

UMH PROPERTIES, INC.

2022 Environmental, Social &
Governance Report



Pine Manor
Carlisle, PA



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LETTER FROM THE CEO

UMH believes in enriching the lives of people impacted by our operations, including our employees, residents, neighbors, and other stakeholders. The past few years have been demanding on everyone, with the challenges from COVID-19 being consistent and impactful. Our ability to rise to the call and provide residents with safe, affordable housing has been an outstanding achievement, creating a sense of stability in a time of uncertainty for our customers.

At the center of all we do is the consideration of our residents and overall stakeholders. We completely understand the depths of the housing crisis and the need for more units at an affordable price. A report by the National Association of Home Builders in 2022 stated that nearly 70% of US households cannot afford the median housing priceⁱ (at the time of reporting, it was \$454,900ⁱⁱ). In 2021 UMH sold a combination of 370 new and used homes at an average sales price of \$73,000. Producing affordable home sites for America's workforce is critical to our country's infrastructure, economy, and UMH's business plan. We have short-term and long-term goals. In the short term, our goal is to provide residents with a great place to live in resident-owned or rental homes.



WHISPERING PINES
Somerset, PA



ALLENTOWN
Memphis, TN

Long-term plans include:

- Adding 900 rental homes per year
- Building new lots
- Maintaining our low-interest-rate financing on new manufactured homes

Over the years, UMH has increased its consideration of environmental, social, and governance issues in its decision-making processes. Internal, investor and regulatory pressures have increased the speed at which companies transition into a new landscape that requires more transparency and disclosures. Our ability to provide affordable housing to America's workforce population and those that the government considers low-income (making between 50-80% of their area's median income) highlights UMH's social mission.

Very truly yours,

SAMUEL A. LANDY
President and Chief Executive Officer
December 2022

ABOUT THIS REPORT

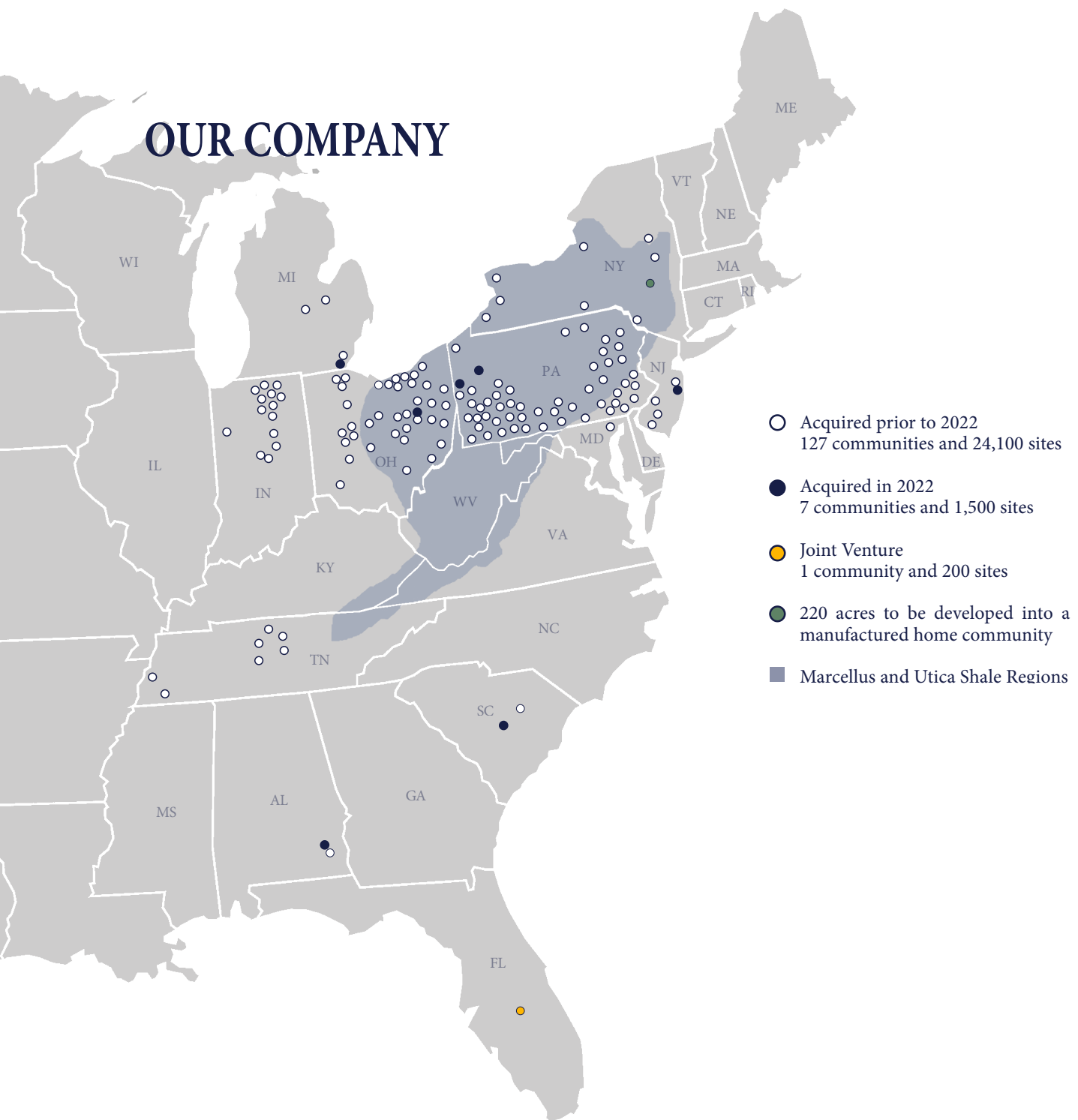
At UMH, we are proud to stand with our stakeholders and do our best to address some of today's environmental and social issues. UMH Properties, Inc. ("UMH" or the "Company") understands that it will take a communal effort to solve the country's most deep-rooted problems. Affordable housing is one of the most pressing needs in our society. The solution to the affordable housing crisis is to increase the housing supply. One of the best ways to do that is with professionally run manufactured home communities. Beyond affordable housing, UMH is committed to improving our sustainability and governance practices in ways most beneficial to the Company and our stakeholders. This ESG Report contains disclosures referencing the Global Sustainability Standards Board's (GSSB) Global Reporting Initiative (GRI). We are also happy to report that we completed this year, 2022, our first Global Real Estate Sustainability Benchmark (GRESB) submission based on our 2021 metrics. We are committed to increasing our transparency and sustainability disclosures. Throughout this report, you will gain insight into our current practices, the goals we have met, future endeavors, and how we will get there.

