

# 2023

## Corporate Sustainability Report



**COPT DEFENSE**  
PROPERTIES







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# CEO Letter

In 2011, we initiated a bold strategy shift to deeply concentrate our investments into properties that serve priority knowledge-based defense missions of the United States Government ("Defense/IT Missions"), leased to Department of Defense activities as well as Defense Contractors serving those missions. The strategy was very straightforward, selling properties that did not conform to our strategy, and primarily developing replacement assets that served our targeted defense missions. As we completed our 2022 business plan, over 90% of the Company's assets serve U.S. Defense mission activities, and our deeply defense concentrated portfolio was performing at industry leading levels. We completed 2022 with a portfolio leased level of 95.2%, a historic high, and broke our prior vacancy leasing annual record that had stood for twelve years. Our shareholders are benefiting greatly from our unique investment strategy, as the Company delivered the best or second-best Total Shareholder Return of U.S. Office real estate investment trusts ("REITs") over each prior annual period ranging from 1 year to 5 years and ending on 12/31/2022.

In 2023, we celebrated our 25<sup>th</sup> anniversary as a publicly traded company, and changed our name to COPT Defense Properties, and ticker symbol to CDP, to clearly identify our portfolio composition and quality, and our disciplined investment strategy. I am incredibly proud of the returns we have delivered to our shareholders, and our unique opportunity to support our priority defense missions of the United States Government, and we all look forward to continuing our track record of excellence under our refreshed brand of COPT Defense Properties ("COPT Defense" and the "Company").

As we matriculate into our second quarter-century as a publicly traded REIT, we are committed to maintaining and enhancing our key initiatives and programs related to our environmental, social

and governance ("ESG") performance. We are excited to share our progress in 2022 through our ninth consecutive annual Corporate Sustainability Report, as well as in the supplemental materials we have published on our website.

For nearly twenty years, we have referenced the environmental standards represented by the Leadership in Energy and Environmental Design ("LEED") program and have endeavored to achieve LEED certification or incorporate LEED standards in all new construction projects. As a result of our strategic repositioning through asset sales and new developments, 77% of the properties that we own and operate were developed by the Company, and as we complete our active developments, that statistic will increase above 82%. Accordingly, the significant majority of our properties were constructed to LEED standards.

We also continuously re-invest in our properties and manage them to a very high service resiliency level. We invest in new, high efficiency heating and cooling systems, energy-saving roofing, and solar films, and implement state-of-the-art preventive maintenance programs to improve the resource efficiency of our portfolio, generating operational cost savings for the benefit of shareholders and tenants. In 2022, these efficiency investments, coupled with our tenant engagement and education, helped achieve low resource consumption throughout the COPT Defense portfolio.

In this report, we bolstered our Taskforce for Climate-related Financial Disclosures ("TCFD") Readiness Assessment with the addition of two climate scenarios to more fully understand our portfolio's current exposure to the potential effects of climate change. This process is detailed in our second annual TCFD disclosure, included as an annex to this Corporate Sustainability Report. This analysis

informs our risk mitigation and enhances our ability to create additional value in new developments and strategic assets, enhancing our service to our tenants, benefitting our communities, rewarding our investors and deepening our Company's resiliency.

I am pleased that our sustainability-related initiatives have been consistently recognized both within the real estate sector and across all industries. In 2022, COPT Defense received its eighth consecutive "Green Star" award from the Global Real Estate Sustainability Benchmarks ("GRESB") survey, was named a Top Regional ESG Performer by Sustainalytics and received an "A" rating by MSCI. We look forward to building upon this success in the coming year and beyond as we continue our sustainability journey.

Sincerely,



**Stephen E. Budorick**  
President + Chief Executive Officer





# Company Overview

COPT Defense is a fully integrated and self-managed REIT that owns, manages, leases, develops and selectively acquires office and data center properties. Headquartered in Columbia, Maryland, our shares are listed on the New York Stock Exchange (“NYSE”) under the symbol “CDP” and are included in the S&P MidCap 400 Index.

Our business model is to be a full-service partner for our tenants by delivering properties that meet each individual tenant’s unique needs. As of December 31, 2022, our total operating portfolio consisted of 194 office and data center shell properties (including 21 owned through unconsolidated joint ventures) that contained 23.0 million Square Feet (“SF”) and were 95.2% leased. During 2022, we placed into service 1.3 million SF in nine newly developed properties that were 99% leased.

We are a preferred provider of mission-critical real estate solutions to the defense industry. The majority of our portfolio is in locations that support the U.S.

Government and its contractors, most of whom are engaged in national security, defense and IT related activities servicing what we believe are growing, durable, priority missions (“Defense/IT Locations”). We also own and operate properties located in select urban submarkets in the Greater Washington D.C. and Baltimore region.

We operate and control almost all of our assets through our operating partnership, COPT Defense Properties, L.P. (“CDPLP”) and subsidiaries (collectively, the “Operating Partnership”), of which COPT Defense is the sole general partner. CDPLP owns real estate directly and through subsidiary partnerships and limited liability companies (“LLCs”). In addition to owning real estate, CDPLP also owns subsidiaries that provide real estate services such as property management, development and construction services primarily for our properties but also selectively for third parties.



## 2022 KEY SUSTAINABILITY ACHIEVEMENTS



Leased 3.0 million SF, resulting in a year end 95% portfolio-wide leased rate



Eighth consecutive “Green Star” from GRESB



Recognized as “Low-Risk” and a Top Regional ESG Performer by Sustainalytics



Maintained support for 13 of the United Nations’ 17 Sustainable Development Goals (“UN SDGs”)



Collectively invested more than \$350,000 in our philanthropic partners



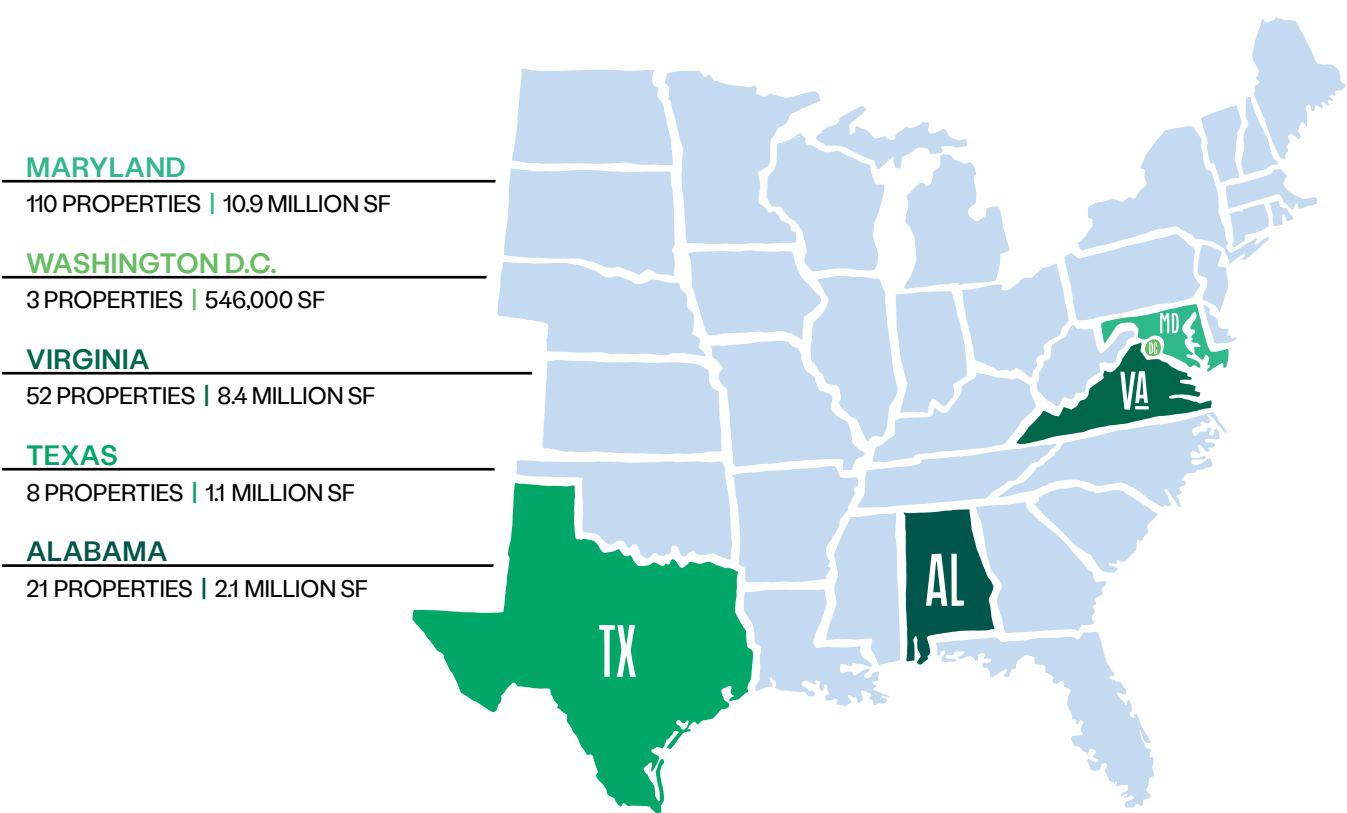
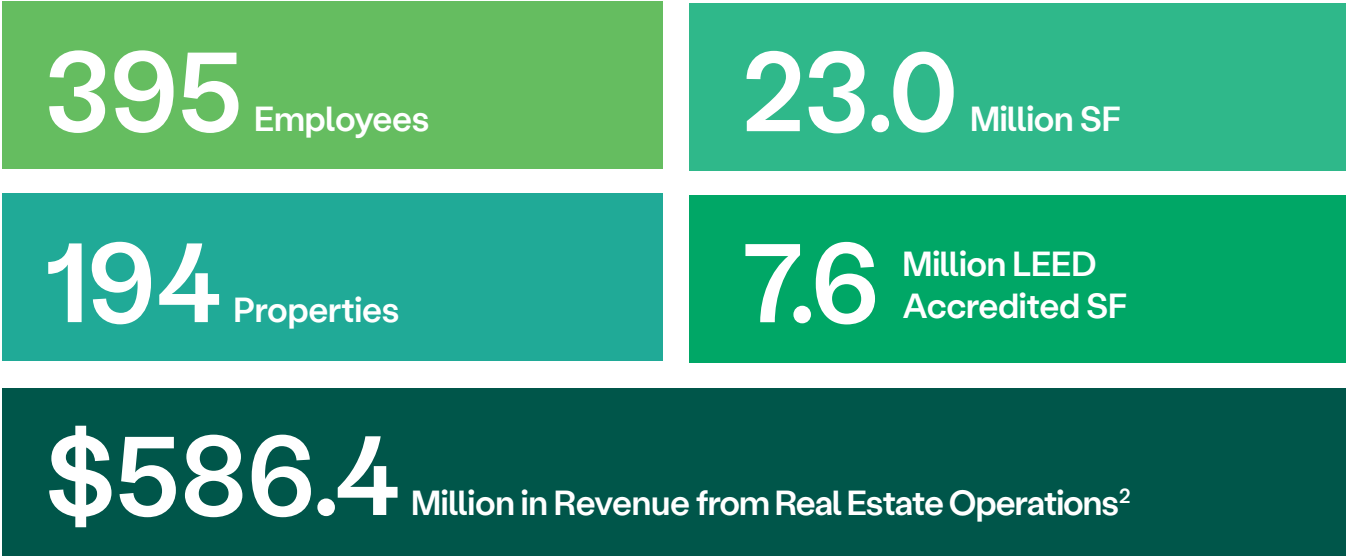
Issued our second TCFD disclosure to improve our alignment with TCFD Recommendations for strategy, risk management, metrics and targets, and opportunities



Refreshed and further diversified our Board of Trustees through the election of a new independent Board member



OUR PORTFOLIO BY THE NUMBERS<sup>1</sup>



<sup>1</sup> For the year ended December 31, 2022.  
<sup>2</sup> Includes real estate revenue from continuing and discontinued operations.

# COPT Defense + the Environment

## SUSTAINABILITY PRINCIPLES

COPT Defense incorporates sustainability throughout our daily operations with the goal of enhancing our environmental performance, empowering our people, supporting our communities and ultimately creating shared value for all of our stakeholders. In 2022, we conducted an initial Readiness Assessment to evaluate our current alignment with TCFD recommendations, which provide guidance for organizations to report climate-related financial disclosures structured around four key areas: governance, strategy, risk management and metrics and targets.

