



**PENNROSE**

Bricks & Mortar | Heart & Soul

# Business Associate Code of Conduct

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This code serves as a guide to the high standards to which we hold all Pennrose associates. Developed by the legal council at Pennrose, this code represents our commitment to excellence in ethical conduct.

Updated August 2024



# **Business Code of Conduct for The Pennrose Associate**

## **1. Introduction and Purpose**

Pennrose has achieved a national reputation of excellence for affordable real estate development and multifamily 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.

Every Pennrose associate has a responsibility to exemplify these qualities and conduct themselves in a manner that reflects our business philosophy and the provisions of this Business Conduct Code for Pennrose Associates (the “Business Conduct Code”). Pennrose expects all associates to act with integrity and demonstrate commitment to legal, ethical, safe, fair, and responsible business practices, and to comply with all aspects of this Code.

This Business Conduct Code outlines the expectation that our associates shall respect and comply with when conducting business for Pennrose. If a question arises about whether an activity is prohibited, associates must review the issue in advance with their immediate supervisor or a member of Senior Management.

This Business Conduct Code reflects the values of Pennrose. This Code helps us make the right decisions and take the right actions in all that we do. We look forward to working with you to maintain the strong reputation we all have built together.

## **2. Responsibility under the Business Conduct Code**

This Business Conduct Code helps Pennrose, and its associates make the right business decisions that uphold our strong, ethical culture and ensure compliance with all applicable laws and regulations.

Every associate has an important role in maintaining Pennrose’s culture of compliance. Every associate is expected to know and follow the provisions of this Business Conduct Code, as well as the applicable laws and regulations, at all times. If an associate becomes aware of a violation of this Business Conduct Code, the associate has a duty to report this activity to their direct supervisor or member of Senior Management. This duty exists even if the associate is not involved in the improper activity, but simply learns of the activity.

This Business Conduct Code also helps Pennrose associates to know when and how to ask for help or voice a concern. Any concern raised in good faith will never be retaliated against. If you ever have questions about the Business Conduct Code, or if you have concerns about safety, possible misconduct or potential violations of laws, regulations, or internal requirements, promptly notify your supervisor or raise your concern using resources such as our Hotline.

Pennrose will hold periodic training events for associates concerning the Business Conduct Code. Pennrose expects associates to attend such training events. Associates are expected to remain in compliance with all aspects of the Business Conduct Code during the entirety of employment with Pennrose. Pennrose reserves the right to update this Code, and inform associates of any such amendments, in a timely manner.

### **3. Compliance Expectations**

All associates are required to comply with all applicable laws, rules, and regulations in conducting Pennrose’s business, as well as with all provisions of this Business Conduct Code. Associates must report any suspected or actual violations of any applicable law or this Code to their immediate supervisor.

#### *a. Safety and OSHA Compliance*

Pennrose is dedicated to the safety and health of our staff and our business partners. Associates shall make project safety and accident prevention the primary priority in all phases of operations and administration. Associates shall follow all aspects of a project’s safety plan.

#### *b. Contract Diversity Compliance*

Pennrose has a long history of 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 associates to share this commitment.

Associates shall comply with all MWDBE laws and shall ensure that all representations and certifications concerning project inclusion are honest, accurate and complete.

*c. Non-Discrimination*

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 associates, who shall not discriminate in any decision 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. Further requirements are set forth in the Pennrose policies on Harassment and Familial Status.

Pennrose associates also shall follow all applicable Fair Housing laws, including using standard, non-discriminatory criteria in leasing and serving residents. Further requirements are set forth in the Pennrose policy regarding Fair Housing.

*d. Construction and Building Code Certifications*

Pennrose 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.

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

*e. Bribery / Kickbacks*

Pennrose associates 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.

**Bribery can be understood as “the offering, promising giving, accepting or soliciting of an advantage as an inducement for an action which is illegal or a breach of trust.” It covers a broad range of activities, including abuse of office and illegal acts by employees acting on behalf of Penrose, solicitation, fees, and commission, among others. Bribery can be both active and passive.**

Penrose associates also 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.

*f. 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. Penrose associates 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 associates shall understand and follow any such restriction.

To avoid any conflict, Penrose associates shall not accept business entertainment if such business entertainment is worth more than a nominal amount (see definition and amount below), unless such business entertainment is specifically approved in advance and in writing by the Compliance Officer.