We are pleased to report more specific data on our greenhouse gas emissions. The critical emissions data helps make us more efficient operationally and environmentally. Top asset managers and potential federal mandates now request that companies report this crucial information with other material disclosures. These requests align with our internal goals of disclosing the most robust, accurate, and transparent data possible. We will document further achievements in our ESG progress pertaining to certifications, benchmarks, and verification in updates to this report.



FOREST CREEK
Elkhart, IN

OUR COMPANY



UMH Properties, Inc. has a 54-year history of providing quality, affordable housing for our nation's workforce. UMH owns and operates a portfolio of manufactured home communities comprising 134 communities with 25,600 developed homesites in ten states. As home prices continue to rise and available home inventory continues to shrink, the supply of affordable housing becomes an ever-increasing concern. We are committed to being a part of the solution to America's affordable housing crisis. UMH has long believed that we should create sustainable and environmentally friendly communities with a positive societal impact. We continue developing and investing in environmentally friendly initiatives to conserve energy and natural resources. Our upgraded and well-maintained communities are a place that our residents proudly call home. UMH upholds a belief in enriching the people's lives impacted by our Company – our employees, residents, and neighbors.

HIGHLIGHTS

Environmental

- Reduction of average water usage per site to 152 gallons per day
- Three additional communities sub-metered in 2021 and four in 2022 for a total of 104 Company wide
- More than 30 communities were retrofitted with LED lights saving over 500,000 Kilo Watt Hours

Social

- UMH started and completed a framework that follows the ICMA (International Capital Markets Association) 2021 Sustainable Bond Guidelines, which Sustainalytics reviewed for their second party opinion.
- Communities throughout the portfolio hosted activities, including, teen mentorship programs, backpack and bike giveaways, and summer lunch programs for children. They also held dinners and lunches to support local troops and fire fighters.
- UMH's home financing rate has been in the bottom quartile of the industry, providing interest rates on manufactured homes that residents could afford.

Governance

- Industry recognition for management: Chairman Eugene Landy was a member of the most recent class of inductees to the RV/MH Hall of Fame and CEO Sam Landy received MHI's Chairman's award.
- UMH welcomed its first African American, Angela D. Pruitt-Marriott, to the Board of Directors. She comes with vast experience in crisis management and PR.
- The Board now consists of 25% women.

OUR MISSION

WHY

To fill the gap in affordable housing.

WHAT

Build low-cost, high-quality, well-managed manufactured home communities.

HOW

Provide a product that low-to-middle-income home buyers find affordable and desirable. Build contemporary communities where our residents are happy to call home.

UMH is uniquely capable of providing America's workforce with the best value in housing. Based on the customers' long-term or short-term needs, that solution can be either renting or buying a home.