We concluded in our initial assessment that we believe our Company and portfolio are well-equipped to adapt to a variety of physical and transition risks over short- and long-term time horizons, and therefore will be well-positioned to take advantage of potential climate-related opportunities. We have since taken steps to further enhance our alignment with the TCFD

framework, as detailed in our second annual TCFD Annex on page 51.

The revised disclosure builds upon the findings from the prior year to specifically examine the ability of our portfolio to adapt to global temperature rises associated with two qualitative scenarios of climate-related change. It affirmed that our Company remains well-prepared to navigate future challenges if they were to arise. To maintain our current state of readiness, we will continue to integrate climate-related risks into the Company’s strategic planning and assess opportunities to mitigate these risks and deliver resilient value in changing markets. Specifically, we are monitoring regulations from the U.S. Securities and Exchange Commission (“SEC”) and other federal, state and local regulatory bodies so that we are prepared to comply with applicable disclosures and legislation.





As COPT Defense evolves our approach to managing climate-related risks and opportunities, we will continue to reference the “RITE” principles that serve as the foundation for the Company’s ESG program:

R

REDUCE

Minimize the consumption of energy and water resources when and where possible, and reduce our GHG intensity, water use and non-recyclable waste

I

INNOVATE

Continue to adapt and enhance building operations, designs and technologies to maximize benefits

T

THRIVE

Allocate resources to manage sustainability-related risks and continue generating resilient cash flows that benefit our stakeholders

E

ENGAGE

Select, align and grow a healthy and talented workforce; attract, retain and support high credit tenants who value our full-service relationship; support our surrounding communities; and deliver on all stakeholder expectations

We also appreciate the value of using established sustainability reporting frameworks, such as the UN SDGs, to identify COPT Defense’s contributions to global initiatives. Since their development in 2015, the UN SDGs have gained traction with stakeholders across the globe who share concerns about sustainability issues. In 2022, COPT Defense contributed to 13 of the 17 UN SDGs. Among these 13 goals, we believe that COPT Defense can have the

biggest impact on those that are most applicable to our Company, especially “Ten: Reduced Inequalities,” “Eleven: Sustainable Cities and Communities” and “Twelve: Responsible Consumption and Production.” Please see our contributions to these priority goals below and reference our comprehensive UN SDG Index on page 49 for our full alignment.

Sustainable Development Goal		Our Contribution
	<b>SDG10:</b> Reduced Inequalities	<ul style="list-style-type: none"><li>&gt; United Way of Central Maryland, Alabama, Texas and Virginia</li><li>&gt; Diversity and Inclusion</li><li>&gt; Community Building</li></ul>
	<b>SDG11:</b> Sustainable Cities and Communities	<ul style="list-style-type: none"><li>&gt; United Way of Central Maryland, Alabama, Texas and Virginia</li><li>&gt; Approach to Sustainable Development</li><li>&gt; Tenant Satisfaction</li></ul>
	<b>SDG12:</b> Responsible Consumption and Production	<ul style="list-style-type: none"><li>&gt; Sustainability Objectives</li><li>&gt; Approach to Sustainable Development</li></ul>





COPT DEFENSE'S SUSTAINABILITY JOURNEY

We recognize that integrating sustainability considerations into our property management strategy yields cost savings and social benefits for a variety of stakeholders, including our tenants and wider communities. Our sustainability journey began in 2003 with the development of our first building to achieve U.S. Green Building Council's LEED certification. In the nearly two decades that have elapsed since we took this initial step, our program

has grown to encapsulate multiple dimensions of sustainability, including resource conservation, waste management and climate resiliency. We develop our annual sustainability report with reference to multiple reporting frameworks, such as the Global Reporting Initiative ("GRI"), and assessments, such as GRESB, to better communicate our continued growth and performance to internal and external stakeholders.

2025 Sustainability Goals

In order to demonstrate our commitment to environmental performance, in 2020, we developed five-year targets for minimizing our environmental footprint compared to a 2019 baseline. To track progress towards these goals, we collect and aggregate energy data for properties within our operational control and water and waste data across our entire portfolio. This data allows us to demonstrate the impact of our commitment to sustainability and to help drive sustainability improvements throughout our portfolio.

Additionally, we believe that publicly reporting progress on an annual basis ensures that we remain accountable for the initial commitment we made to our shareholders and tenants. We are exploring options to introduce additional goals and revise current ambitions to ensure that our objectives remain appropriately challenging. The table below defines the current scope of each goal and provides a progress update.

Environmental Goals for 2025

Environmental Aspect <sup>3</sup>	Goal	2025 Goal	2022 Status	2019 Baseline
 Energy Use	5% intensity reduction	22.3 kWh/SF	14.5 kWh/SF (38% REDUCTION)	23.5 kWh/SF
 Scope 1 and 2 GHG Emissions	5% intensity reduction	6.89 kg CO <sub>2</sub> e/SF	3.95 kg CO <sub>2</sub> e/SF (46% REDUCTION)	7.25 kg CO <sub>2</sub> e/SF
 Water Use	Zero increase in water use intensity	0.0362 m <sup>3</sup> /SF	0.0417 m <sup>3</sup> /SF (15% INCREASE) <sup>4</sup>	0.0362 m <sup>3</sup> /SF
	Implement corporate water management program			
 Solid Waste Diversion from Landfill	Enhance communications to increase tenant and staff awareness of proper waste management practices			

<sup>3</sup> Energy and GHG emissions within COPT Defense's operational control exclude buildings that are wholly tenant-controlled. Wholly tenant-controlled buildings represent approximately 43% of our portfolio square footage, but approximately 97% of our total estimated energy consumption.

<sup>4</sup> The fluctuation of water use intensity reflects increased water consumption as facilities constructed in prior years install irrigation systems and landscaping in preparation for welcoming tenants.





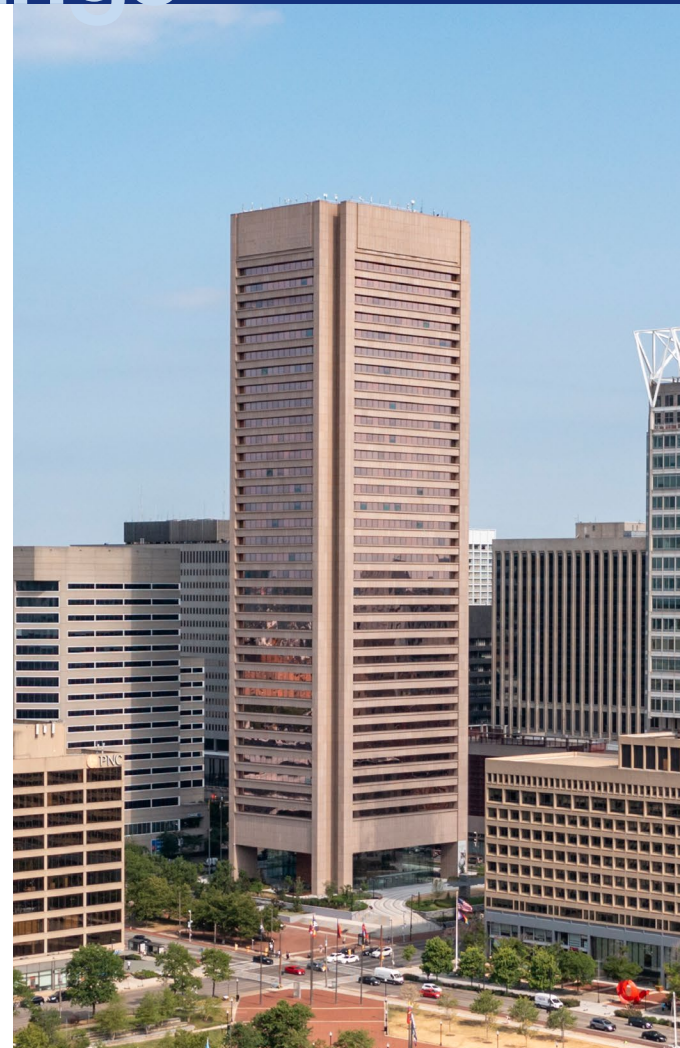
# Developing Sustainable Buildings

COPT Defense is committed to continuing to explore sustainable solutions to reduce the energy, water and waste footprint associated with our existing operational portfolio. Administered by COPT Defense's Vice President of Risk and Operations, our ISO 14001-aligned environmental management system ("EMS") has guided our approach for maintaining compliance with the latest industry-specific best practices for over a decade. Members of the Company's executive leadership team, including our CEO, Chief Financial Officer and Chief Operating Officer, receive reports regarding the EMS via ESG Steering Committee meetings, as appropriate. When evaluating capital expenditures, we consider short- and long-term return on investments, which include potential cost savings associated with improved efficiencies. Ongoing low-carbon initiatives within our current portfolio include:

- > Installing building automation systems and high-efficiency heating, ventilation and air conditioning ("HVAC") systems
- > Pursuing building electrification initiatives
- > Offering electric vehicle charging
- > Obtaining and maintaining LEED certifications
- > Participating in the ENERGY STAR® program

## Energy Management

Energy efficiency measures and operational improvements have been key to achieving our energy use goal ahead of schedule. As of 2022, COPT Defense saw a 38% reduction in energy use for properties within our operational control compared to a 2019 baseline, surpassing the target reduction for our 2025 goal. In 2022, Company-controlled properties procured approximately 6,644 MWh of electricity from renewable sources, representing approximately 4.0% of the portfolio's total electricity consumption. An increase in the proportion of renewable energy has helped us meet tenants' demand for energy consumption while decreasing our portfolio's overall GHG footprint. COPT Defense continues to evaluate new technologies and resource



**Our energy efficiency measures have already begun to yield results within our portfolio. 100 Light Street reduced its energy consumption by 13% from 2021 to 2022. This improvement is the result of ongoing energy efficiency efforts and equipment replacements that have occurred in the last few years to modernize the tallest building in Maryland.**

conservation practices as options to further reduce our Company's energy consumption. This includes a number of software options to pair with our building automation system that will allow us to monitor energy usage and identify potential hot spots.

To identify additional opportunities for improvement, we continue to evaluate a subset of our portfolio as part of the U.S. Environmental Protection Agency and Department of Energy's ENERGY STAR® program. This allows us to assess our energy efficiency program against a list of ENERGY STAR® best practices and compare our current performance to similar facilities operated by peers. In partnership with our third-party consultant, Schneider Electric, COPT Defense benchmarked 55 properties in 2022, resulting in approximately 3.3 million SF of ENERGY STAR® certified real estate across our portfolio.

## Water Management

Our water management program encompasses all domestic and sanitary water use at our buildings, such as sinks and toilets, in addition to water used in irrigation systems, sprinklers and cooling towers. In 2022, domestic and sanitary water use totaled approximately 679,000 m<sup>3</sup>, while irrigation, sprinklers and cooling towers used approximately 154,000 m<sup>3</sup> during the same time period.<sup>5</sup> Total wastewater discharged to publicly owned sewage systems

is approximately equal to the volume of domestic and sanitary water usage.

Year-over-year variations in weather and precipitation patterns can require our property and grounds maintenance crews to use more water to sustain the health of the land within COPT Defense's portfolio. Additionally, demand for water within our portfolio fluctuates throughout the construction cycle and can increase as we begin to operate irrigation systems and welcome new tenants. We seek to account for fluctuations by implementing long-term strategies that help us minimize water consumption. To this end, we have shifted our focus in recent years to the strategic enhancement of the Company's corporate water management program. As part of these efforts, we have increased the number of properties using reclaimed domestic water for cooling, which not only yields cost savings for the tenants but also decreases the building's water consumption. Additionally, some facilities have recently implemented satellite-based software to track evapotranspiration patterns throughout the day to allow the property management team to tailor irrigation schedules and improve water productivity. Across all geographies, COPT Defense does not have any assets in high water stress areas. The company has neither received notices nor does it have any knowledge of incidences of non-compliance with respect to water permits, regulations or standards.

<sup>5</sup> To maintain comparison for water consumption year over year, the 2022 data excludes assets that were not able to report data in 2021 and/or came online in 2022. We will aim to expand data availability in the future.







