

Arbor Realty Trust

Environmental, Social and Governance (ESG) Summary

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Central Park, NY
0.7 miles from NYC Office





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Letter from Our CEO and Lead Director

Dear Valued Stakeholders,

We are proud to share the ESG Summary of Arbor Realty Trust, Inc. (Arbor), which summarizes our progress and ongoing efforts to achieve meaningful progress in furtherance of environmental, social and governance (ESG) goals while always remaining focused on our commitment to the creation of long-term value for our shareholders.

Our commitment goes to furthering our understanding of how sustainability can and should be considered in the various aspects of our business, and how we can continue to support our employees, which together, are the Company's most valuable asset.

These efforts include identifying and incorporating ESG concerns into transactional analysis and asset management practices, understanding our production and management of GHG emissions, aligning our governance practices to reflect our ESG goals while remaining accountable to our shareholders, innovating programs and policies that prioritize the growth and success of our employees, and identifying programs and other means by which we can continue to establish and nurture relationships with the communities in which we work and operate.

As we look towards the future, we are committed to ensuring that Arbor remains a responsible partner and service provider for years to come. We have and will continue to focus on integrating these values into our business at every level, developing solutions that address the demands of the investing public, while prioritizing operational excellence, and creating long-term value for our shareholders.

We are incredibly proud of what we've accomplished as a Company thus far. We also recognize that there is more work to be done. We are committed to listening, observing, engaging in meaningful dialogue about sustainability and ESG, and continuing to evolve in a way that best serves all who continue to support and trust Arbor.

Sincerely,



Ivan Kaufman

Chairman and Chief Executive Officer



William C. Green

Lead Director

Introduction

About Arbor

For 20 years, Arbor Realty Trust, Inc (Arbor, NYSE: ABR), headquartered in Uniondale, NY, has been a premier provider of loan solutions for multifamily and commercial real estate clients. As a nationwide Real Estate Investment Trust (REIT) and direct lender, we help clients achieve their financial goals by focusing on long-term relationships. We conduct business not simply as another real estate lender, but as a partner. Read the [Statement of ESG Principles](#) to learn more about Arbor's commitment to operational excellence for ESG.

Arbor employs 646 employees in 21 states, primarily in the Northeast Region. Our partners own and operate real estate across the country, varying from multifamily housing to single-family rentals, senior housing, and other diverse commercial real estate assets.

Arbor is a Top 10 Fannie Mae DUS® Loan Multifamily Lender by origination volume, a Freddie Mac Program Plus Seller/Servicer, an FHA Multifamily Accelerated Processing (MAP)/LEAN Lender, a HUD-Approved LIHTC Lender as well as a CMBS, Bridge and Mezzanine lender. With a current servicing portfolio of approximately \$30 billion, Arbor is a primary commercial loan servicer and special servicer rated by Fitch Ratings and Standard & Poor's and holds an Above Average rating from Standard & Poor's. Arbor is also on the Standard & Poor's Select Servicer List. In June 2023, Arbor was added to the S&P SmallCap 600® index.

Mission, Vision & Values

Mission

Dedicated to providing bespoke financing solutions for commercial and multifamily investment opportunities.

Vision

To be the best mortgage lender in the commercial and multifamily space by being a reliable financing source for clients; becoming a front-of-mind choice for all mortgage financing needs.

Values

Innovation, entrepreneurship, loyalty, quality, efficiency, and appreciation.

Recognition



Our Roots

2004

Arbor Realty Trust, Inc is formed

1995

Arbor National Mortgage sells its residential business to Bank of America

1992

Arbor National Mortgage goes public

1983

Founded as Arbor National Holdings, Inc. a leading, single-family lender

2016

Arbor Commercial Mortgage and Arbor Realty Trust, Inc. are integrated

1996

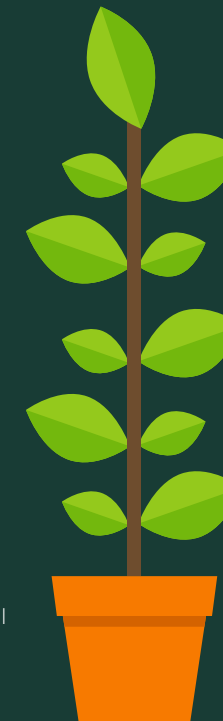
Arbor Commercial Mortgage is formed

1993

Arbor National Mortgage sprouts a new commercial lending subsidiary

1991

Arbor gives trees to customers at closing, leading to over 4,000 trees planted



About This Report

This document contains disclosure of Environmental, Social, and Governance (ESG) practices, policies, and metrics relevant to Arbor's business. This document covers ESG disclosures for Arbor from January 1, 2022, through December 2023, unless otherwise noted.