We believe in enriching the lives of all our stakeholders. This starts by providing a quality living experience for our customers, local community outreach, and high corporate governance and investor relations.

U.N. SUSTAINABLE GOALS



Clean Water and Sanitation 6

“By 2030, protect and restore water-related ecosystems, including mountains, forests, wetlands, rivers, aquifers, and lakes.”

UMH annually hosts and sponsors an event called The Open Space Pace in Freehold, NJ, to promote and preserve open space across New Jersey. While we had to cancel the event this past year due to the pandemic, we anticipate it returning in the coming years. We are champions of open space, striving to protect our natural resources across our properties and beyond. Our portfolio currently consists of 1,931 vacant acres.

“By 2030, substantially increase water-use efficiency across all sectors.”

As a company, we have developed environmental management systems around conserving water resources through submetering projects and leak detection technology. These systems have been very successful, decreasing daily water use per site by roughly 5% in 2021 compared to 2020, which saw a yearly decrease in water usage of 15 million gallons compared to 2019.

Peace, Justice, and Strong Institutions 16

“Substantially reduce corruption and bribery in all their forms.”

We have a strict anti-money laundering program in place. We do not tolerate bribery or corruption at any level of our Company, with a specific emphasis in our Code of Business Conduct and Ethics on this matter. We also have a comprehensive whistleblower policy act that protects employees.

“Promote and enforce non-discriminatory laws and policies for sustainable development”.

We pride ourselves on being an equal opportunity employer that values diversity at all levels. We hold regular training seminars to prevent harassment and discrimination while upholding our robust code of conduct.

Sustainable Cities and Communities 11.1

“By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums”.

Since its inception, UMH has been committed to providing America's workforce with attainable housing. Our home quality and superior pricing are industry-leading and are far below national home cost averages. We have helped to revitalize and redevelop economically depressed areas, including properties in designated opportunity zones. This has helped spur local economic activity as we employ local contractors in the redevelopment and maintenance of properties and see other employers access a larger workforce pool. Our portfolio currently consists of seven communities located in opportunity zones across four states containing 848 home sites. Although these properties do not utilize the tax incentive, UMH created a new Opportunity Zone Fund consisting of one property at the time of reporting, primed to take advantage of the law's incentives.

Affordable and Clean Energy 7.3

“By 2030, double the global rate of improvement in energy efficiency”.

Recent and planned future investments include installing LED lights, upgrading facilities to have smart thermostats, and adding more Energy Star homes to the portfolio. These actions underline our commitment to decreasing Company and resident total energy usage.

IMPORTANCE OF AFFORDABLE HOUSING TO ESG

Environmental, Social, and Governance is a call to do more. Growth and profitability are no longer the entire equation. The need to promote more positive social equity and undertake comprehensive carbon emissions management is as material as ever. Companies or funds that claim to be ESG are under the expectation that they must deliver higher than market returns, while also being the best stewards of not only their business but the society and the environment. Backed by their large sums of money, asset managers put pressure on these markets as their capital outlays influence decision-making, continually looking to diversify their portfolios with companies that promise to do more and meet ESG goals.

Some corporate products and services are inherently environmental, social, and governance friendly. Examples are non-profit hospitals, trade schools, educational institutes, senior housing, affordable housing, and affordable transportation. Other products and services are not fundamentally social or environmentally friendly, regardless of how particular companies manage the economic value at risk in environmental and social issues. Examples include alcohol and tobacco companies.

Social efforts, particularly affordable housing, need more attention from ESG practitioners to inspire more action by both the private and public sectors. Houses are critical infrastructure for the country, sheltering its greatest assets and acting as a backbone for the economy and democracy. The ability to own a home, grow a family, build stability, and acquire wealth is still uniquely part of the American Dream. A dream that is getting more and more impossible to reach now compared to past generations. We believe the principal reason is a dangerous lack of housing supply at all levels along the pricing spectrum but, most importantly, at affordable rates for America's working class.

Increasing the supply of attainable homes for America's working class is precisely where UMH's ESG strategy begins. We are a pure-play ESG practitioner crafting our entire business plan around our ability to increase the housing supply affordably through manufactured housing in a community setting. Our ability to add 800-900 rentals a year, which in 2021 carried an average



CINNAMON WOODS

Conowingo, MD

rental price of \$810 per month, and our accomplishment of selling 370 homes for an average price of \$73,000, is only a partial solution to the Nation's affordable housing crisis. All of which was provided without the support of traditional government subsidies like tax credits or vouchers. Today the housing inventory is near the lowest it has ever been in recorded historyⁱⁱⁱ. Housing starts are still historically low and fall well short of the needed demand by a significant amount. Compounding the problem is that housing available to low-income and extremely low-income earners does not exist. The National Low Income Housing Committee (NLIHC) documented that there are only 36 rental homes affordable and available for every 100 extremely low-income renter households.