## SUSTAINABLE BUILDING DESIGN

COPT Defense utilizes sustainable building design to maximize the value and performance of our operating portfolio. As we tailor each project to reflect the unique preferences and priorities of individual tenants, we incorporate sustainability criteria as defined by LEED into property designs and management standards to the maximum extent feasible within the scope of the project.

### New Construction

Each new building offers COPT Defense a chance to consider several design components that will shape a building’s long-term sustainability, including accessibility of site location, efficiency capabilities of water and energy systems and relationship with neighbors. While the majority of our new development takes place within existing office parks, Company employees are committed to working with contractors to engage relevant stakeholders and monitor a project’s impact on surrounding communities over the course of construction.

Sustainable building designs minimize the environmental footprint associated with our newly developed assets, yield cost savings from improved building efficiencies and create healthier, more resilient work environments that will help to attract and retain tenants for years to come. To align with industry best practices and meet tenant expectations, COPT Defense targets new office properties to meet LEED certification standards or, when not possible, to otherwise incorporate LEED criteria into property designs. Our talented team, including 21 LEED Accredited Professionals, has delivered 50 LEED-certified<sup>7</sup> properties and 18 LEED-certified interiors as of December 31, 2022, representing 7.6 million SF of whole buildings and commercial interiors. Further, we seek to increase occupant exposure to the natural environment via designs that make use of natural light, biophilic elements, outdoor space and natural materials.

<sup>7</sup> Number adjusted for disposed properties and new properties placed into service.

### Waste Management

48% of the waste generated at a majority of facilities in the last year was either recycled or composted and therefore diverted from landfill disposal.<sup>6</sup> COPT Defense is actively working with our waste management partner to gain additional insight into our non-hazardous solid waste data to enable us to set a future quantitative reduction goal. As we pursue this additional insight, our property management team will continue to work to improve waste sorting options across our portfolio. We recently began offering a composting option at a select number of facilities and hope to expand this amenity to other locations, especially those with on-site restaurants. To help tenants navigate the

increased options, we install signage in our facilities and reinforce associated best practices through consistent sustainability e-mail communications. We anticipate that the combination of heightened awareness and enhanced amenities will yield a positive effect on our waste diversion rate across our portfolio.

In addition to our non-hazardous waste footprint, COPT Defense generates less than 500 pounds of hazardous waste annually. This waste is managed by certified transporters and disposal facilities in compliance with all applicable regulations.

<sup>6</sup> Waste data is reported for the majority of assets. Of assets where waste data is not available, 65% fall outside of our operational control boundary. We aim to improve our data coverage in the future.



In 2022, 250 West Pratt launched the building’s ‘Grounds to Grow On’ initiative to help tenants prevent landfill disposal of single use coffee pods. COPT Defense partners with a third-party vendor to recycle the plastic and aluminum pod exterior and compost the brewed coffee grounds. In its first year in operation, the program diverted hundreds of pounds of organic material, aluminum and plastic from the landfill.



In 2022, we began a built-to-suit lease for 131,000 SF of Class A Office space in COPT Defense’s Redstone Gateway business park in Huntsville, Alabama. Energy efficient facilities are expected to decrease utility costs for tenants over the asset’s lifespan as the property is targeting LEED certification. Located in a pedestrian-friendly environment, future tenants will have access to numerous on-site amenities, including restaurants, a coffee shop, day care and hotels.



## Redevelopment

We continuously evaluate our portfolio to identify opportunities to redevelop currently occupied or vacant assets to better serve current or future tenants. The benefits of redevelopment are two-fold. Not only do these efforts create modern, efficient workspaces that engage tenants and maintain high rates of asset occupancy, but they also help the Company avoid waste and resource consumption associated with new construction.

In 2022, COPT Defense invested more than \$5.1 million in the development and redevelopment of indoor amenities, including conference rooms, shared workspaces and kitchens and cafeterias, to meet

evolving tenant expectations. These expanded common areas afford our tenants' employees maximum flexibility to choose how they want to focus, collaborate and relax within their workspace. In the same time period, COPT Defense also invested approximately \$110,000 in the development and redevelopment of our assets' shared outdoor spaces where tenants can choose to either work or relax. In addition to supporting the development of outdoor amenity spaces, part of this investment is to be responsible stewards of the thousands of acres of land across Alabama, Maryland, Texas, Virginia and Washington D.C. that we own. Where possible, we install bioswales and rain gardens on our properties to increase stormwater infiltration by removing debris and pollution from runoff as it comes off larger areas of impervious surfaces, like streets and parking lots.



COPT Defense continues to maintain two honeybee hives that we established at our Columbia Gateway and Patriot Ridge locations in 2020. By taking thousands of bees under our wing, we spread awareness about the vital role pollinators play in maintaining biodiversity and healthy ecosystems.

At 100 Light Street, we recently chose to install a white silicone roof coating on top of existing roofing that had weathered over time, thus extending the useful life of the original roof and avoiding the generation of unnecessary waste. Moreover, the new white roof reflects heat, therefore lowering interior temperatures within the building and dissipating urban heat island effect in the surrounding areas.



## Existing Properties

The Company's property management team references LEED for Operating and Maintenance criteria to guide day-to-day operations of our existing portfolio. These standards define best practices for cleaning, recycling and energy reduction. In the last year, we maintained or expanded the following standards to uphold the sustainability of our portfolio:

- > Maintaining a recycling program that diverts waste from landfill through composting, recycling or beneficial reuse of tenant and construction materials
- > Operating a Green Cleaning Program that protects indoor air quality, building systems and the environment through selection of non-hazardous cleaning products

- > Implementing an Environmentally Safe and Integrated Pest Management Program to avoid human exposure to pests without the use of pesticides
- > Requiring minimum Indoor Air Quality standards to maintain tenant and staff comfort and well-being.
- > Extending the prohibition of smoking within 25 feet of building entrances across the portfolio and administered a tobacco-free campus at Redstone Gateway
- > Installing HVAC and building automation systems to enable efficient building operations and reduce resource consumption
- > Expanding priority parking options and access to charging stations to support increased use of hybrid and electric vehicles
- > Opting for indigenous plant species in landscaping to minimize required upkeep, increase ecosystem resiliency and provide habitat for local pollinators

Within our buildings, we have rolled out asset management software over the last five years to automate and streamline a number of functions at assets across our portfolio. The data tracked in this software provides insight into asset conditions and work processes that helps property managers more effectively forecast upcoming maintenance and repair needs. Despite supply chain constraints

within the portfolio, 88% of repair needs during the reporting year were completed on time with minimal system downtime. As a result of this success, we have been able to extend the useful life of high-quality building systems and avoid the increased environmental footprint and costs associated with end-of-life disposal and replacement.

Should an asset come to the end of its useful life, we seek to install new technology to enhance the resource use efficiency of our existing building systems. Recently, we brought new dry cooling units online that regulate building temperatures using a closed-loop system of water. As these systems do not require a supply of water like traditional cooling systems and can run consistently throughout the year, they also often decrease operation and maintenance expenditures.

COPT Defense endeavors, when economically feasible, to conduct business with vendors who incorporate sustainable practices and materials as economically feasible. Throughout our business relationship, we work together with our vendors to implement environmental, social and governance-related plans to achieve our shared sustainability objectives.





# Supporting Our People

## EMPLOYEE SAFETY

At COPT Defense, we believe that healthy, safe and engaged employees are key to the success of our business. We maintain a robust program to educate each employee throughout their tenure at COPT Defense about their role in mitigating potential risk, creating safe working conditions and ultimately preventing accidents. Upon starting at the Company, we require each employee to participate in training tailored to the responsibilities of their new role to ensure alignment with our Company’s safety procedures. We empower all employees to exercise their Stop Work Authority to halt a task or job if they perceive that the circumstances pose a threat to an employee or others. Refresher courses at regular intervals, as well as those offered as the specific need arises, also contribute to employees’ ongoing safety education.

Our commitment to safety goes beyond employee training. We also install safety signage at all worksites and office locations and update them as new risks emerge. Weekly communications from health and safety departmental leadership share lessons learned from company-wide trends and specific local incidents with applicable employees. In 2022, we held quarterly regional Safety Council meetings to facilitate collaborative conversations with senior safety leaders to discuss ways to improve safety measures and share best

practices. We expanded Safety Council meetings for all COPT Defense regions in the first quarter of 2023. We track all pertinent safety metrics, including Occupational Safety and Health Administration ("OSHA") requirements, to monitor our performance against industry averages and identify trends that may require additional dedicated resources. This analysis helps tailor our approach to the areas of our business that may have specific training needs not fully addressed by our Company-wide program.

### Safety Performance Summary

	2022	2021	2020
OSHA Total Recordable Incident Rate	0.8	1.6	1.2
Benchmark	--	1.8	1.9
OSHA Lost Day Incident Rate	0.0	0.7	0.9
Benchmark	--	1.0	1.2
Absentee Rate	3.0%	2.30%	1.88%





# EMPLOYEE HEALTH + WELLBEING

We prioritize health and wellbeing across our organization, from our employees to our tenants and throughout the community. COPT Defense’s comprehensive Wellness Program provides resources for employees to educate themselves on five dimensions of wellness: financial, physical, career, emotional and community. We encourage employees to make healthy decisions that support their holistic wellbeing through incentives such as lowering medical coverage contributions for employees who complete annual screenings and wellness checks. Additionally, COPT Defense employees have access to financial, legal and emotional counseling resources and onsite fitness centers with Company-sponsored fitness classes.

Our generous compensation package provides fair, competitive wages and best-in-class benefits to all eligible employees. Our Human Resources team maintains a comprehensive guide that details actual employee and employer costs associated with each benefits plan and provides insight into what may otherwise be a complicated process. To ensure that employees feel confident in their benefit elections, we offer employees individualized explanations and one-on-one guidance during initial onboarding and annual open enrollment.

COPT Defense also designates Wellbeing Champions to serve as local peer resources and initial points of contact for any employees who have questions about the Wellbeing Program. As wellbeing ambassadors for the Company, Wellbeing Champions are empowered to generate and implement ideas and to reflect feedback from fellow employees. Additionally, we encourage Wellbeing Champions to communicate the responses they receive from peers to Human Resources leadership, which helps identify potential areas for programmatic enhancement.

Throughout each year, COPT Defense holds wellbeing initiatives to promote employees and tenants’ health and wellbeing. In the summer of 2022, we partnered with other businesses from the local community to bring seasonal amenities to our properties, such as beekeeping workshops and summer happy hours.

At our Wayline amenity space, we introduced a yoga series at the property’s on-site yoga lawn featuring refreshments from a Baltimore-based restaurant. This program offered attendees a convenient and enjoyable opportunity to exercise and relax just steps from their workplace.



# DIVERSITY + INCLUSION

Diversity and inclusion are an integral part of our Company culture. We appreciate the fact that many of our employees and tenants alike live and work in some of the most diverse regions of the country, such as Maryland, Virginia and Washington D.C., and we strive to ensure that our workforce reflects this diversity. As an Equal Opportunity Employer, we are committed to recruiting qualified applicants of diverse racial, ethnic, socioeconomic and gender backgrounds.

As of December 31, 2022, we had 395 employees, 393 of whom were full-time employees. Out of our total workforce, 163 employees served as building technicians, skilled trades professionals who perform mechanical and operating systems maintenance and otherwise service our properties. The remaining 232 employees were office-based and served in a variety of leadership, financial, support and operations roles. In 2022, a majority – approximately 55% – of our office-based staff were female and approximately 32% were a part of a minority race.

To foster a sense of shared belonging at COPT Defense, we sponsor affinity groups to offer all employees the opportunity to learn from peers across different Company locations and departments. These groups serve to connect employees with shared identities with others who may be outside of their typical job function. We also re-introduced COPT Defense’s employee-led mentorship program in 2022 after a year’s hiatus. The six participating mentor-mentee pairs share similar personal interests, but possess different life experiences and professional backgrounds. Over the nine-month duration of mentorship, our hope is that the relationship promotes mentees’ career advancement, skill refinement and furthers participants’ understanding of COPT Defense. There are no limits on how many years employees can participate in the program, whether as a mentor or a mentee, and our aim is that the relationships cultivated in these mentor-mentee pairs continue well beyond the initial program term.