Certain items in this document may constitute forward-looking statements within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, including information about possible, anticipated or assumed future results of our business, our financial condition, liquidity, results of operations, plans and objectives. We use words such as "anticipate," "expect," "believe," "intend," "should," "could," "will," "may" and similar expressions to identify forward-looking statements, although not all forwardlooking statements include these words. Forward-looking statements are based on certain assumptions, discuss future expectations, describe future plans and strategies, contain projections of results of operations or of financial condition or state other forward-looking information. These statements are based on management's current expectations and beliefs and are subject to a number of trends and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. Arbor Realty Trust, Inc. ("Arbor") can give no assurance that its expectations will be attained. Factors that could cause actual results to differ materially from Arbor's expectations include, but are not limited to, changes in economic conditions generally, and the real estate markets specifically, in particular, due to the uncertainties created by the COVID-19 pandemic, continued ability to source new investments, changes in interest rates and/or credit spreads, and other risks detailed in Arbor's Annual Report on Form 10-K for the year ended December 31, 2022 and its other reports filed with the SEC. Such forward-looking statements speak only as of the date of this document's publication. Arbor expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in Arbor's expectations with regard thereto or change in events, conditions, or circumstances on which any such statement is based.

Environmental, Social and Business Governance



Environmental

Environmental stewardship has been a part of Arbor's culture since its inception. It's in our name, it's in our history, and it's in how we approach the future of Arbor as well. Arbor is committed to the responsible environmental management of our business and operations. We are always striving to improve upon the ways in which we can minimize negative impacts that our business has on the environment and maximize the positive benefits of our practices and partnerships.

We understand that to continuously improve how Arbor engages with the world around us, we need to dedicate appropriate resources to gathering data that will help us understand our environmental impact and, specifically, our carbon footprint. We are in the beginning stages of this process, and it is our intention to share meaningful information with the investing public once we have completed our review. We also intend to use this information internally to continue to seek ways to embed sustainability throughout our business and operations.

Arbor remains in full compliance with all environmental regulations in all of its office locations and requires all properties to which it lends to remain in full compliance as well. Read Arbor's [Corporate Environmental Policy](#) for more on our commitments to our environment through operational excellence.

Green Financing

According to the International Energy Agency (IEA), the built environment generates [40% of annual CO2 emissions](#), of which building operations are responsible for 27% annually. At Arbor, we recognize the opportunity we have to encourage our borrowers to pursue greener opportunities when feasible. We are proud to partner with Fannie Mae and Freddie Mac to offer Green Financing options.

Fannie Mae Green Rewards and Freddie Mac Green Advantage Programs create a "triple bottom line" by supporting increased cash flows, better

quality housing, and reduced energy and water usage and costs. Incentives to our borrowing partners from choosing loans through these programs include terms such as:

- *Property analyses and audits to identify how property improvements can save energy and/or water*
- *Reimbursements*
- *Lower interest rates*
- *Increased loan proceeds*

For more information about the benefits of our Green Financing options, please visit the [Green Financing](#) page on Arbor's website.

Arbor Success Story: \$34M FHA 223(f) Loan Refinancing with Green Savings

A real estate investment firm was exploring a full acquisition of a newly constructed apartment community in Houston, TX. This community was constructed to meet high energy efficiency and sustainability standards. Without an existing asset and with limited operating history in this region, the borrower sought expert guidance to develop a strategy to acquire the property. With interest rates rising, the borrower wanted to lock in a highly competitive rate to refinance a rental community that had swelled to over 90% capacity.