- “Business entertainment” is a meal or entertainment provided for/by anyone who does business with or seeks to do business with Penrose or who is a resident of a Penrose-managed property. In the case of business entertainment or a gift, “nominal” generally means less than \$250 per person and such business entertainment or gift is ordinarily used in establishing or maintaining business relationships or in a sales promotion, such as typical business meals and reasonable entertainment, services, or gifts consistent with local, social, and business customs. If larger, it must be approved by Compliance Officer.

- In the event of any inadvertent or unintentional acceptance of business entertainment in violation of this directive, the associate shall have seven days within which to make full written disclosure of the circumstances to the Compliance Officer.

Pennrose associates also shall not accept a gift (see definition below) worth more than a nominal amount (as defined above) unless such gift is specifically approved in advance and in writing by the Compliance Officer.

- A “gift” is a service or gift from anyone who does business with or seeks to do business with Pennrose or who is a resident of a Pennrose-managed property.
- In the event of any inadvertent or unintentional acceptance of a gift in violation of this directive, the associate shall have seven days within which to make full written disclosure of the circumstances to the Compliance Officer.

*g. Conflicts of Interest*

Pennrose associates shall avoid any conflict of interest in their work with Pennrose, shall avoid any appearance of impropriety involving an actual or potential conflict of interest, and shall conduct Pennrose’s business in an honest and ethical manner.

**Reporting conflicts of interest in the workplace is an essential practice for maintaining a transparent and ethical working environment. A conflict of interest can arise when an employee’s personal interests or relationships interfere with their ability to perform their duties impartially. Examples of conflicts of interest can include accepting gifts or favors from clients, having a financial interest in a supplier or competitor, or having a close personal relationship with a colleague. By promptly reporting any potential conflicts of interest, employees can help their organization to identify and address these issues before they can cause harm to the organization’s reputation or legal standing. It is essential that all employees are aware of their responsibility to report any conflicts of interest and understand the consequences of failing to do so. A robust reporting process can ensure that conflicts of interest are identified and resolved in a timely and appropriate manner.**

Before making any investment, accepting any position or benefits, participating in any transaction or business arrangement, or otherwise acting in a manner that creates or appears to create a conflict of interest, Pennrose associates shall make full disclosure to and obtain prior written approval of the Compliance Officer, unless otherwise specified below.

In avoiding conflicts of interests and protecting Pennrose's assets, associates also may not, unless disclosed in writing and approved by the Compliance Officer:

- Accept any payment or gratuity from anyone who does business or seeks to do business with Pennrose or is a resident of a Pennrose-managed property.
- Engage in any activity that would conflict with or detract from an associate's ability to carry out assigned duties and responsibilities.
- Do business with or authorize a property to do business with any vendor who employs a relative of yours without notifying and receiving prior written approval from the Compliance Officer.
- Have any material personal interest in any vendor who does business with any Pennrose property.
- Participate in any outside business activity with a person met through employment at Pennrose without notifying and receiving prior written approval from the Compliance Officer.
- Use or take any property belonging to Pennrose or one of its properties without proper authorization. Associates must comply in all ways with the Pennrose Company Property policy.
- Solicit vendors or contractors for donations without prior approval from the Compliance Officer.

#### *h. Political Activity and Contributions*

**In accordance with our Political Contribution Expenditure and Activity Policy, Pennrose will not use corporate funds or resources for direct contributions to federal political candidates, parties, or campaigns. Occasionally, with prior approval of the Vice President of Compliance & Legal, we may contribute to a political action committee, advocate for a position, express a view or take other appropriate action with respect to legislative or political matters affecting our company or our interests in compliance with applicable laws and regulations. Political contributions, expenditures and activities of certain officers and employees providing real estate investment advisory services for private capital sources through our Pennrose**

**Investment Management business are subject to additional restrictions, certifications, and training requirements.**

Pennrose respects the right of associates 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 Pennrose associate. All political contributions shall be accurately and fully disclosed according to all applicable laws.

No associate shall require any person to contribute to, support or oppose any political group or candidate. No associate shall make any political contributions for, on behalf of, or in the name of Pennrose or seek direct or indirect reimbursement for contributions. Any political activity by associates must be performed strictly in their individual and private capacity and not on behalf of Pennrose or with the use of Pennrose's resources.