## Workforce Racial and Ethnic Diversity

	Operations Team	Office-based	Total
White	110	157	267
Black/African American	20	34	54
Hispanic/Latino	25	15	40
Asian	3	15	18
American Indian/Alaskan Native	1	0	1
Two or More Races	4	11	15

## Workforce Gender Diversity

	Operations Team	Office-based	Total
Female	0	128	128
Male	163	104	267



## TALENT MANAGEMENT

Over the past year, we have continued to develop our workforce, with a particular focus on developing new talent through the provision of internships and mentoring programs. To identify top-tier candidates, we built connections with local trade schools and associations, such as the Apartment and Office Building Association of Metropolitan Washington (“AOBA”), the Maryland Apprenticeship and Training Program (“MATP”) and the Heating, Ventilation and Air Conditioning (“HVAC”) Council. These connections allow us to recruit early career-stage talent for apprenticeships and entry-level positions who we hope will build a career at COPT Defense. We also offer internship programs so that students who are working towards a four-year degree can gain on-the-job experience at COPT Defense before entering the full-time workforce.

As employees hone their knowledge and skillset over time, we endeavor to provide them opportunities to grow in their role at COPT Defense. In addition to both structured and ad hoc trainings, we provide tuition assistance to employees who choose to continue their education or obtain a relevant professional certification and license. COPT Defense invested approximately \$41,000 to provide educational assistance to 13 participating employees in 2022.

### Employee Engagement

We are proud that approximately 41% of our workforce have been with COPT Defense for ten years or more and believe that this is a testament to the efficacy of our employee engagement efforts. To continue this success and to ensure that the decisions we make reflect a variety of viewpoints, Company leadership regularly solicits feedback from employees regarding the Company’s recent performance. Annual town halls offer an opportunity for senior management to discuss their strategy for the upcoming year with the wider workforce. Each town hall reserves time for open discussion during which employees can directly dialogue with their leaders to prompt questions regarding Company initiatives and share their opinions. Comments received during employee engagement efforts help identify our Company’s current strengths and weaknesses and inform ongoing priorities. Additionally, we regularly conduct a third-party employee survey to provide another forum for candid, anonymous employee feedback regarding leadership performance, work-life balance and career advancement within our Company. Approximately 60% of employees responded to our 2022 survey and reported strong levels of satisfaction with the Company.



## TENANT SATISFACTION

The satisfaction of our tenants is a top priority for COPT Defense and a significant consideration as we weigh potential sustainability initiatives. Property managers communicate regularly with tenants about operational and sustainability issues, work orders and energy management and create action plans and preventive maintenance plans. COPT Defense also offers tenants the option to discuss questions and raise any concerns to their property management team via one-on-one conversations and quarterly Tenant Council meetings.

Frequent, proactive engagement with our tenants helps foster relationships and creates meaningful partners in our sustainability efforts. The most recent

tenant satisfaction survey was distributed to 100% of our tenants in November 2022. 99% of respondents reported that they are either “satisfied” or “very satisfied” with COPT Defense’s overall management, communication and responsiveness. Moreover, 96% of respondents identified sustainability as either “somewhat” or “very” important to their business. We believe that this positive feedback from our tenants provides COPT Defense a mandate to continue the Company’s sustainability initiatives to deliver cost savings, resource efficiencies and environmental benefits on behalf of our tenants.







## COMMUNITY BUILDING

In each of the communities in which our portfolio is located, we are committed to leveraging both our talents and our financial resources to support our neighbors. In line with our people management approach, our employee-led community engagement empowers employees to direct the Company’s charitable efforts to best serve the unique needs of their communities. The resulting initiatives build enthusiasm for philanthropic actions and encourage participation. In 2022, COPT Defense and our employees supported a total of 68 partner organizations through volunteer hours, donated materials and/or financial contributions.

Our Associate Grant Program is just one way that our employees can direct Company support to the causes that are most meaningful to them. All employees are eligible to submit a nomination to raise awareness about, and potentially direct, Company-sponsored grants for their chosen organization. Employees who serve on our Corporate Contribution Committee review all Associate Grant applications and award between \$250 to \$25,000 to support deserving initiatives nominated by their peers. The Company pledged \$344,000 through this program in 2022.

COPT Defense’s Donate 8 program grants employees up to eight hours of paid work time to volunteer at an organization of their choice. The program allows our employees to use their volunteer hours in ways that speak to their individual interests and community values, and that are truly meaningful to each. In 2022, 44% of eligible employees took advantage of the Donate 8 program. Participants volunteered a total of approximately 1,340 paid work hours, equivalent to approximately \$65,800 in donated wages.

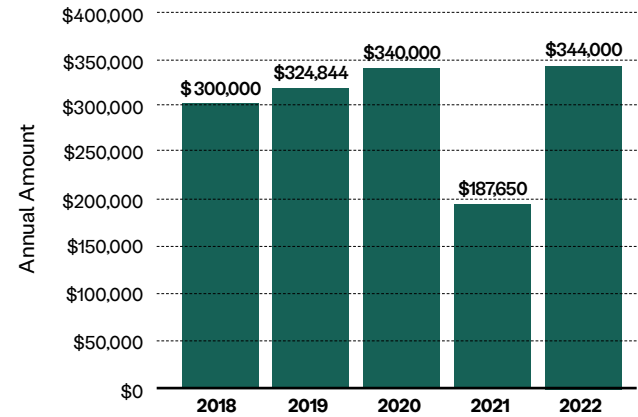
COPT Defense Cares offers employees the chance to participate in “casual Fridays” in exchange for a small weekly donation to the Company’s ongoing charitable endeavors. In 2022, 46% of eligible COPT Defense employees participated in the program, yielding a total donation of approximately \$25,500. COPT Defense matched monthly employee donations up to \$1,000 to give an additional \$12,000 over the course of the year, bringing the annual total Company contribution to \$37,500.

## United Way Contributions

COPT Defense continued our relationship with United Way in 2022, one of our longest, most significant charitable partnerships. COPT Defense remains a strong advocate for United Way’s mission to “improve lives by mobilizing the caring power of communities around the world to advance the common good.” The Company has partnered with United Way of Central Maryland, Alabama, Texas and Virginia to deliver multiple projects that support families and education, promote safe and affordable housing and work to end homelessness in the local communities. Our annual 2022 United Way fundraising campaign raised approximately \$120,000 from employee support and \$37,000 from company-sponsored matches to bring COPT Defense’s total donation to over \$155,000.

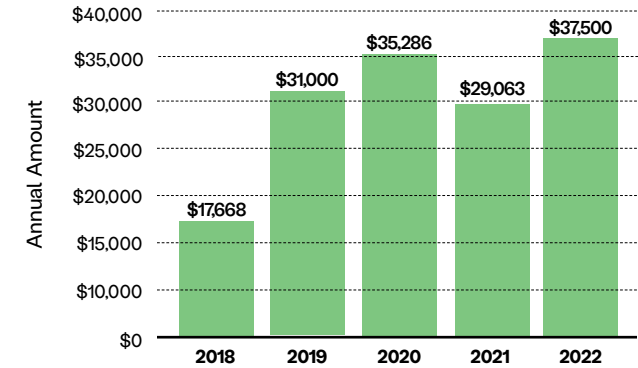
Where possible, COPT Defense also seeks to leverage our workforce’s unique talents to support our charitable partners. COPT Defense invested more than \$2 million of Company resources to plan, design and build a facility in our Columbia Gateway district to meet United Way’s specific needs at no cost to the organization. Open in January 2022, the United Way Family Center in Columbia endeavors to fill a critical need for affordable, quality childcare in our local community in which more than one in three families struggle to make ends meet. The facility can provide care for up to 76 Asset-Limited, Income Constrained and Employed (“ALICE”) families for 10-16% less than the average area cost. Additionally, it offers financial planning assistance and mental health counseling to help families and caregivers provide a safe, secure home environment. Beyond the initial donation of construction costs, the Company also has a long-term agreement to lease the asset to United Way at a significantly reduced rate, a discount that is equivalent to over a \$200,000 annual donation.

## Associate Grant Donations



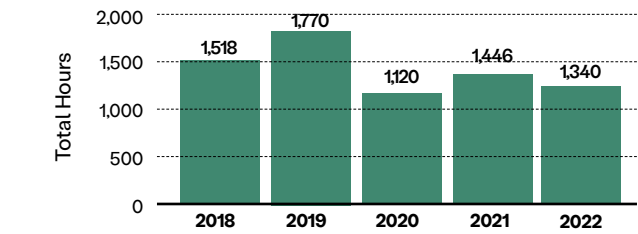
TOTAL: \$1,496,494

## COPT Defense Cares Donations



TOTAL: \$150,517

## Donate 8 Volunteer Hours



AVERAGE: 1,439 hours



# Sustainability Governance

## CYBERSECURITY + DATA PRIVACY

As a preferred partner for mission-critical real estate, we appreciate that our tenants often require uninterrupted access to digital and physical infrastructure to deliver the service on which their customers and communities depend. We employ best-in-class technology and an expert team to protect against threats from multiple vectors, with the goal of supporting our tenants' business continuity plans. COPT Defense maintains a robust safety program that provides a reliable baseline of protection against cybersecurity threats for our Company and tenants. We also collaborate with tenants to identify any unique threats that their particular organization may face and to establish appropriate safeguard mechanisms. Similarly, we take steps to protect the data of our employees, tenants and business partners against unauthorized access or use without appropriate notification and consent. Our in-house teams abide by the most stringent restrictions to respect individual privacy and protect all sensitive personal and business information. As a reflection of our ongoing diligent attention to potential threats, COPT Defense experienced no cybersecurity breaches or incidents in 2022.

Key components of our Company-wide cybersecurity program include trainings to educate employees

on identifying and avoiding potential cyberattacks, as well as strategies and procedures for reporting and isolating suspected attempts at breaches of cybersecurity. As the prevalence of physical and digital threats grows, so does our system of defensive mechanisms. In 2022, we began piloting a consolidated cybersecurity platform that links web and cloud components within our current system to streamline our management approach. We believe that this consolidated platform will optimize our system's performance and ultimately better serve our tenants' steadfast need for a safe and secure network amidst ever-evolving market circumstances. These efforts are guided by our subject matter experts and senior leadership and overseen by our Audit Committee, who discuss cybersecurity and technology on an at least quarterly basis and receive incident reports as appropriate.

Cybersecurity and data privacy rely on strong physical security. We partner with tenants and local law enforcement to ensure the physical, and ultimately digital, safety and security of our personnel and facilities. Recent initiatives include installing a visitor sign-in system that limits visitor access to certain of our facilities and conducting drills on how to safely respond to intruders and extreme weather.

## CORPORATE GOVERNANCE

We believe that strong corporate governance enhances our accountability to our stakeholders, resulting in effective oversight and decision making. COPT Defense's Vice President of Operations and Risk spearheads our external sustainability reporting and works with leaders from across the Company to integrate ESG considerations into our day-to-day operations. In 2021, we established an executive-level, cross-functional ESG Steering Committee, led by our CEO, Chief Financial Officer and Chief Operating Officer, to formally oversee the implementation of our short- and long-term ESG strategy. To this end, the Steering Committee meets regularly to monitor: the development of climate-related risks and opportunities; performance against our sustainability objectives; and production of our annual sustainability report and associated disclosures.

The charter for the Nominating Committee of COPT Defense's Board of Trustees establishes responsibility for ESG matters and corporate governance. At least quarterly, our CEO and General Counsel update the Nominating Committee on these matters to inform the Committee's corporate governance communications with the wider Board.

Ten individuals currently serve on COPT Defense's Board of Trustees, nine of whom were determined to be independent under the Securities Act of 1934 provisions. Our independent board members are involved in four standing committees that pertain to their area of expertise, including: Audit, Compensation, Investment and Nominating and Corporate Governance.