In an environment of rising interest rates and a mismatch in supply and demand dynamics, the housing market is experiencing extreme pressure. We decreased the interest rate we charge on our homes to 4.99% during 2021 but have since raised it to 7.5% because of the recent inflation that has taken hold nationwide. This rate was and still is competitive with mortgage rates for the first time in decades. External

ESG rating institutions should measure UMH's ESG commitments on our ability to continue producing more affordable home sites for low-income earners. Few can provide new, safe, quality, affordable housing at the same scale. Sustainalytics, a second-party opinion provider, has confirmed that UMH provides quality, affordable housing for this target population. Other pillars and risk factors associated with ESG are important to UMH, which were also recognized by Sustainalytics including our ability to conserve water and energy.

Apart from our social commitments, we have set up various initiatives and management systems that decrease our impact on the environment. Manufactured homes and other structures produced in a factory setting lead to less waste, reduced build times, and can deliver new energy-efficient homes more systematically. The Company's focus on affordable housing and energy efficiency echoes the true essence of ESG investing.

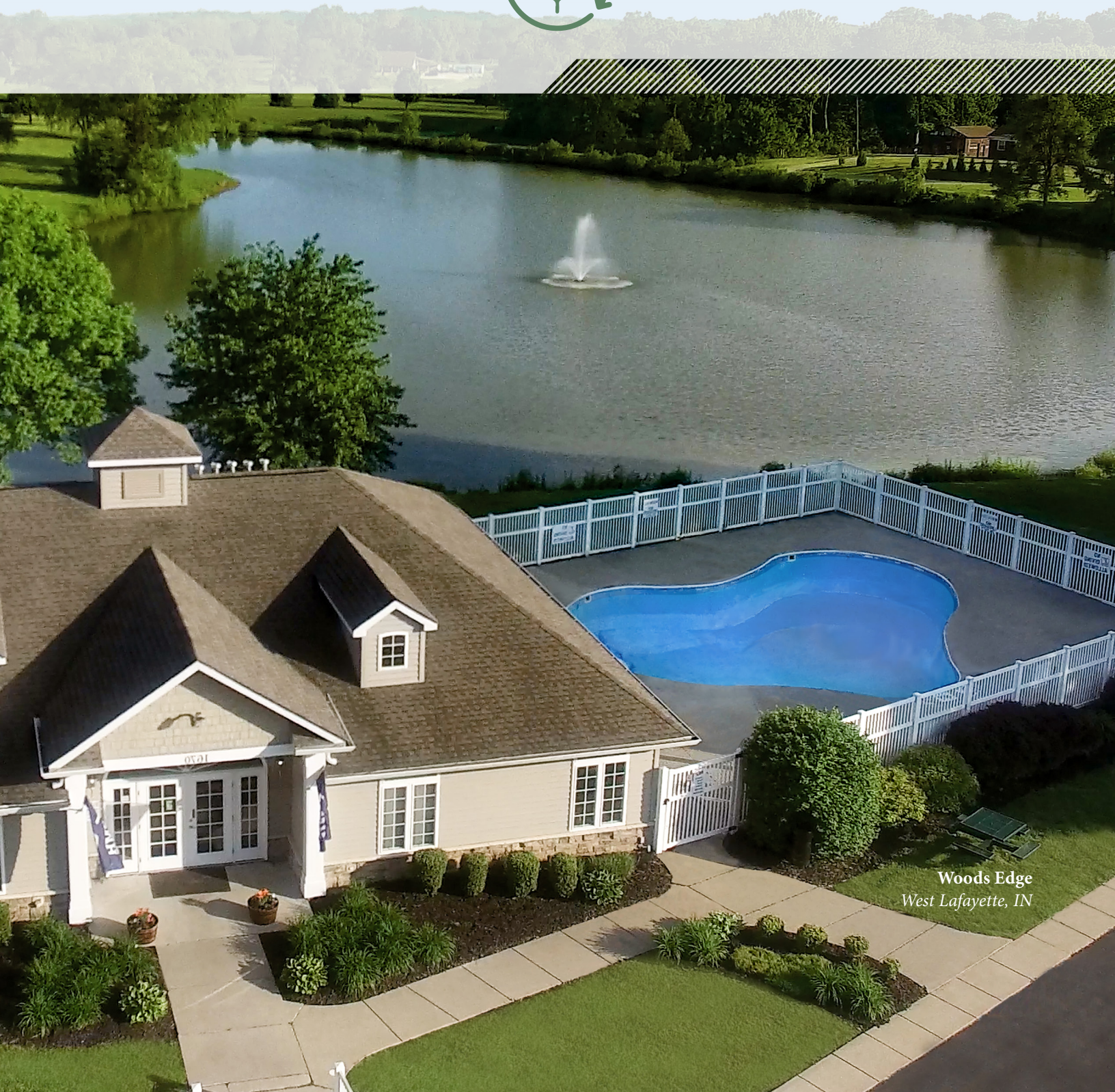


HIGHLAND ESTATES
Kutztown, PA



PINE MANOR
Carlisle, PA

ENVIRONMENTAL



Woods Edge
West Lafayette, IN



ENVIRONMENTAL OUR HOMES

Inherent to the business plan and daily operations of The Company are services and products that genuinely build a sustainable future. Our products and services tackle significant issues that ESG practitioners try to fix daily. Apart from providing housing affordable to low-income earners and some of the best-in-industry home financing, we also focus on being great stewards of the environment. Beginning with a vital part of our operations, the housing we provide is developed and constructed in a significantly more sustainable way compared to the inverse. Off site construction is a step ahead of legacy site-built homes, which have seen far less advancement in the construction process over the years. As a result of this inability to continually improve the entire construction process, developers using on site tactics cannot reduce and recycle as much waste as those who do so in a factory. The construction industry is a major source of waste generation across the country and the world. Nationally, construction and development waste levels grew 10x faster in the last decade than before^{iv}, all while production slowed.



Construction inefficiency only worsens worker safety, increases the amount of waste generated, and draws out completion timelines. Repercussions from this inefficiency have a devastating impact on the surrounding environment. Inefficiency not only adds stress to existing landfills but also requires more

land to be used to process and treat the waste. All the while, other Greenhouse Gas (GHG) emissions and additional harmful toxic byproducts materialize during processing and treatment of the waste. The EPA documents that the U.S. amassed more than 600 million tons of construction-related waste in 2018 alone, while the report further states global waste could reach 2.2 billion tons by 2025^v.