Arbor worked with the U.S. Department of Housing and Urban Development (HUD) to secure an FHA 223(f) loan refinance with green savings, which provides long-term, fixed-rate financing for refinancings, acquisitions, or moderate renovations. Arbor negotiated an underwriting change while interest rates were increasing, allowing the borrower to secure a Bridge to HUD loan to help improve net operating income and increase loan proceeds. In addition, Arbor connected the borrower with HUD's green program, which incentivizes green operations of the building through reduced interest rates. This apartment community was an ideal candidate for HUD's green financing options given its energy-efficient and sustainability-focused construction.

Visit our website [here](#) to watch the full story.

Environmental Partnerships

Intertwining our work with environmental stewardship is in Arbor's roots as a company, tracing back to Arbor National Mortgage in the 1990s. At the time, Arbor was responsible for closing the mortgage loans on 1 in 8 homes in the tri-state area and provided each homeowner with a tree to celebrate their closing. Many of these trees are still thriving today.

Arbor has continued its commitment to domestic and international tree planting through supporting two highly successful reforestation efforts. We now plant a tree on behalf of Arbor's customers for each loan we close. This initiative provides a valuable opportunity to connect with our clients while actively contributing to a critically important environmental cause. To date, in recognition of closed transactions and our commitment to these critical organizations, Arbor has financed the planting of 11,000 trees domestically and 2,200 trees in the State of Israel.

Tree planting programs

1991

Core part of Arbor history, tree planting program initiated

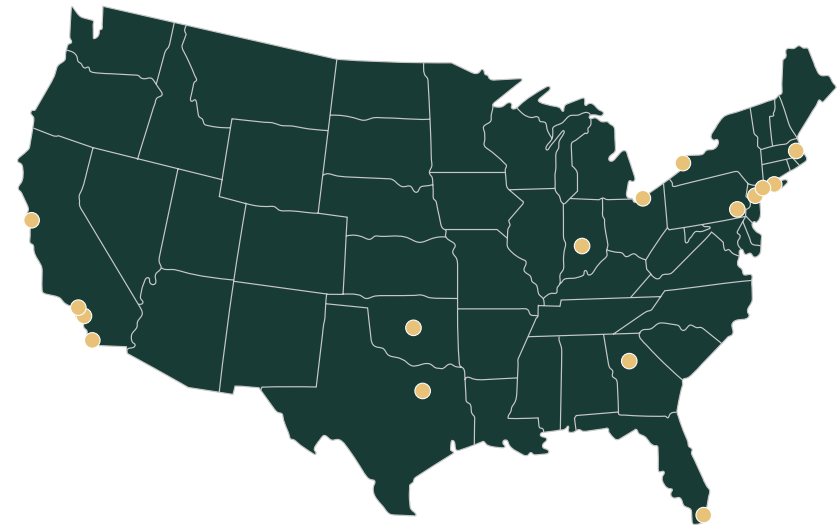
11,000

Trees planted domestically since 2021

2,200

Trees planted in the State of Israel since 2021

Our Offices



Our offices serve our partners across the United States.






- | | | |
|-----------------------------------|------------------------|------------------------|
| • Uniondale, NY
(Headquarters) | • Dallas, TX | • Newport Beach, CA |
| • Atlanta, GA | • Edmond, OK | • New York, NY |
| • Boston, MA | • Englewood Cliffs, NJ | • San Diego, CA |
| • Cleveland, OH | • Bloomington, IN | • San Francisco, CA |
| • Conshohocken, PA | • Manhattan Beach, CA | • Tonawanda, NY |
| | • Miami, FL | (Servicing Operations) |

We recognize that there is an environmental impact to the offices we work and operate in, which is why we prioritize green-certified spaces for offices as feasible. Our Uniondale, New York, Boston, and Dallas offices are all [LEED-certified](#) and our Miami office is [National Green Building Standard Certification \(NGBS\) Certified](#).

We are working to determine what data to collect to start quantifying that impact. In the meantime, we know that there are meaningful steps that we can continue to take to improve the efficiency and reduce the environmental impact of our offices.

Energy Management

Reducing the energy use at our offices is a win-win for Arbor and the environment. Across our workspaces in the United States, Arbor has installed the following kinds of equipment to improve our energy management:

-  **Low-flow water systems**
-  **LED lighting**
-  **Daylight and occupancy sensors**
-  **Hands-free faucets**
-  **ENERGY STAR appliances**

We also have set all existing office equipment to energy reduction modes, including computer and copier equipment, allowing for “rest” during non-peak hours. Double sided copying is also encouraged.