*i. 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 associates to have similar community involvement.

**Our corporate and site initiatives have come together under one unified program to inspire and engage employees to support the causes they care about through matching gifts, volunteer time off, and community service. Pennrose employees have donated their time and monetary support to non-profit organizations in the communities where we live and work.**

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

*j. Recordkeeping*

Pennrose associates shall make full, fair, accurate, timely, and proper disclosure in compliance with all applicable laws and regulations in all reports and documents. This includes compliance



with Pennrose's standards, policies, and procedures designed to promote compliance with this policy.

Pennrose associates also shall not lie or misrepresent any information relating to Pennrose and its business. Associates also shall not intentionally record an income, expense, or other transaction inaccurately in order to misstate any material facts or achieve some personal gain. Associates also shall not enter into any transaction or advance funds without appropriate authorization.

*k. Confidentiality and Reputation*

Pennrose is responsible for ensuring the privacy, confidentiality, and controlled access to all client and employee information. Pennrose associates are expected to collect, maintain, use, disseminate and dispose of information only as necessary to carry out responsibilities or as authorized by law. Associates shall not disclose to anyone outside of Pennrose the company's confidential information, including any: (a) information proprietary to Pennrose and its business; (b) information relating to Pennrose that has not been disclosed to the general public; (c) information about a resident unless the disclosure is pursuant to Pennrose policy and procedure or required by law; and (d) information about the owners, officers, or directors of Pennrose, except as required by law.

Pennrose associates also shall not make any statement or take any action that would publicly discredit Pennrose's integrity or position of public trust.

**4. 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.

## **5. Addressing Issues under the Business Conduct Code**

### *a. Resolving Issues*

Pennrose will provide guidance to associates regarding questions that arise under this Business Conduct Code or that arise in the day-to-day operation of our business. Pennrose is committed to helping our associates to make the right and ethical business decisions all within the spirit and letter of all laws.

### *b. Reporting Potential Violations*

Pennrose associates who suspect a violation of this Business Conduct Code, any Pennrose policy or any law shall immediately report such information to the associate's immediate supervisor or Senior Management. You also may report such information to Human Resources or Vice President Compliance & Legal, who must then, in turn, report it to Senior Management. No associate will be subject to any form of retaliation because of a good faith report of a suspected violation.

### *c. Hotline/Reporting Procedures*

Significant concerns are reported to our Audit Committee on a quarterly basis.

Pennrose has a private and confidential “hotline” phone service that may be used by associates to make good faith reports of suspected improper conduct and workplace concerns without fear of retaliation. This hotline is dedicated to recognizing the sensitivities associated with lodging a concern.

Associates may choose to remain anonymous when calling the Hotline. If you do give your name, Pennrose will do all we can to protect your identity consistent with conducting a thorough investigation.

*d. Non-Retaliation*

Sharing a good-faith concern about the Code honestly, even if it turns out to be unfounded – is never an excuse for any kind of retaliation. Therefore, Pennrose associates shall not interfere with the good faith report of suspected improper conduct. Pennrose associates shall not retaliate in any way against any person making a good faith report of suspected improper conduct.

*e. Cooperation*

Pennrose associates must cooperate fully and truthfully in all investigations of potential violations of this Business Conduct Code or any law, regulation, or procedure. This includes situations where associates are an involved party, a witness, or are asked to provide information as part of an investigation. Any attempt to withhold information, sabotage or otherwise interfere with an investigation may be subject to any level of disciplinary action up to and including dismissal. Remember, investigations are confidential company matters. To protect the integrity of the investigation, you are not allowed to discuss any aspect of an investigation, even the fact that an investigation is being conducted with other Pennrose associates or the public.

It is a violation of this Code to knowingly provide false information to Pennrose or refuse to cooperate with Pennrose during an investigation of violations of this Business Conduct Code or unlawful activities.

*f. Violation of the Business Conduct Code*

Associates who do not comply with this Business Conduct Code or other company policies, standards or procedures may face disciplinary action, including employment termination.

Penrose also may refer criminal acts to appropriate authorities for evaluation and potential prosecution.

*g. Compliance Certifications*

Penrose associates may be asked to complete an annual certification, indicating that the associate has read the Business Conduct Code and is following its contract obligations and the Business Conduct Code.