All forms of construction can immensely improve their impact on the environment by sheltering more of the production process in climate-controlled factories. However, housing can have the most immediate effect as it has a proven track record of doing so on a large scale, with manufactured housing crossing 100,000 shipments once again. Factory-based construction can reduce the weight of waste generated by up to 83.2%^{vi}, creating less waste during the production, transport, and construction phases. Increased efficiencies cut down build times between 20-50% and slash direct emissions by 43%^{vii}. Another report documents that modular construction reduces embodied carbon by 36% from cradle to site^{viii}. Over and over, this style of production has proven its superiority and alignment with elevated environmental standards. Today's factories take it a step further as the major suppliers are doing what they can to protect the environment, achieving LEED certifications while also adopting ISO 14001 standards for environmental management systems. The strides factories make to employ various recycling and material management techniques to timely complete construction help in our decarbonizing efforts.

Most manufacturers go beyond the latest guidelines enforced by the HUD Code. The only federal building code of its type, the HUD Code, comes with strict policies that govern the quality, strength, transportability, energy efficiency, fire resistance, heating, plumbing, electrical systems, wind resistance, and snow loads. Factory production utilizes organized workflows that amplify economies of scale, specialized labor, and assembly line construction processes, resulting in upgraded homes beyond the standard HUD Code. A feat that is possible while maintaining its competitive advantage of affordability and construction time.



ENVIRONMENTAL OUR HOMES CONT'D

Manufactured homes cost half what it takes per square foot to assemble a similar site-built house without sacrificing quality. Compared to past trailers, today's manufactured homes come with high-quality insulation to keep homes cool in the summer and warm in the winter. A tight building envelope that is consistently improving yearly also helps keep the elements outside and adequately regulate indoor temperatures. Smart thermostats, dual-element water heaters, heat pumps, Low-E windows, and ENERGY STAR appliances combined with exceptional construction practices benefit residents the most as they realize monthly savings on utility bills. Although manufactured homes now come standard with many energy-efficient upgrades, ENERGY STAR homes take it a step further. They feature effective insulation that meets or exceeds national code requirements leading to more comfort in the different seasons. High-performance windows help keep heat in during winter and out during the summer. Tight construction and ducts help eliminate drafts, moisture, dust, pests, and pollen, while energy-efficient heating and cooling systems use less energy, lowering household utility bills.