Carbon Footprint

We understand the importance of quantifying our carbon footprint, not only for the positive benefit to the environment, but also in preparation for the potential [SEC Proposed Rules to Standardize Climate-Related Disclosures for Investors](#). We are still in the early stages of determining data collection needs and processes in order to compile information to support a Greenhouse gas inventory.

Many of the practices we already have in place support the reduction of our carbon footprint, such as the aforementioned energy management initiatives, which reduce our Scope 2 emissions. We also have a telecommuting policy, which allows our employees to work from home utilizing video conferencing for calls, e-signatures for electronic invoices and statements, and digital-only subscriptions. Employees also have access to our Qualified Transportation Expense Program (QTE), which allows employees to open and contribute to a pre-tax account for eligible

transportation funds, including public transportation. Both of these options incentivize reduced use of fossil-fuel based transportation, therefore lowering our carbon footprint.

Waste Management

We prioritize recycling at our offices wherever available. This includes the recycling of paper, other office supplies, and electronics, including providing opportunities to bring their e-waste from home in to the office to be recycled properly. This increases our diversion from landfill and is in compliance with all building rules and regulations. We also encourage double sided printing and other paper reduction strategies at our offices.

Non-hazardous waste is handled in compliance with all local regulations. Due to the nature of our business, Arbor does not produce, manage, or dispose of any hazardous waste.



Social

Arbor has a long history of supporting people and communities, especially through our significant work in the Affordable Housing space. We believe in focusing our efforts where we can make the biggest impact, whether that's through sponsoring volunteering events in local communities or through supporting initiatives that help to build an inclusive culture for Arbor employees.

Our Employees

At Arbor, our people are our biggest asset. They are at the core of who we are and how we define ourselves. We couldn't provide the quality service to our borrowers or value to our shareholders that we do without our thoughtful, talented employees. Many of our people have been with Arbor for decades, and our goal is to continue to provide a workplace where people can show up as themselves, grow and develop in their career, and feel valued for the work that they do. Read Arbor's [Human Rights Policy](#) to learn more about our commitment to our employees, vendors, partners, and neighbors.

ESG is something everyone at Arbor is invested in, especially when it comes to our people and communities. From our support of DEI industry groups to the impact we make through our volunteering events and philanthropy, I'm proud of what we've accomplished so far and of the initiatives still to come.

Daniella Muller

EVP, Human Resources and Associate General Counsel
Arbor Realty Trust

Employee Benefits, Health & Well-being

In order to retain and attract top talent, it is critical that we provide a holistic benefits package that recognizes our employees as people, supports their families, and incentivizes their health and well-being. Components of our comprehensive and competitive benefits include:

- Medical Benefits
- Dental Benefits
- Vision Benefits
- Optional Life and Optional AD&D

Employees are invited to participate in our Difference Card benefits program which helps employees save money on out-of-pocket costs. Employees can earn points for participating in healthy programs and activities, such as having their annual physical exam or attending a virtual health education seminar. Employees also have access to a variety of extra resources to support their health through United Healthcare.

COVID-19

The health and welfare of the Arbor family is and always will be the top concern for Arbor. When COVID-19 first began affecting our local communities in March 2020, especially in the Northeast where many of our employees live and work, we implemented a telecommuting policy to protect our employees and reduce the risk of COVID-19 exposure at the office. This came in advance of the New York Governor's Executive Order requiring non-essential businesses statewide to close in-office personnel functions.

We also took several major steps to prepare our offices for our employees' return once it was safe. We made modifications to HVAC systems to increase air intake and filtering, increased cleaning and sanitization, implemented elevator occupancy limits, implemented meeting spaces occupancy limits and discouraged in-person meetings, and provided critical hygiene and Personal Protective Equipment (PPE).

Diversity, Equity, and Inclusion (DEI)

At Arbor, we understand that a diverse and inclusive workforce creates a better environment for our employees and provides us with a better business perspective. That is why we are committed to Diversity, Equity, and Inclusion (DEI) initiatives. We consider all qualified applicants for job openings and promotions without regard to race, color, religion, gender, sexual orientation, gender identity, national origin or ancestry, age, disability, service in the armed forces, or any other characteristic that does not bear on the ability of employees to do their jobs well.