The Nominating and Corporate Governance Committee annually evaluates the makeup of the Board of Trustees to ensure that the collective Board is sufficiently equipped to represent our shareholders and oversee the Company on all pertinent matters, including ESG-related topics. To provide regular opportunities for Board refreshment, shareholders elect Board members annually and COPT Defense maintains a policy that enacts a mandatory retirement age of 75 for individuals at the time of their election. Our Board is committed to diversity; including the election of a new Board member in 2022, the last four appointments to the Board have

been diverse candidates. In total, 40% of our Board are a woman and/or person of color. The specific demographics of our key Committees are as follows:

### Overall Board of Trustees:


65 Average Age, 9 Independent Trustees


 3 women

 2 African Americans

### Audit Committee


65 Average Age

 3 women, including the Chair

 1 African American


### Compensation Committee

66 Average Age

 1 African American

### Investment Committee

68 Average Age

 1 African American

### Nominating + Corporate Governance Committee

67 Average Age

 2 women





Ethical Business Conduct

Overseen by our Board of Trustees and administered by our executive leadership, COPT Defense’s Human Rights Policy, Environmental Policy, Code of Conduct and Ethics and Vendor Code of Business Conduct and Ethics serve as the foundation for our Company’s ESG program. Adopted in November 2021, our Human Rights Policy reaffirms COPT Defense’s commitment to non-discrimination and equal opportunity to all persons and tenants on the basis of race, gender, ethnicity, national origin or religion and in compliance with all pertinent U.S. laws. The Policy codifies our belief in the equal rights of individuals, including the right to be treated without discrimination and to be evaluated on their merit in employment decisions.

Beyond compliance with statutory and regulatory requirements, the Code of Conduct and Ethics requires that all COPT Defense employees and members of the Board uphold ethical standards, including provisions of anti-bribery and anti-corruption, in their capacity as company representatives. The highest level of oversight of the anti-corruption program lies with the General Counsel, who provides updates, as applicable, to the CEO. While anti-bribery and corruption training has long been a baseline expectation for a majority of our workforce, we have recently rolled out a formal training and will require completion from all employees by the end of 2023. In addition to these trainings, COPT Defense also has an anti-money laundering program, which includes customer due diligence to maintain ethical behavior within our value chain. The anti-money laundering program allows COPT Defense to meet Office of Foreign Assets Control and Sarbanes-Oxley compliance measures. Furthermore, all employees are expected to adopt additional high standards of personal ethics as deemed to be in the best interests of our stakeholders.

We also maintain a Vendor Code of Business Conduct and Ethics that demands the highest standards of product quality and business integrity in our dealings with suppliers. As a part of our Human Rights Policy, we strictly oppose the use of illegal labor practices, including child labor, forced labor and discrimination by our Company, our vendors and our suppliers. To mitigate human rights risks, we seek to ensure all vendors,

including their employees, agents and subcontractors, comply with this expectation and conduct themselves with the highest standard of honesty, fairness and personal integrity. Employees are trained on our Human Rights Policy and related procedures. We understand the legal implications of violating our internal policies and laws around human rights, and thus have created an anonymous reporting option through COPT Defense’s Ethics Hotline for any potential violations.

We are committed to maintaining an environment of open, honest communication. To encourage transparency amongst employees, we have instituted multiple formal incident reporting mechanisms via management, Human Resources and our General Counsel. Additionally, we partner with an independent third party to operate a 24/7 Ethics Hotline that is available to all individuals who wish to report a concern. No ethical complaints or incidents involving violations of bribery, corruption or anti-competitive conduct were reported in 2022.

Should we receive a report of a potential incident, our General Counsel and Director of Human Resources are obligated to promptly investigate and resolve the matter. They then provide a summary of the investigation and remedial actions, if appropriate, to the Audit Committee for the Board’s consideration. The Audit Committee maintains oversight of the Company’s compliance with legal and regulatory requirements and ethical behavior. Additional information related to the hotline is located within the Governance tab of our investor website.

In 2022, COPT Defense did not engage in any lobbying activities with respect to the U.S. Government and did not make financial contributions to the campaigns of any candidates running for the U.S. Senate or the U.S. House of Representatives. As such, COPT Defense has not made any financial contributions in connection with any lobbying or campaign activities with respect to the U.S. Government. COPT Defense operates in the states of Alabama, Maryland, Texas and Virginia and in Washington D.C. During the past twelve months, COPT has contributed \$55,500 to the various state and local campaigns of the following individuals running for County Council positions in the State of Maryland:

2022 – Maryland State Contributions

RECIPIENT	DATE	DONOR	AMOUNT
Allison Pickard	1/12/2022	COPLP <sup>8</sup>	\$2,000
(AA County Council)	9/14/2022	COPLP	\$500
Mark Edelson	2/6/2022	COPT Entity	\$2,000
(Baltimore City Council)			
Steuart Pittman	2/9/2022	COPT Entity	\$6,000
(AA County council)			
Pete Smith	4/27/2022	COPT Entity	\$1,000
(AA County Council)	10/11/2022	COPLP	\$1,000
Calvin Ball	6/22/2022	COPT Entity	\$6,000
(Howard County)			
Reid Justin Novotny	10/10/2022	COPLP	\$6,000
(State Senator)			
Jessica Haire	10/11/2022	COPLP	\$6,000
(County Council)			
Christian Joseph Meile	10/10/2022	COPLP	\$6,000
(State Senate)			
Said Amal Saab	10/10/2022	COPLP	\$6,000
(State Senate)			
Kimberly Ann June	10/10/2022	COPLP	\$6,000
(State Senate)			
Michael Rogers	10/13/2022	COPLP	\$1,000
(House of Delegates)			
Pam Beidle	11/2/2022	COPLP	\$6,000
(State Senate)			
			Total \$55,500

<sup>8</sup> COPLP stands for Corporate Office Properties, L.P. which both owns real estate directly and through subsidiary partnerships and limited liability companies. COPT Entity stands for Corporate Office Properties Trust Entity.



These campaign contributions were made and disclosed in accordance with state law and were made when the candidates themselves reached out to COPT Defense. We evaluate whether to make these contributions on the basis of whether the candidates are actively involved in their local community and are seeking to make their communities a better place for all who live and work there. Some of these candidates have assisted COPT Defense in its construction of the United Way Community Center and coordinating other investment partners in similar types of projects. COPT Defense does not hire third-party lobbyists and only engages with county and community representatives in connection with zoning matters that require involvement from local elected representatives.

## STAKEHOLDER ENGAGEMENT

We recognize the value of engaging stakeholders throughout our sustainability journey. We are committed to engage stakeholders as deemed appropriate. This report reflects the results of a formal materiality assessment conducted in partnership with a third-party organization. To maintain an up-to-date understanding of stakeholder priorities initially identified in this materiality process, our Investor Relations team and Company leadership regularly conducted stakeholder engagement efforts in the last year. These efforts included engaging investors via targeted dialogues and general communications regarding investor priorities. We are sharing our next investor survey in 2023. We supplement investor-specific communications with a variety of publicly available disclosures, such as regulatory filings and reports, including this report.

We encourage our employees to share sustainability best practices and lessons learned by participating in and leading organizations relevant to our industry and/or geography. Some of these organizations include:

- > Apartment & Office Building Association (“AOBA”)
- > Army Alliance
- > Association of the United States Army
- > Building Owners and Managers Association (“BOMA”) International
- > Commercial Real Estate Women (“CREW”) Network
- > Cyber Maryland
- > Fort Meade Alliance
- > Greater Baltimore Committee
- > Global Real Estate Sustainability Benchmark (“GRESB”)
- > Heating, Ventilation and Air Conditioning (“HVAC”) Council
- > International Interior Designers Association (“IIDA”)
- > Intelligence & National Security Alliance (“INSA”)
- > Maryland Apprenticeship & Training Program (“MTAP”)
- > NAIOP – Commercial Real Estate Development Association
- > National Association of REITs (“Nareit”)
- > Southern Maryland Navy Alliance
- > United Way of Central Maryland
- > Urban Land Institute
- > U.S. Green Building Council (“USGBC”)





# About This Report

In 2019, we worked with an independent third-party organization to complete a formal materiality assessment to identify the sustainability issues with the largest impact on our Company due to their importance to our stakeholders – including our workforce, tenants, communities and investors.

ERM Certification and Verification Services, Inc. (“ERM CVS”) was engaged to provide assurance for our GHG Scope 1 and Scope 2 emissions data for calendar year 2022. The Independent Assurance Statement is included on the next page of this report.

Our ESG Steering Committee, which is headed by our CEO, and external consultant, Environmental Resources Management, Inc. (“ERM”), prepared our 2023 Sustainability Report that covers all of COPT Defense’s reportable segments during the reporting year. For any questions pertaining to this report, please contact our General Counsel at [gc@copt.com](mailto:gc@copt.com). The Board of Trustees, either collectively or individually, can be contacted by writing to them care of our General Counsel as follows:

**GENERAL COUNSEL**

Corporate Office Properties Trust  
6711 Columbia Gateway Drive, Suite 300  
Columbia, Maryland 21046



## Independent Limited Assurance Report to COPT Defense Properties, L.P.

ERM Certification & Verification Services Incorporated (“ERM CVS”) was engaged by COPT Defense Properties, L.P. (“COPT”) to provide limited assurance in relation to the selected information set out below and presented in COPT’s 2023 Corporate Sustainability Report (the “Report”) for the reporting year ending December 31<sup>st</sup>, 2022.

Engagement summary	
Scope of our assurance engagement	<p>Whether the consolidated 2022 data for the following selected disclosures are fairly presented in the Report, in all material respects, in accordance with the reporting criteria:</p> <p><b>GHG emissions data: Page 47</b></p> <ul style="list-style-type: none"><li>• Total Scope 1 GHG emissions [metric tons CO<sub>2</sub>e]</li><li>• Total Scope 2 GHG emissions (location-based) [metric tons CO<sub>2</sub>e]</li></ul> <p><b>Water data: Page 48</b></p> <ul style="list-style-type: none"><li>• Total water supplied (municipal water intake) [thousand cubic meters]</li></ul> <p>Our assurance engagement does not extend to information in respect of earlier periods or to any other information included in the Report.</p>
Reporting period	January 1 <sup>st</sup> , 2022 – December 31 <sup>st</sup> , 2022.
Reporting criteria	<ul style="list-style-type: none"><li>• World Business Council for Sustainable Development (WBCSD) / World Resource Institute (WRI) GHG Protocol (2004, as updated January 2015) for GHG emissions data;</li><li>• COPT’s Greenhouse Gas Calculation Methodology for GHG emissions data, as described on page 36 of the Report; and</li><li>• COPT’s Water Reporting Methodology for water data, as described on page 48 of the Report.</li></ul>
Assurance standard and level of assurance	<p>We performed a limited assurance engagement, in accordance with the International Standard on Assurance Engagements ISAE 3000 (Revised) ‘Assurance Engagements other than Audits or Reviews of Historical Financial Information’ and in accordance with ISAE 3410 for Greenhouse Gas data issued by the International Auditing and Assurance Standards Board.</p> <p>The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement and consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.</p>
Respective responsibilities	<p>COPT is responsible for preparing the Report and for the collection and presentation of the information within it, and for the designing, implementing and maintaining of internal controls relevant to the preparation and presentation of the Report.</p> <p>ERM CVS’ responsibility is to provide conclusions to COPT on the agreed scope based on our engagement terms with COPT, the assurance activities performed and exercising our professional judgement.</p>

**Our conclusion**

Based on our activities, as described below, nothing has come to our attention to indicate that the consolidated 2022 data for the disclosures listed under ‘Scope’ above are not fairly presented in the Report, in all material respects, in accordance with the reporting criteria.



Our assurance activities

Considering the level of assurance and our assessment of the risk of material misstatement of the selected information, a multi-disciplinary team of sustainability and assurance specialists performed a range of procedures that included, but was not restricted to, the following:

- Evaluating the appropriateness of the reporting criteria for the selected information.
- A virtual visit with COPT and their service provider, Schneider Electric, to understand and evaluate the relevant management systems and processes (including internal review and control processes) used for collecting and reporting the selected information.
- An analytical review of the year-end data submitted by all assets included in the consolidated 2022 inventory for the selected information, which included testing the completeness and mathematical accuracy of conversions and calculations, and consolidation in line with the stated reporting boundary.
- Desktop review of energy consumption and water supplied data for the underlying assets, including cross checking of asset-level source documentation (utility bills/invoices) for: 13 sampled assets for emissions and 35 for water.
- Confirming conversion and emission factors and assumptions used for the sampled assets.
- Reviewing the presentation of information relevant to the scope of our work in the Report to ensure consistency with our findings.

The limitations of our engagement

The reliability of the assured information is subject to inherent uncertainties, given the available methods for determining, calculating or estimating the underlying information. It is important to understand our assurance conclusions in this context. Our work was undertaken through desktop review. We did not undertake in-person visits to any of COPT’s assets.