ENERGY STAR homes make up a growing part of the portfolio as we add more every year, balancing the affordability of the homes with demand. Roughly 384 of our rentals are certified ENERGY STAR, with 10-20 of those coming online in 2021. There are additional rental homes that fit ENERGY STAR standards and certifications. However, the heat pump or furnace on those homes were either replaced with superior models different from the ones installed in the factory or did not come equipped with one, nullifying a complete certification. ENERGY STAR homes have been particularly useful in the Tennessee region, where we have revitalized urban areas for the better by adding much-needed workforce housing to the urban areas of Memphis and Nashville. These areas have seen a dramatic spur of business development especially surrounding our communities, a welcomed consequence of the added affordable housing. Small and large businesses now have an in-demand nearby workforce to choose from, erasing the spatial mismatch between employee and employer. We continue to do this urban revitalization as we find more properties to greenfield develop or rehabilitate

closer to metropolises. UMH can also replicate this in rural locations, as these areas lack diversity in housing stock and financing products. Our model of both rental and homeowner sites is something we plan to replicate across the country.

In addition, we have seven communities in our portfolio that are located in opportunity zones, areas designated as economically blighted. These communities do not utilize the tax benefits, but we still commit to significant improvements. In most cases, as much or more than 100% of the purchase price is used to fund infrastructure upgrading, developing sites, and adding new homes. In some instances, when we are revitalizing existing communities with outdated, inefficient homes, the older home is upgraded with a new one at the same or similar rates that the residents were paying before. This embodies our commitment to our residents. Greenfield development is currently taking place in an opportunity zone in Florida through our joint venture with Nuveen Real Estate. UMH formed a qualified Opportunity Zone Fund in 2022, purchasing a property in South Carolina with the full intention of making significant improvements and utilizing the tax benefits. Plans to grow the fund are underway with its dedicated President and staff. Our model of both rental and homeowner sites is something we plan to replicate across the country.

Quality control is essential as all manufactured homes are third-party tested to ensure promised feature benefits abide by the strict codes enforced by HUD. The factory's use of green construction practices and utilization of recycled and renewable materials outline an industry that is fundamentally ESG. Efforts to protect the environment and spread sustainability come naturally to this homebuilding process, benefiting the entire surrounding community and those who live in the home.

Energy Star Homes





ENVIRONMENTAL OUR CONSERVATION PRACTICES



Water



Lighting

Water

In 2020, we saved more than 15 million gallons compared to the year before. In 2021, our consumption increased due to added occupied sites, while daily usage per unit decreased 5.59% to 152 gallons. Our in-house professional engineers and management team undertake submetering projects to make customers more conscious of their water by being responsible for what they use. As a result, each resident receives a site rent reduction in the amount allocated for water. Residents can realize additional monthly savings with practical conservative water use. Currently, 64% of the portfolio has submeters, with four more communities coming online in 2022 and three in 2021. Furthermore 11 communities are planned for the near future. As our portfolio continues to grow, this water-saving initiative is something we look to implement at new communities where feasible. In addition to submetering, UMH has invested heavily into leak detection technology that has helped us find and stop leaks much faster.

Retrofitting: LED Lighting and Smart Thermostats

Another resource management initiative we have implemented and succeeded in transitioning to is upgrading to LED lights in our offices and streetlights. This transition simultaneously includes retrofitting our heating and cooling systems in offices and clubhouses to smart thermostats. To date, 104 communities are retrofit with LED lights and smart thermostats with 7 planned for the next tranche. Our plans include completing the rest of the portfolio. These advancements have instantly impacted the company's energy consumption for the better, helping to decrease our carbon footprint. Throughout 2021, we estimate electric kWh savings of 521,025 because of switching to LED lights. LED lights will decrease kWh usage by roughly 84% annually. Although harder to quantify, we expect to reduce heating and cooling by 6% quarterly

Smart Thermostats



due to switching to smart thermostat technology.

Electric and Fuel

After internally reviewing company-wide utility bills for the entire year of 2021, we have come up with an estimated electric use of 9.8 million kWh. We also estimated total natural gas use of 180,034 CCF and 74,243 gallons of propane. These numbers are incomplete because we still have not accessed tenant data and have gaps in capturing every meter point within each community. We are continually working on systemizing the process through artificial intelligence, utility collection software, and added IoT sensors. Our first shot at collecting this type of minute utility data was this year, based on 2021 consumption. We are committed to improving our processes to be soon able to report audit-ready and financial-grade utility data. We expect these numbers to become more accurate and decrease as a percentage per site as we continue upgrading homes to more efficient modern models, enhance our community infrastructure, and retrofit community buildings when possible.



ENVIRONMENTAL OUR CONSERVATION PRACTICES

Additional Environmental Initiatives

Paperless Initiative

A total of 11,454 online applications were submitted with a status of completed or are in progress from the start of 2021 until time of reporting. This marks a significant increase from the year before as we continued to push this way of filling out an application with the pandemic protocols still in place.