We require all employees and leadership to take annual DEI training. This training includes information such as:

- What each component of DEI means
- Creating an inclusive workplace
- Understanding micro- behaviors and aggression
- Identifying unconscious bias

We also require annual training on discrimination, sexual harassment, and retaliation to provide our employees with what they need to create a safe and inclusive work environment and to be able to speak up and report any potential incident with full Arbor support.

DEI Industry Groups

We encourage our employees to support and engage with industry-focused organizations and committees that develop and implement DEI initiatives within our space. This includes the Commercial Real Estate Women Network (CREW) and the CRE Finance Council (CREFC) Women's Network.

In 2022, Maria Elefante, our Managing Director, Treasury and a member of the Arbor team for almost twenty years, was named [CREW Star of the Year](#). This award is given annually to CREW members that have gone above and beyond in their contributions to CREW New York. We are proud to support the work of our dedicated employees like Maria and all they are doing to advance and uplift diversity in our industry.

Spotlight: DEI Internship Recruiting Partnerships

Arbor is proud to partner with two organizations to actively support the recruitment, development, and retention of diverse professionals across our organization: [Project Destined](#) and [Future Housing Leaders](#).

Project Destined is a real estate and finance-focused internship program that provides minority college students with the ability to gain and fine-tune technical, financial, and leadership skills. By partnering with this organization, we are able to get connected with diverse talent that has an interest in the finance and real estate space. We have hired two talented and dedicated people from this program. We also have six passionate employees from across the business that represented Arbor as mentors for Project Destined for their Summer 2022 and Spring 2023 sessions.

Future Housing Leaders (FHL) is a Fannie Mae-led recruiting service that provides career development and connects college students from diverse backgrounds to opportunities for paid internships in the housing industry. In the Summer of 2023, Arbor hired five interns from FHL across different parts of our organization, including underwriting, sales support, and structured finance.



The 2023 Project Destined team review their business plan presentation



Project Destined Team Arbor, Class of 2023

Employee Engagement

We recognize that engaged employees are happier, more productive employees. Arbor's ESG Taskforce has created a social subcommittee that works cross-departmentally and cross-functionally to determine engagement that will best serve individual office spaces, as well as the Company as a whole. The subcommittee has been tasked with liaising with employees at every level at the Company to identify worthwhile opportunities to promote feelings of inclusivity and togetherness, including monitoring employee satisfaction and engagement.

Spotlight: Tonawanda Office

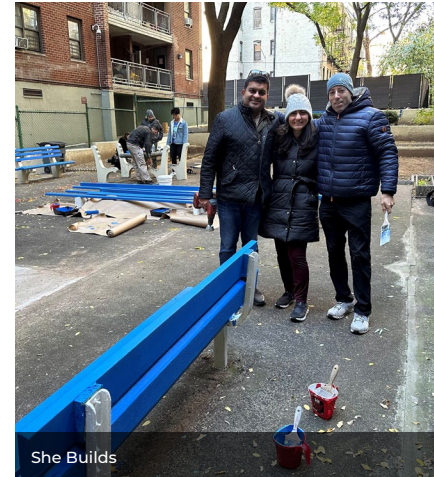
Our Tonawanda office, located near Buffalo, NY, which is our Servicing Office, has a robust, local employee engagement program. This program supports the well-being of our employees through the regular programming that is planned and executed by the Arbor's Tonawanda Employee Engagement Committee.

Employee engagement events include annual events, like a Super Bowl Tailgate potluck lunch and Arbor Volunteering Day at Tifft Nature Preserve, as well as quarterly and monthly events, like office townhall meetings, new employee reception breakfasts, and monthly birthday cupcakes.

We are proud to see how deeply our employees care about each other and their communities, and we continue to create opportunities to implement similar employee engagement programs at other offices.

- April/May: Arbor Day volunteering @ Tifft Nature Preserve
- June: Corporate Challenge – run/walk
- September: Apples from our local farmers market provided by wellness committee
- November: Feedmore WNY – food donations during the holiday season
- Snack and learn wellness topics during lunch hour – presented by Independent Health

2023 Volunteer and Team Activities



She Builds



Tonawanda volunteers come together for a local cleanup



The Inn Soup Kitchen Volunteer Day



Coalition for the Homeless



2023 Corporate Challenge, Team Buffalo



Arbor employees help out at a Habitat for Humanity build site.

