our business partners to conduct business ethically and within the spirit and letter of all laws.

7. Remediation

Business partners are expected promptly to notify Pennrose of any breach of the contract obligations and the Business Conduct Code. Pennrose expects that business partners promptly will provide an improvement plan to cure any such breach, including a timetable for implementation. Pennrose reserves that right to provide comment on the proposed improvement plan, receive updates and reports on the remediation process.

Where breaches of the contract obligations or Business Conduct Code persist, and Pennrose finds that the business partner is not committed to resolving them, Pennrose reserves the right to terminate the business relationship. Where business partners are unwilling or unable to share information relating to their management processes, Pennrose also will consider termination of the business relationship.

Pennrose also reserves that right to terminate the business relationship with any business partner in the event of a serious breach of the contract obligations, this Business Conduct Code and/or other potentially unlawful activity.