Open Space

Our communities' landscaping prominently features trees and shrubbery which improve air quality, moderate the effects of sun and wind, preserve soil and support wildlife. When possible and it does not affect surrounding lots, we plant trees to improve the community appearance and prolong soil life. We also host and sponsor an annual parade and festival called the Open Space Pace in Monmouth County, New Jersey to promote open space, farmland, and the equine industry throughout the state. At the current moment we have 1,931 vacant acres across the portfolio.

Suppliers

We encourage our vendors and suppliers to minimize their impact on the environment including pollution, waste, and hazardous materials through our negotiations with them and our Vendor Code of Conduct.

Purchasing Platform

We have decreased management and maintenance travel to buy supplies by partnering with Purchasing Platform. Here, all community supplies usually bought at various hardware stores can be ordered ahead of schedule online, saving time and increasing efficiency. Exact ordering also leads to less waste in building supply.

Waste Management

Recycling bins are featured in all our communities as well as our corporate office to recycle paper, plastic, bottles, and cans. This is extended to our handing out coffee mugs to the entire staff to reduce single cup use. Each mug contained a friendly reminder of how important it is to care for the environment.





ENVIRONMENTAL CLIMATE RISK

Transition Risk

Transition risk is essential and plays a crucial role in our resiliency planning. Operations in the present and foreseeable future are subject to these material risks. Although there are many types of transition risks, we have currently identified technology, regulation, and investor / consumer sentiment as having the most consequential impact on business operations.

Federal agencies like the Department of Energy pose a transition risk for UMH and the entire manufactured housing industry. Although manufacturers upgrade their products beyond the standard HUD Code, supplying the best house possible, new legislation around energy conservation can take away affordability that is a genuine competitive edge. Proposed new energy standards go beyond the requirements of other housing types and adversely affect the price, transportation, and construction of manufactured homes. Studies by the Manufactured Housing Institute (MHI) show that the utility bill savings the DOE intends to pass onto consumers through the legislation would not be realized due to the higher upfront costs over ten years. The industry welcomes a change but not one that adds bureaucracy to the development process, stripping the unique selling proposition of manufactured housing. New energy standards should bolster the homes benefitting the manufacturers and consumers, not condemn them to higher costs, longer build times, and an inability to transport homes.

Proposed government regulations around carbon emissions and greenhouse gas generation have thrust corporations into thinking about how they will develop their carbon accounting. Reporting Scope 1, 2 and 3 emissions are posing some of the most significant transition risks to all industries as this type of emissions data was not something typically tracked in the past. Documenting the most accurate and transparent data requires the proper systems and technology, taking significant investment and human capital. The organization of climate-related information into formal periodic reporting to be audited and put into a company's Form 10-K adds complexity to the reporting landscape. For our business, regulations imposed by the SEC would require relatively immediate action, as companies the size of ours have until 2024-2025 to start disclosing what is needed. The lack of disclosure or

incorrect reporting could lead to high fines and other significant consequences for businesses, especially during proxy season.

Transitioning to low carbon emission technologies and renewable energies like solar panels comes with risks as the technologies continue to improve year-over-year, possibly rendering the capital outlay unsuccessful. Technology can disrupt old systems for the better. Still, it can also become obsolete in timeframes that may be shorter than initially planned. Uncertainty around the financial investment needed and technology productivity presents the opportunity for winners and losers. Deploying software and artificial intelligence to capture Scope 1, 2 and 3 emissions also come with risks of data breaches by adding another party and troubles in encapsulating all the data in these new forms of disclosure. All require significant capital outlay as well.

Investor and consumer sentiment also plays a significant role in calculating and preparing for transition risk since it inevitably deals with reputation. In addition to SEC regulation around climate-related information and carbon accounting, asset managers have also formed an alliance called the Net-Zero Banking Alliance to push a similar agenda. Following the proper benchmarking, surveys and voluntary climate disclosures become even more critical as the consequences can be material. Votes for Board members and other fundamental decision makers would be penalized for not adopting the new rules. Upgrading to more energy-efficient and renewable energy technology/programs can come at an added cost that our customers cannot absorb. In affordable housing, residents are more concerned about monthly rent payments and less about energy specifics. The upfront costs for these initiatives are costs that may lead some to find other types of housing that are more within their budget.

Aside from the Company appointing a Vice President of ESG who reports directly to upper management and periodically to the Board, we have also sought out the consultation of industry experts in sustainability and outside legal counsel. Leveraging the guidance and expertise of others, we can navigate this changing and new landscape to continue enhancing our management systems and building new ones where necessary.