Our Promise

Change starts with a promise. A promise to be mindful not only of our actions but also of the methods we use, and to constantly strive for improvement. A promise to embrace the diversity of our employees, partners, and neighbors, fostering an environment of mutual learning and growth. A promise to champion positive change, inspiring those around us to follow suit.

We have taken our commitments a step further, joining forces with many of our industry peers to sign the following pledges. For with a united voice, our message will resonate far and wide.

ADL Workplace Pledge to Fight Antisemitism

Arbor answers the call from the Anti-Defamation League (ADL) and has joined over 100 global organizations in a stand against antisemitism. By taking the Workplace Pledge to Fight Antisemitism, organizations agree to actively prevent antisemitism in their workplaces, including addressing antisemitism in Diversity, Equity, and Inclusion programs, supporting Jewish employees through Employee Resource Groups or other means, providing religious accommodations for employees, and speaking out against antisemitism.

Visit this page to learn more about the [Workplace Pledge to Fight Antisemitism](#), and get involved.

HRC Count Us In Pledge:

Arbor's values of diversity, equity and inclusion are longstanding. They have guided our business decisions, and fueled our success. Joining the Human Rights Campaign (HRC) in their Count Us In pledge is another demonstration of those values. We stand united with over 150 leading businesses in support of LGBTQ equality, banding together to end all discriminatory attacks on the LGBTQ+ community.

Visit this page to learn more about the [Count Us In pledge](#), and get involved in the cause.

Our Communities

At Arbor, we aim to have a direct impact on the local communities where we live and work. This means prioritizing volunteerism, philanthropy, and partnerships near our offices. We believe this is not only the way to best support our communities, but also the best way to foster employee culture as well. Our employees care about the people around them.

Arbor Philanthropy and Partnerships

Arbor is focused on supporting the communities at our office locations in a variety of ways through the facilitation and support of our employee volunteering, as well as financial support. This can take the form of several different types of events and initiatives, such as:

- Foodbanks
- Clothing drives
- Hospitals and medical research
- Community-based organizations focused on the welfare of families and children

We have developed a volunteer calendar on our intranet page that presents both Company-sponsored as well as local volunteer events for our employees. We are proud of the success of these programs, including an Arbor-sponsored Habitat for Humanity build in June 2023.

Spotlight: Family and Children's Association Back-to-School Event

In 2023, Arbor was proud to sponsor CRE Finance Council's (CFREC) Back-to-School Fundraiser benefiting Family and Children's Association (FCA). FCA is an organization that provides help to Long Island's most vulnerable children. FCA's Family Support team provides vital services to children and families who are vulnerable and at risk, homeless, or struggling with a host of difficulties, including chemical dependency, mental health trauma, or lack of resources. We are looking for ways to continue our engagement with and support of FCA in the future so that we can continue to make meaningful impacts in the Long Island community.

Arbor Green

Our inaugural Arbor Green Campaign kicked off in April 2023, and builds upon and furthers Arbor's existing efforts and commitments to the environment and our communities. The campaign focuses on the week between Earth Day and Arbor Day, which is an important day to us as it shares our namesake. The Arbor Green Campaign included a combination of internal and external activities designed to grow employee engagement, inclusion, and philanthropy through education and volunteer events.

The week kicked off with a volunteer opportunity on Earth Day at [Queens Farm](#), which is a 47-acre historic site that connects visitors to agriculture and the environment. During the week, Arbor offered a webinar educating employees about our Green Financing options, with giveaway prizes awarded to a few attendees at random. Finally, the week culminated with no-cost admission for employees, friends, and family at [Arbor Day at Planting Fields Arboretum](#).

We look forward to next year's Arbor Green Campaign and continuing to increase the number of employee opportunities to support the environment and make impacts in their communities.



Arbor staff plant a tree in commemoration of our Tripleversary



Tonawanda volunteers give back to their community

Affordable Housing

Arbor has a long and rich history of supporting and financing affordable housing options for lower income persons and communities. For more than two decades, Arbor has funded affordable loans across a variety of lending platforms and programs, including long-term Fannie Mae and U.S.