Our independence, integrity and quality control

ERM CVS is an independent certification and verification body accredited by UKAS to ISO 17021:2015. Accordingly we maintain a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements. Our quality management system is at least as demanding as the relevant sections of ISQM-1 and ISQM-2 (2022).

ERM CVS applies a Code of Conduct and related policies to ensure that its employees maintain integrity, objectivity, professional competence and high ethical standards in their work. Our processes are designed and implemented to ensure that the work we undertake is objective, impartial and free from bias and conflict of interest. Our certified management system covers independence and ethical requirements that are at least as demanding as the relevant sections of the IESBA Code relating to assurance engagements.

ERM CVS has extensive experience in conducting assurance on environmental, social, ethical and health and safety information, systems and processes, and provides no consultancy related services to COPT in any respect.

Beth C. B. Wyke

Beth Wyke  
Global Head of Corporate Assurance Services  
Malvern, PA

December 22<sup>nd</sup>, 2023

ERM Certification & Verification Services Incorporated  
[www.ermcvs.com](http://www.ermcvs.com) | [post@ermcvs.com](mailto:post@ermcvs.com)



GREENHOUSE GAS CALCULATION METHODOLOGY

During the 2022 reporting year, COPT Defense's GHG inventory maintained an operational control boundary for the purposes of sustainability reporting. This organizational boundary includes direct (e.g., fuel combustion and refrigerants) and indirect (e.g., generation of purchased electricity and steam) emissions generated or consumed by buildings that are partially or wholly controlled by COPT Defense, such as:

DIRECT EMISSIONS – SCOPE 1

- > Stationary equipment (from the combustion of natural gas and diesel in boilers, furnaces and heaters)
- > Transportation (from the combustion of gasoline in automobiles and trucks)
- > Fugitive emission sources (from the use of refrigerants)

INDIRECT EMISSIONS – SCOPE 2

- > Purchased energy products (from the generation of electricity, green power and steam)

Although emissions associated with the generation of purchased energy products are a consequence of COPT Defense's consumption, they are considered indirect emissions because they are generated by another organization that falls outside of COPT Defense's organizational boundary (e.g., an electric generator or utility provider). Buildings that are wholly tenant controlled therefore fall outside of COPT Defense's organizational boundary. As such, emissions associated with those buildings are designated as Scope 3 emissions. We are not currently reporting our Scope 3 emissions, but may reassess this position in the future.

Decisions on organizational boundary determinations are made following the guidance of Chapter 3, Setting Organizational Boundaries, in the Greenhouse Gas Protocol Corporate Reporting and Accounting Standard (Revised Edition).

Emission Factors

Emission factors used for COPT Defense's inventory are based on guidance documents provided by the United States Environmental Protection Agency.

For direct emissions, equivalent emission factors for CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFC and PFC by fuel type or process application are used for all sites worldwide according to figures published by the United States Mandatory Reporting Rule.

For indirect emissions, emission factors for the specific electricity supplied to COPT Defense facilities are defined for each relative geography where COPT Defense operates. Emission factors from the US EPA Emissions & Generation Resource Integrated Database ("eGRID") are utilized for Location-Based Reporting. The Company relies on emission factors from the Green-E US Residual Mix for Market-Based Reporting if Utility Specific Emission Factors are unavailable.

Estimation Methodology

Throughout and at the conclusion of the year, it is common for energy sources to have data gaps. Furthermore, there are instances where data must be gapfilled or estimated. Gapfilled data is based on actual invoiced data, while estimations are based on intensity estimates. If a site is opened during the reporting year, no data will be gapfilled or estimated before that date. If a site is closed during the reporting year, no data will be gapfilled or estimated after that date.





# GRI Index

This report has been prepared in reference to the Global Reporting Initiative (“GRI”) Standards (2021) to inform the contents and structure of this sustainability report. GRI is a global organization that helps organizations communicate the impact of their business on key sustainability issues. GRI publishes standards and associated guidance that are widely used around the world. The index below offers our readers direct references to where specific sustainability information can be found in this report or on our website.

## UNIVERSAL STANDARDS

DESCRIPTION	INDICATOR	LOCATION OF INFORMATION
GRI 2: GENERAL DISCLOSURES 2021		
Organizational details	2-1	Company Overview
Entities included in the organization's sustainability reporting	2-2	About this Report
Reporting period, frequency and contact point	2-3	This report, published in December 2023, covers sustainability initiatives for all of COPT Defense's reportable segments in calendar year 2022. With the publishing of this report, we continue our cadence of publishing an annual sustainability report. About This Report
Restatements of information	2-4	N/A
External assurance	2-5	About This Report
Activities, value chain, and other business relationships	2-6	Company Overview, 2022 10-K (p. 5-9)
Employees	2-7	Company Overview, Diversity and Inclusion
Governance structure and composition	2-9	Corporate Governance, Stakeholder Engagement
Nomination and selection of the highest governance body	2-10	Corporate Governance
Chair of the highest governance body	2-11	Corporate Governance
Role of the highest governance body in overseeing the management of impacts	2-12	Corporate Governance
Delegation of responsibility for managing impacts	2-13	Corporate Governance
Role of the highest governance body in sustainability reporting	2-14	Corporate Governance
Conflicts of interest	2-15	Ethical Business Conduct, Code of Business Conduct and Ethics
Communication of critical concerns	2-16	Ethical Business Conduct



Collective knowledge of the highest governance body	2-17	Board of Trustees Webpage
Evaluation of the performance of the highest governance body	2-18	Nominating and Corporate Governance Committee Charter
Remuneration policies	2-19	2023 Proxy Statement (p. 23-47)
Process to determine remuneration	2-20	2023 Proxy Statement (p. 23-47)
Annual total compensation ratio	2-21	2023 Proxy Statement (p. 42)
Statement on sustainable development strategy	2-22	CEO Letter, Sustainability Principles, Developing Sustainable Buildings
Mechanisms for seeking advice and raising concerns	2-26	Ethical Business Conduct
Compliance with laws and regulations	2-27	Ethical Business Conduct
Membership Associations	2-28	Stakeholder Engagement
Approach to stakeholder engagement	2-29	Stakeholder Engagement, Employee Engagement
<b>GRI 3: MATERIAL TOPICS 2021</b>		
Process to determine material topics	3-1	Stakeholder Engagement
Material Topics	3-2	Below is our list of material topics identified in our 2019 materiality assessment: > Customer Satisfaction > Data Privacy and Physical Security > Energy and GHG Emissions > Employee Engagement > Employee Health, Safety, and Wellness > Talent Management > Ethical Business Conduct > Financial Performance > R&D and Innovation About This Report
<b>UNIVERSAL STANDARDS</b>		
DESCRIPTION	INDICATOR	LOCATION OF INFORMATION
<b>GRI 302: ENERGY 2016</b>		
Management of material topics	3-3	Developing Sustainable Buildings
Energy consumption within the organization	302-1	2025 Environmental Goals
<b>GRI 303: WATER AND EFFLUENTS 2018</b>		
Management of material topics	3-3	Water Management, 2025 Environmental Goals
Interactions with water as a shared resource	303-1	Water Management, 2025 Environmental Goals

Management of water discharge-related impacts	303-2	Water Management, 2025 Environmental Goals
Water consumption	303-5	Water Management, 2025 Environmental Goals
<b>GRI 305: EMISSIONS 2016</b>		
Direct (Scope 1) GHG emissions	305-1	2025 Environmental Goals Sustainability Performance Data About This Report
Energy indirect (Scope 2) GHG emissions	305-2	2025 Environmental Goals Sustainability Performance Data About This Report
<b>GRI 306: WASTE 2020</b>		
Management of material topics	3-3	Waste Management, 2025 Environmental Goals
Waste generated	306-3	Sustainability Performance Data
Waste diverted from disposal	306-4	Waste Management
<b>GRI 401: EMPLOYMENT 2016</b>		
Management of material topics	3-3	Employee Health and Wellbeing
Benefits provided to full-time employees that are not provided to temporary or part-time employees	401-2	Employee Health and Wellbeing
<b>GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018</b>		
Management of material topics	3-3	Employee Safety
Hazard identification, risk assessment, and incident investigation	403-2	Employee Safety
Worker training on occupational health and safety	403-5	Employee Safety
Work-related injuries	403-9	Employee Safety
<b>GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016</b>		
Management of material topics	3-3	Diversity and Inclusion
Diversity of governance bodies and employees	405-1	Corporate Governance
<b>GRI 404: TRAINING AND EDUCATION 2016</b>		
Management of material topics	3-3	Talent Management
Average hours of training per year per employee	404-1	Sustainability Performance Data



Programs for upgrading employee skills and transition assistance programs	404-2	Talent Management
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#### GRI 416: CUSTOMER HEALTH AND SAFETY 2016

Management of material topics	3-3	Tenant Satisfaction, Cybersecurity and Data Privacy
Assessment of the health and safety impacts of product and service categories	416-1	Tenant Satisfaction

#### GRI 413: LOCAL COMMUNITIES 2016

Management of material topics	3-3	Community Building
Operations with local community engagement, impact assessments, and development programs	413-1	Community Building

#### GRI 418: CUSTOMER PRIVACY 2016

Management of material topics	3-3	Cybersecurity and Data Privacy
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#### GRI 206: ANTI-COMPETITIVE BEHAVIOR 2016

Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	206-1	Ethical Business Conduct, Code of Business Conduct and Ethics
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#### GRI 205: ANTI-CORRUPTION 2016

Communication and training about anti-corruption policies and procedures	205-2	Ethical Business Conduct, Code of Business Conduct and Ethics
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# SASB Index

REPORTABLE SEGMENT		DEFENSE/IT	REGIONAL OFFICE	OTHER	UNITS
ACTIVITY METRICS					
IF-RE-000.A	Number of assets, by property subsector <sup>9</sup>	210	14	3	Number
IF-RE-000.B	Leasable floor area, by property subsector	20,869,000	1,980,000	157,000	Square feet (SF)
IF-RE-000.C	Percentage of indirectly managed assets, by property subsector	49%	0%	0%	Percentage (%) by floor area
IF-RE-000.D	Average occupancy rate, by subsector	94%	79%	76%	Number
ENERGY MANAGEMENT					
IF-RE-130a.1	Energy consumption data coverage as a percentage of total floor area, by property subsector	51%	100%	100%	Percentage (%) by floor area
IF-RE-130a.2	(1) Total energy consumed by portfolio area with data coverage	654,056	175,246	19,674	Gigajoules (GJ)
	(2) percentage grid electricity	72%	66%	67%	Percentage (%)
	(3) percentage renewable, by property subsector	4%	0%	0%	Percentage (%)
IF-RE-130a.3	Like-for-like percentage change in energy consumption for the portfolio area with data coverage, by property subsector	-82%	-9%	-5%	Percentage (%)
IF-RE-130a.4	Percentage of eligible portfolio that (1) has an energy rating	11%	18%	0%	Percentage (%) by floor area
	Percentage of eligible portfolio that (2) is certified to ENERGY STAR, by property subsector	11%	18%	0%	

<sup>9</sup> While the SASB Index and 10K overlap on select topics, these tables are not translatable. For example, the assets in the SASB Index include auxiliary structures, such as parking garages and surface lots, that may not always be referenced in financial reports when discussing assets.





IF-RE-130a.5	Description of how building energy management considerations are integrated into property investment analysis and operational strategy	Energy Management			
WATER MANAGEMENT					
IF-RE-140a.1	Water withdrawal data coverage as a percentage of (1) total floor area <sup>10</sup>	100%	100%	100%	Percentage (%) by floor area
	Water withdrawal data coverage as a percentage of (2) floor area in regions with High or Extremely High Baseline Water Stress, by property subsector	0%	0%	0%	
IF-RE-140a.2	(1) Total water withdrawn by portfolio area with data coverage by property subsector	1,205 <sup>11</sup>			Thousand cubic meters (m³)
	(2) Percentage of water withdrawn in regions with High or Extremely High Baseline Water Stress, by property subsector	0%	0%	0%	Percentage (%)
IF-RE-140a.3	Like-for-like percentage change in water withdrawn for portfolio area with data coverage, by property subsector	23%	4%	0%	Percentage (%)
IF-RE-140a.4	Description of water management risks and discussion of strategies and practices to mitigate those risks	Water Management			
MANAGEMENT OF TENANT SUSTAINABILITY IMPACTS					
IF-RE-410a.2	Percentage of tenants that are separately metered or submetered for (1) grid electricity consumption	49%	0%	0%	Percentage (%) by floor area
	Percentage of tenants that are separately metered or submetered for (2) water withdrawals, by property subsector	49%	0%	0%	

<sup>10</sup> It is assumed that COPT Defense's water consuming facilities all report all water data.  
<sup>11</sup> Breakdown by asset type not available due to limitations of COPT Defense tenant disclosures.