Department of Housing and Urban Development (HUD) financing solutions. Our participation in these market segments is best evidenced by the business we closed through our agency lending partnerships. In 2022, our Federal Housing Finance Agency (FHFA)-defined mission-driven funding exceeded 88% of our agency volume, up from 70% in 2021, making us a leader compared to our peers and all other agency lenders.

In addition to our mission-driven business, we also support affordable housing by lending on multifamily assets available to renters with very low incomes, defined as units lent to renters with income at lower than 50% of the area median Income (AMI). In both 2021 and 2022, over 20% of the units we financed fit that criterion.

For more information about our Affordable Housing loan options, please visit the [Affordable Housing](#) page on the Arbor website.

Mortgage Bankers Association Home for All Pledge

Arbor is a signatory of the Mortgage Bankers Association's (MBA) [Home for All Pledge](#), which represents the industry's long-term commitment on a sustained and holistic approach to address racial inequities and signings. By signing this pledge, Arbor has agreed to be a champion in addressing the barriers to sustainable housing for persons and communities of color.

The Home for All Pledge is built on four main pillars:

1. Promote and support public policies and industry practices that advance minority homeownership and affordable rental housing
2. Support market-based solutions through MBA's place-based CONVERGENCE programs
3. Champion Diversity, Equity, and Inclusion (DEI) in our workplaces and our industry
4. Support inclusion in single-family and/or multifamily housing with similar actions that are not listed under the above three commitments

Arbor is committed to supporting MBA in its efforts to ensure fair, equitable, and responsible lending and affordable rental housing for minorities through advocacy, partnerships, and connections within the industry.

Governance

Arbor's history as a premier provider of commercial and multifamily loans would not have been possible without our commitment to clear and strong corporate governance. This commitment now extends to our governance of ESG matters, including our processes for measuring, disclosing, and reporting ESG metrics. In 2021, we took our first steps towards defining the governance of ESG at Arbor, from our Board of Directors to our senior management. As described below, we have continued this expansion into 2023 and beyond.

Our Board of Directors

Our Board of Directors (Board) oversees Arbor at the highest level, ensuring that Arbor continues to provide the highest quality service to our borrowers and value to our shareholders. The Board of Directors is comprised of nine directors, including Arbor's CEO Ivan Kaufman as the Chairman, and William Green as Lead Director. All directors except for Messrs. Kaufman and Martello qualify as Independent Directors.



The Arbor Board has three committees: The Audit Committee, the Corporate Governance Committee, and the Compensation Committee, all of which are comprised solely of Independent Directors. The Corporate Governance Committee is responsible for assisting in the identification, recruitment, and interviewing of potential board candidates, as well as ensuring the orientation and continuing education of directors.

For more detailed information about our board makeup, committees, nomination and compensation, and corporate governance, please refer to our [2023 Proxy Report](#). For more information about our board goals, qualifications, continuing education and evaluation, please refer to our [Corporate Governance Guidelines](#).

Board Diversity

We wholeheartedly believe that a Board with diversity of thought and experience is critical to the performance of our business, the experience of our employees and customers, and the state of our communities. Our Board is made up of:

- Gender Diversity: 22% Female Board Composition
- Ethnic Diversity: 11%
- Average Tenure: 10.5 years
- Average Age: 62.9 years

ESG Governance

Arbor is committed to advancing our ESG programs and performance through corporate governance. This includes how our Board oversees ESG, the leaders responsible for implementing it, and the formalization of ESG into our culture through our practices and policies.

Board Oversight

The Board as a whole is engaged with ESG matters at Arbor and engages with senior management on short- and long-term strategies. However, the primary responsibility of reviewing Arbor's ESG plans and management's performance in delivering those plans resides with the Corporate Governance Committee.

The Board Corporate Governance Committee is responsible for monitoring and advising on Arbor's commitment to ESG issues and principles, as defined in its charter, and includes discussion of ESG topics at nearly every meeting of the committee. This includes oversight of Arbor's ESG reporting and disclosures, policies, and practices. The Committee will discuss ESG matters with Arbor's management as appropriate. The Chairman of the Corporate Governance Committee, after presentations to the Committee by senior management and the chair of the ESG Taskforce, makes regular reports to the Board.

Management Oversight

In 2021, Arbor established its ESG Taskforce, which is responsible for the development and implementation of Arbor's ESG strategy with oversight from the Board. In 2022, the ESG Taskforce was expanded to include additional employees, including senior management, across various areas of the business. The ESG Taskforce is headed by the Sr. VP, Special Projects, Governance and Risk.

ESG Policies

Our ESG-related policies govern our commitment to managing ESG topics at Arbor. Our employees are responsible for complying with these policies and compliance is overseen by our senior management team and Board of Directors. These policies are reviewed at least annually by the appropriate Arbor personnel and updated as needed.

- Code of Ethics
- Corporate Environmental Policy
- Employee Handbook
- IT Policies
- Sexual Harassment of Non-Employees Policy

Ethics & Compliance

At Arbor, our goal is not just to comply with the laws and regulations that apply to our business; we also strive to abide by the highest principles of business ethics. This commitment to operating ethically and with integrity is represented through our policies that govern the behavior of our employees, officers, directors, and vendors.

- Code of Business Conduct and Ethics
- Code of Ethics for Chief Executive and Senior Financial Officers
- Vendor Code of Conduct
- Human Rights Policy
- Vendor Code of Conduct
- Anti-Bribery Policy
- Whistleblower Policy

Arbor maintains a Corporate Governance Hotline at which employees, vendors, or other stakeholders can anonymously report any concerns related to ethics and compliance. Employees may also submit concerns and complaints in writing to the Chairperson of the Audit Committee.

Cybersecurity

Arbor is aware that cybersecurity threats, including data breaches and malicious attacks are becoming a more prevalent force for disruption in the corporate environment. Cybersecurity incidents, in addition to growing in number, are also becoming more sophisticated and continue to evolve in tandem with an ever-changing technological landscape.

As a commercial mortgage lender, Arbor must collect data, inclusive of personally identifiable information (PII), as part of its standard business operations. With the understanding that this data is highly sensitive and by its very nature, dynamic, Arbor recognizes the need to protect it at every level, while existing static on servers, in use in systems, or in transit during correspondence. Safeguarding all of Arbor's data, and in particular, PII, is paramount, and maintaining data integrity, privacy, and accuracy, is at the core of Arbor's cybersecurity efforts.

Arbor has crafted a governance structure that reflects its commitment to cybersecurity and protecting sensitive data. Our experienced and knowledgeable technology team, led by a Chief Technology Officer with years of experience in the financial services space, utilizes top-tier products, services, and vendors to create a cybersecurity framework that offers the best protection possible. The technology team's efforts are, no less than annually, shared with Executive Management and the Board of Directors, such that all decision-makers are equipped with the appropriate information to opine when recommendations are made, or situations require a response. We have also procured the requisite insurance to best mitigate against potential losses. We are committed to continuously revisiting our cybersecurity framework as the technological environment changes and new information becomes available. We believe that a technologically secure environment is one that is safe, efficient, and productive

Looking Forward

The past year has been critical for Arbor in defining and expanding its ESG program, principles, and initiatives. We recognize the importance of transparency and disclosure to our shareholders and customers, and we are actively looking to improve our process.

Arbor has engaged an ESG consultancy firm to support us in further refining and developing our ESG program. As part of this process, we intend to conduct an ESG Materiality Assessment so that we can best focus on those ESG issues that are most material to our stakeholders and our business. We also plan to look at the different ESG frameworks available, such as Sustainability Accounting Standards Board (SASB) and Task Force on Climate-Related Financial Disclosures (TCFD), to determine which of those, if any, are most meaningful to align our ESG reporting with.

Finally, we are in the initial steps of evaluating the data collection and expertise requirements needed to quantify Arbor's carbon footprint. Reducing the environmental impact of our operations and services is a core value at Arbor, and we are proud to offer [Green Financing](#) options to our customers.

You can visit Arbor's [ESG](#) webpage for more information about the current state of our ESG program in the meantime.

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I'm incredibly proud of the strides we've made in Arbor's ESG program in a relatively short period. I believe our achievements stem from the principles and values that have been a part of Arbor since its inception – a commitment to economy, equality, and sustainability. Arbor's dedication to its relationships, including its valued shareholders and clients, support for affordable housing, and involvement with its local communities will enable our continued growth and success as we move forward.

Leah Fisher

SVP, Special Projects, Governance and Risk
Arbor Realty Trust

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