IF-RE-410a.3	Discussion of approach to measuring, incentivizing, and improving sustainability impacts of tenants	Tenant Satisfaction			
REPORTABLE SEGMENT		DEFENSE/IT	REGIONAL OFFICE	OTHER	UNITS
CLIMATE CHANGE ADAPTION					
IF-RE-410a.3	Area of properties located in 100-year flood zones, by property subsector	0%	0%	0%	Square feet (SF)
IF-RE-450a.2	Description of climate change risk exposure analysis, degree of systematic portfolio exposure, and strategies for mitigating risks	TCFD Annex			





# Sustainability Data Performance Table

GRI INDICATOR	METRIC	UNITS	2020	2021	2022
GENERAL					
GRI 2-6	Revenue from Real-Estate Operations	\$ USD	\$511.7 million	\$556.6 million	\$586.4 million
	Number of Properties	#	181	186	194
	Number of Employees (at year end)	#	406	405	395
	Full-Time Employees	#	403	403	393
	Part-time Employees	#	3	2	2
	Temporary Employees (i.e., Interns)	#	-	-	8
GRI 405-1	Female Employees	#	127	130	128
	Male Employees	#	279	275	267
GOVERNANCE					
GRI 405-1	Board of Trustees Age Diversity	Years	59-74	60-72	59-73
GRI 405-1	Female Trustees	#	2	2	3
	Male Trustees	#	8	8	7

GRI INDICATOR	METRIC	UNITS	2020	2021	2022
SOCIAL					
GRI 403-9	OSHA Total Recordable Incident Rate (TRIR)	%	1.2	1.6	0.8
	TRIR Benchmark	%	1.9	1.8	-
	OSHA Lost Day Incident Rate (LDIR)	%	0.9	0.7	0.0
	LDIR Benchmark	%	1.2	1.0	-
	Absentee Rate	%	1.9	2.3	3.0
	Workplace Fatalities	#	0	-	-
GRI 404-1	Employee Training	Hours	1,839	2,801	3,162
	Hours of Training per Employee Who Received Training	Hours/Office-based Employee	-	-	42
		Hours/Building Technician	-	-	26
	Contributions to Associate Grant Program	Dollars	\$340,000	\$187,650	\$344,000
	Contributions to COPT Defense Cares	Dollars	\$35,286	\$29,063	\$37,500
	Contributions to the United Way	Dollars	\$161,000	\$164,465	\$157,000
	Donate 8 Volunteering	Hours	1,220	1,446	1,340
ENERGY AND GREENHOUSE GASES <sup>12</sup>					
Operational Control <sup>13</sup>					
Percentage of total square footage within operational control		%	54%	65%	57%

<sup>12</sup> Comparability of some energy and GHG emissions data from prior years was affected by changes in GRESB data methodology instituted in 2021.

<sup>13</sup> Energy and GHG emissions within COPT Defense's operational control exclude buildings that are wholly tenant-controlled. Wholly tenant-controlled buildings represent approximately 43% of our portfolio square footage, but approximately 97% of our total estimated energy consumption in 2022.





GRI INDICATOR	METRIC	UNITS	2020	2021	2022
GRI 302-1	Energy Use	MWh	245,168	249,938	236,651
	Grid Electricity Purchased	MWh	-	166,919	166,505
	Renewable Energy Purchased	MWh	5,049	6,438	6,644
	Steam Purchased	MWh	-	6,867	6,681
GRI 302-1 (Continued)	Fossil Fuels Purchased (e.g., diesel, gasoline, and natural gas)	MWh	-	69,482	56,591
	Renewable Energy Generated (e.g., on-site solar)	MWh	180.1	233.2	229.6
	Percentage of Electricity Consumption from Renewable Sources	%	-	3.8%	4.0%
	Percentage of Electricity Consumption from Non-Renewable Sources	%	-	96.2%	96.0%
	Percentage of Electricity Consumption from Grid <sup>14</sup>	%	-	99.9%	99.9%
GRI 302-3	Energy Intensity	kWh/SF	18.7	15.1	14.5
GRI 305-1	Scope 1 GHG Emissions	Metric tons CO <sub>2</sub> e	-	12,864	10,318
GRI 305-2	Scope 2 GHG Emissions (location-based)	Metric tons CO <sub>2</sub> e	-	53,604	53,802

<sup>14</sup> Does not include diesel fuel that may have been used in generators to create electricity.

GRI INDICATOR	METRIC	UNITS	2020	2021	2022
WATER AND WASTE					
Total Portfolio					
GRI 305-5	Total Water Use <sup>15</sup>	Thousand cubic meters	727	709	833
	Domestic Water Use	Thousand cubic meters	644	610	679
	Other Water Use (e.g., irrigation, sprinklers, and cooling towers) <sup>16</sup>	Thousand cubic meters	82	99	154
	Wastewater Discharge (estimate) <sup>17</sup>	Thousand cubic meters	-	610	679 <sup>18</sup>
GRI 306-3	Solid Waste Generation <sup>19</sup>	Tons	4,992	7,303	8,819 <sup>20</sup>
GRI 306-4	Solid Waste Diversion from Landfill (i.e., recycled)	%	54%	52%	48%

<sup>15</sup> Revised water reporting methodology, beginning with 2020 data, includes additional breakdown of water uses.

<sup>16</sup> The fluctuation of Other Water Use reflects increased water consumption as facilities constructed in prior years install irrigation systems and landscaping in preparation for welcoming tenants.

<sup>17</sup> Revised wastewater discharge methodology, beginning in 2022, removes the partial inclusion of other water use from this metric. Total wastewater discharged to publicly owned sewage systems would be approximately equal to the volume of water we use for domestic or sanitary purposes (e.g., sinks and toilets) equating to 679,000 m<sup>3</sup>. The 2021 figures for wastewater discharge have been restated to account for this change in methodology.


<sup>18</sup> To maintain comparison for water consumption year over year, the 2022 data excludes assets that were not able to report data in 2021 and/or came online in 2022. We will aim to expand data availability in the future.

<sup>19</sup> The increase in solid waste generation represents an increase in day-to-day occupancy rate of our regional offices and variations in the construction cycle.

<sup>20</sup> Waste data is reported for the majority of assets. Of assets where waste data is not available, 65% fall outside of our operational control boundary. We aim to improve our data coverage in the future.



# UN SDG Index

GOAL	OUR CONTRIBUTIONS
 <b>SDG1</b> No Poverty	> Community Building
 <b>SDG2</b> Zero Hunger	
 <b>SDG3</b> Good Health and Wellbeing	> Employee Safety > Employee Health and Wellbeing
 <b>SDG4</b> Quality Education	> Talent Management > Community Building
 <b>SDG5</b> Gender Equality	> Corporate Governance > Diversity and Inclusion
 <b>SDG6</b> Clean Water and Sanitation	> Water Management
 <b>SDG7</b> Affordable and Clean Energy	> Energy Management
 <b>SDG8</b> Decent Work and Economic Growth	> R&D + Innovation > Recruiting + Retaining Talented Employees > Fair Labor Practices
 <b>SDG9</b> Industry, Innovation and Infrastructure	> Objectives for Sustainable Development
 <b>SDG10</b> Reduced Inequalities	> United Way of Central Maryland, Alabama, Texas and Virginia > Diversity and Inclusion > Community Building



**SDG11**  
Sustainable Cities and Communities

- > United Way of Central Maryland, Alabama, Texas and Virginia
- > Approach to Sustainable Development
- > Tenant Satisfaction



**SDG12**  
Responsible Consumption and Production

- > Objectives for Sustainable Development
- > Approach to Sustainable Development



**SDG13**  
Climate Action

- > Sustainability Principles
- > TCFD Appendix





# COPT’s 2023 TCFD Disclosure

COPT Defense Properties is a REIT focused on owning, operating and developing mission critical facilities that support key U.S. Government defense installations and defense contractors. This document supplements our various public disclosures in our Corporate Sustainability Report to provide further transparency on how we manage climate-related risks and opportunities, including how we approach identifying, evaluating and mitigating the current and anticipated financial implications to our business. To aid the reader in reviewing our approach, we have aligned this supplement with the reporting framework recommended by the Task Force on Climate-Related Financial Disclosures (“TCFD”).

## BACKGROUND

We have assessed our portfolio’s exposure to the effects of climate change, and currently believe we are well-positioned to adapt to climate-related changes that may occur:

- > We build and renovate our portfolio to achieve energy efficiency.
- > The geographic markets in which we operate are not in high catastrophe-exposed areas and will be slower to feel the effects of climate change than other parts of the global community.
- > Most of our tenants are essential and resilient, which reinforces our own resiliency.
- > We have established resilient risk transfer practices to ensure our balance sheet remains strong in the event of a large loss.

> Our senior leaders continue to be engaged and committed to environmental, social and governance (“ESG”).

Our current state of readiness has us well-prepared to navigate future challenges and to seize potential opportunities while keeping climate-related change fully integrated into our strategic planning. By maintaining strong corporate governance, employing enterprise risk management practices, and tracking relevant metrics, we will continue developing ways to reduce our contribution to carbon emissions, mitigate risks and possibly realize opportunities that could benefit our shareholders.

## GOVERNANCE

Our sustainability roots date back to 2003 when we committed, where possible, to developing base buildings to Leadership in Energy and Environmental Design (“LEED”) Silver minimum standards. In 2010, we deepened our commitment by adopting our first series of operating policies to help guide us in addressing the sustainability-related issues throughout our business. The Corporate Sustainability Policy we adopted in 2018 commits our Company to make annual

disclosures regarding our ESG impacts, and to work toward improving our performance year-over-year.

Our ESG Steering Committee, which is comprised of representatives from each division of the Company, including the CEO, Chief Financial Officer, Chief Operating Officer and General Counsel, is responsible for sustainability-related matters within the company, including climate-related change. In this role,

Committee members manage the production of our annual sustainability report, development and implementation of our resource use reduction goals, and climate-related strategy (Including the period review and reporting of risks and opportunities relating to sustainability and environmental, social responsibility, governance and related ESG matters). Our Board of Trustees maintains oversight of sustainability-related governance and performance. Specifically, our Board’s Nominating and Corporate Governance Committee’s charter was updated in 2021 to define responsibilities for sustainability-related policies. To keep Committee members informed, our CEO and General Counsel provide regular updates regarding ongoing sustainability initiatives, including those to assess and manage climate-related risks and opportunities.

The Nominating and Corporate Governance Committee provides regular reports to the Board summarizing our environmental risks and opportunities and how our management team is addressing such ESG issues, including climate change risk.

## STRATEGY

We may be adversely affected by the effects of climate change and have identified the following climate-related risks and opportunities over the short, medium, and long term. Our business planning and management processes aim to mitigate these risks and take advantage of these opportunities:

CATEGORY	DESCRIPTION	TIME HORIZON*
TRANSITION RISKS		
Policy & Legal	Pursuant to policies enacted by the Maryland State legislature and Howard County Council, and to rules and regulations recently proposed by the U.S. Securities and Exchange Commission, reporting and disclosure requirements may require our Company to incur additional compliance costs and may expose us to enforcement actions (e.g., paying for building renovations to comply with Maryland’s new policies), fines, penalties and/or litigation with respect to reporting and compliance matters. Our Company will monitor actions taken in other states (e.g. California’s enactment of climate-related disclosures) to be prepared for potential policy action within our operating states.	Short to medium term
Technology	We anticipate that climate-related technological improvements (e.g., building efficiency or electrification upgrades) will continue over time, likely at a higher cost. However, greater operating efficiencies should help offset rising energy costs.	Medium term
Market	Climate change’s impact on commuting options could adversely affect demand for space (e.g., remote working opportunities) and our ability to operate the properties effectively and result in additional operating costs.	Long term
Reputation	Failing to continuously improve our ESG performance, including management of climate issues, could result in lack of investor confidence, reduction of capital availability or willingness of prospective tenants to lease space from us.	Medium to long term
PHYSICAL RISKS		
Acute	Our possible exposure to extreme weather events, such as heavy rainstorms and tornadoes, may increase, resulting in a higher potential for property damage. Under these circumstances, affordable insurance may be more difficult to obtain.	Short term



Chronic	Shifts in temperature and precipitation amounts, and/or increased frequency of extreme weather events, would likely place strain on existing infrastructure, which could impact the availability of utilities on which we and our tenants rely, such as power and water. Furthermore, this strain combined with increased demand during extreme temperatures will likely result in higher costs during cooling periods. Conversely, more mild cold weather may generate savings in heating periods and reduction of snow/ice management expenses.	Medium to long term
OPPORTUNITIES		
Resource Efficiency	Continuing to improve building efficiency in new construction and property upgrades will likely entail higher capital costs but lower energy use will provide payback.	Short, medium and long term
Energy Source	We evaluate the cost effectiveness of low-carbon energy sources and incorporate renewable energy where available and appropriate.	Short, medium and long term
Products & Services	When requested, we engage with our tenants to understand their needs and preferences, including environmental, health & safety and climate-related features, and we work to meet those needs and preferences.	Short, medium and long term
Markets	We focus on developments with low tenant risk and low natural disaster risk. This market strategy helps reduce operating costs, enhance returns on invested capital and provide higher operating stability.	Short, medium and long term
Resilience	Our primary tenants place utmost importance on business continuity and resilience; we collaborate to enhance structural resilience to operate continually, and we maintain a consistent supply chain and operations under the expected range of future conditions.	Short, medium and long term

\*Definition of time horizon categories: Short term = 1-2 years, Medium term = 2-8 years, Long term = 8-25 years

The majority of our properties are located in the mid-Atlantic region (Maryland, Washington D.C. and Northern Virginia), with additional assets in Alabama and Texas. These areas are at-risk to experience moderate effects of climate change – rising temperatures, increased storm intensity and resulting flooding in winter and spring, and increased drought conditions during summer and fall. We are mostly concentrated in suburban areas that are not as subject to the urban heat island effect.

For almost 20 years, we have been designing, constructing and retrofitting our properties with better technology to keep our buildings performing efficiently: building materials (e.g., tan roofs, insulation, UV-blocking windows), Energy Star®-rated appliances and heating, ventilation and air conditioning ("HVAC") systems, water-saving fixtures, building automation systems and smart irrigation technology. Building exteriors incorporate natural, drought-resistant vegetation for landscaping purposes. We have also installed on-site solar generation at select buildings, as appropriate, to provide tenants with carbon-free energy. Integrating these technologies during the construction and operation of our portfolio help minimize resource intensity, and in turn the greenhouse gas footprint, associated with buildings within COPT Defense's operational control, to the extent feasible. As a result, these efficiencies generate cost savings for both COPT Defense and tenants in the near term and bolster the resiliency of our portfolio in the long term.

The highest maximum temperature in Central Maryland within the past 20 years was 106° F (41° C) recorded

in July 2011. Our equipment functioned fully and maintained comfortable levels within our buildings and would be effective to design temperatures of 120° F (49° C) or more. From a financial perspective, electricity usage and therefore costs are expected to increase with rising temperatures in the future. Rising regional temperatures will likely result in cost savings during heating periods and potentially lower expenses related to snow and ice management. We hedge our electricity costs by locking in rates with utility providers in multi-year rate agreements. Most electricity and water costs are passed through to our tenants.

None of our properties are located within a Federal Emergency Management Agency ("FEMA")-designated 100-year flood zone; only two properties out of approximately 200 within our portfolio are located adjacent to a flood zone. We purchase flood hazard insurance for those properties through the National Flood Insurance Program ("NFIP") to supplement our property insurance. Our properties comply with building codes and thus are designed to manage 100-year storm events.

In 2022, we incorporated scenario analysis as a tool to help us strategize for the future. The scope of the chosen scenarios encompasses our company as a whole using time horizons that are compatible with external factors that are already beginning to shape our business. As we mature in our climate strategy efforts, we expect to refine our scenario analysis to increase the company's resilience to possible future scenarios.





## Emerging Risks

We are now and will continue for the short term to be faced with proposed, anticipated and/or enacted policy and legal changes targeted to reshape the design, construction and operation of commercial real estate. For example, in 2022 the State of Maryland enacted (what we perceive to be) aggressive legislation aimed at reducing GHG emissions by 2030 by 60% as compared to 2006 values and reaching net-zero emissions by 2045. Approximately half of our portfolio will be subject to the forthcoming state-specific energy performance standards and fees for exceeding the standards, if applicable. Additionally, development and construction projects in Maryland (unless meeting certain exemptions) will be subject to revised state-specific building codes that will require most new buildings to rely solely on electricity in lieu of fossil fuels, such as natural gas.

In early 2023, Howard County, Maryland (in which approximately 12% of our portfolio is situated) passed climate-related legislation that will influence county building codes in a way similar to the Maryland state legislation. Other jurisdictions in which we operate, such as Washington D.C. and several counties within the Commonwealth of Virginia, have committed to enact similar laws.

Until these standards are finalized, it is challenging for us to quantify the future impact to our operations. We expect that in order to meet the energy performance standards we will need to invest capital to retrofit natural gas burning equipment (e.g., hot water heaters, small emergency generators, boilers, etc.) with electric-powered equipment, purchase higher-efficiency heating and cooling units and add onsite renewable energy projects.

Over the medium term, particularly in the next 6 to 7 years, transition risks include:

- > Engineering professionals may be overwhelmed by retrofit design requests
- > Increased demand for equipment may raise costs and affect availability
- > Contractors may be overwhelmed with decommissioning and installation & commissioning requests
- > Jurisdictional permitting and inspection staff may be overwhelmed



- > The power grid may be constrained to keep up with increased electricity demand
- > The cost of electricity may likely increase
- > The cost to operate buildings may increase, which could impact leasing
- > Availability of utility incentives may be limited, if not exhausted
- > Possibly incurring fees for not being able to meet energy performance standards
- > Our ability to pass costs to tenants, as is common in commercial real estate, may be greatly constrained
- > Financial and reputational effect of non-compliance, including costs of enforcement actions and decreased value from decline in property demand

COPT Defense aims to maintain full compliance with all pertinent local, state and federal regulations. As such, we have not explored the alternate outcomes of partial compliance or non-compliance. To mitigate risks that would negatively affect full compliance, we have the opportunity to:

- > Begin working with our operating partners and key suppliers now to plan for the future
- > Continue to boost existing equipment efficiency through preventive maintenance
- > Proactively replace aging building equipment with higher efficiency systems
- > Retrofit existing buildings with building automation systems
- > Design our future buildings to at least meet performance standards
- > Explore alternatives to relying on grid power
- > Adopt new and changing technologies, when feasible

## Long-Term Impacts

Our properties in the medium- to longer-term time horizon (up to 25 years) may be most susceptible to the physical risks posed by extreme heating and cooling and to a much lesser extent by other physical risks, such as flooding, extreme weather and sea level rise. While approximately 95% of our portfolio lies within areas anticipated to moderately be affected by broad seasonal temperature swings, the associated risks are low. This is mostly due to the fact our portfolio is largely located in temperate, inland areas outside of high-catastrophe (“CAT”) prone areas in Maryland, Virginia and northern Alabama. None of those properties are in areas of water stress. However, Texas may be moderately affected by increased periods of drought in advance of the mid-Atlantic states. Similarly, while none of our properties are located in high hazard flood zones, we have a few properties adjacent to areas with a higher potential for flooding.

To account for the full range of potential scenarios, our current financial planning reflects a “business as usual” scenario. To that end, we have the opportunity to:

- > Continue to refine and test the efficacy of our emergency response and business continuity plans
- > Ensure that our properties maintain compliance with relevant building codes (e.g., wind-lift and reflectivity on roofing systems)
- > Work closely with our insurance broker and insurers to identify, control and/or prevent losses, when possible
- > Retrofit our buildings with technologies, such as flood barriers, where warranted
- > Harden the design of future buildings, as necessary





RISK MANAGEMENT

We employ the same process for climate-related risk management as we do for other aspects of our enterprise risk management program: we identify, analyze, prioritize, treat and monitor risk. As part of our annual portfolio risk review, we assess physical risks and their potential impacts. Each year, in collaboration with our insurance broker, we review our portfolio to ensure the underwriting information is accurate. This process identifies any changes to flood hazard mapping, wind tier zone designations or other risk engineering information that may affect maximum

probable loss scenarios. Our property insurer annually inspects our larger properties for loss prevention or mitigation opportunities.

While our properties could be susceptible to extreme weather, such as tornadoes, hurricanes and heavy precipitation, they are not in high CAT-exposed areas. As such, we have secured substantial property insurance limits (\$1 billion for each occurrence) with a low deductible, underwritten by top rated, financially secure carriers.

METRICS & TARGETS

We track and report on energy use, water use and GHG emissions across our portfolio. The selected metrics are both in line with other REITs and with reporting frameworks, such as SASB and GRI. As a result, we report on metrics that are material to the Company. In 2020, we established a goal to reduce energy and Scope 1 and 2 GHG emissions intensity from our operational portfolio by 5% by the year 2025, and

to keep water intensity flat (zero increase), compared to a 2019 baseline. Our annual Corporate Sustainability Report includes details of these consumption and emissions data, and our progress against these goals.

We continue to evaluate opportunities to improve our current reporting practices for Scope 1 and 2 emissions, energy, water and waste data.

REAL ESTATE LIFE CYCLE OPPORTUNITIES & IMPACTS

CATEGORY	CURRENT STATE	CLIMATE-RELATED OPPORTUNITIES	POTENTIAL FINANCIAL IMPACTS
Land Acquisition & Holding	Situated in non-CAT exposed areas	Limit to areas not within high catastrophe zones	> Higher cost of land > Higher cost of risk transfer > Reduced land availability
Development	Resilient tenant base, focus on LEED	Mitigating acute and chronic risks through hardened building and/or lot design	> Increased costs; Lower yield > Higher cost of risk transfer
Construction	Focus on LEED, use of proven and new technology	Building more efficient product with new technology	> Higher cost of materials > Reduced resource consumption, lower operating cost
Leasing	Partnering with tenants	Operating our buildings more efficiently	> Reduced resource consumption, lower operating cost
Operations	Incorporating green concepts in all that we do	Operating our buildings more efficiently	> Reduced resource consumption, lower operating cost

We will continue evaluating and refining our TCFD disclosures and sharing our findings with our stakeholders.





INDEX

We reference the TCFD framework to inform the contents and structure of this disclosure. TCFD is a global organization that helps organizations communicate the financial impact of their business on climate-related issues. TCFD publishes guidance that is widely used around the world. The index below offers our readers direct references to where specific information can be found in this report.

CODE	TCFD RECOMMENDED DISCLOSURE	LOCATION OF INFORMATION
GOVERNANCE		
TCFD 1(a)	Describe the board’s oversight of climate-related risks and opportunities.	Page 1 of COPT’s TCFD Disclosure
TCFD 1(b)	Describe management’s role in assessing and managing climate- related risks and opportunities.	Page 1 of COPT’s TCFD Disclosure
STRATEGY		
TCFD 2(a)	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Page 2 of COPT’s TCFD Disclosure
TCFD 2(b)	Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning.	Page 2 of COPT’s TCFD Disclosure
TCFD 2(c)	Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Page 2 of COPT’s TCFD Disclosure
RISK MANAGEMENT		
TCFD 3(a)	Describe the organization’s processes for identifying and assessing climate-related risks.	Page 4 of COPT’s TCFD Disclosure
TCFD 3(b)	Describe the organization’s processes for managing climate-related risks.	Page 4 of COPT’s TCFD Disclosure
TCFD 3(c)	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization’s overall risk management.	Page 4 of COPT’s TCFD Disclosure
METRICS AND TARGETS		
TCFD 4(a)	Disclose the metrics used by the organization to assess climate-related risks are integrated into the organization’s overall risk management.	Page 4 of COPT’s TCFD Disclosure
TCFD 4(b)	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions, and the related risks.	Page 47 of Corporate Sustainability Report
TCFD 4(c)	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	Page 12 of Corporate Sustainability Report







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