ENVIRONMENTAL CLIMATE RISK

Constant communication with investors, our head trade organization MHI, and government officials have helped us prepare for upcoming regulations and investor sentiment. Our survey for new residents is a way to track customer satisfaction. In addition, we have hired an IT specialist to give us better insight into technology advancements that may present both opportunities and threats.

Physical Risk

Climate change poses more than just a transition risk. A warmer or cooler climate could have a disastrous effect on business and people's quality-of-life. A few degrees of Celsius change in either direction can alter weather patterns in a way that is hard to prepare for and even harder to recuperate. Physical damage to assets is a significant risk that all companies must evaluate and organize the correct procedures for in case of a catastrophe. We are beginning to assess internally the potential physical risk certain disasters could have on operations. Based on the National Oceanic and Atmospheric Administration's (NOAA) data scores on hazards, the nation has an overall hazard risk score of 13.3. NOAA uses a hazard risk scale from 1-100, with 100 being the worst.

Our properties' average state and county risks are 14.10 and 15.31, respectively. NOAA has further county-wide data on specific hazards, including drought, flooding, freeze, severe storms, tropical cyclones, wildfires, and winter storms. In the counties where our communities reside, we estimate based on averages that the highest hazard risk scores are for freeze at 20.68 and severe storms at 20.55. Winter storms at 16.68 and flooding at 14.56 come in the next highest. Using this data, we estimated total asset values most at risk based on year-

end balance sheet totals and a significant point increase of seven or more points from our overall averages for each hazard. Tracking deviations from the mean, winter storms constitute the highest dollar amount of assets under threat totaling \$357 million for property and equipment. Specifically, rental totals equal \$113 million based on year-end balance sheet numbers. A freeze could affect a total asset value of \$184 million, and a severe storm, could affect \$212 million. Each of those hazards puts \$59 million worth of rentals at risk. We have plans to report more detailed data based on the census tract for each community in the future.

Coming up with qualitative metrics helps us better assess and prepare for these risks. Encompassing insurance policies on our assets, including communities, cars, and rental homes, helps to protect these assets in a disaster scenario. UMH provides various types of low-cost rental home insurance through third parties to cover the residents and our assets, achieving better insights and control through these products. We also made available a homeowner insurance policy last year through a third party for those residents that own their homes. Another step in safeguarding ourselves from the threat of the disasters listed above is to ensure that we order the right home based on the region. Houses are made to withstand specific snow loads on roofs and have stabilizing forces to maintain structural integrity based on wind speeds for each region. In-house engineers upgrade communities to ensure the infrastructure can adequately handle possible hazards. Improved waterlines, drainage, and roads help relieve added stress on our properties. Leak detection technology and other systems are also in place to help mitigate the effects of climate change.





SOCIAL





SOCIAL

ENRICHING THE LIVES OF OUR RESIDENTS, NEIGHBORS AND SOCIETY

Enriching the Lives of our Residents, Neighbors and Society

The nucleus of UMH's ESG initiatives resides in our ability to provide a legitimate social benefit for the areas in which we operate. Affordable housing is the linchpin that brings our sustainability practices together. The product and service we provide is something few others can do as widely and efficiently as we do. Having business operations around this capability truly labels us as an ESG company. Sustainalytics, a second-party opinion provider, recognizes our extraordinary ability to provide affordable housing to low-income earners at each property. Through a framework that follows the International Capital Markets Associations, Social Bond Guidelines, and Green Bond Guidelines, our target population of low-income earners can afford to live in our communities. The framework is also in line with three UN Sustainable Development Goals 6,7, and 11.

Apart from fighting a persistent threat to our society, we also do our best to give back to the surrounding community. In individual communities, we have developed mentoring programs for children to connect with local religious groups, law enforcement, and business leaders. We have plans to enact this in other communities as we continue to grow this initiative. The mentorship program involves group meetings and activities like basketball games and fishing, all to give children an outlet. These activities go a long way in showing the children and their parents that we stand with them and support their growth. In other communities, we give back to the next generation by hosting "back to school" backpack and bike giveaways. Events like those mentioned earlier inspire a great sense of family outside their households. Apart from activities and events around children, we also try to spread that sense of connectivity throughout the entire locality. As a company, we have established relationships with local law enforcement to come to our office buildings while also putting together lunches and dinners for our first responders. In addition to first responders, we also host Veterans Days appreciation events, holiday events, Trunk or Treats, and special activities centered around local occurrences.



Residents & Neighbors





SOCIAL OUR EMPLOYEES

Our Employees

UMH is an equal opportunity employer that does all it can to look after its employees. The company holds a high standard of business ethics from the top down, promoting the idea of doing the right thing all the time at each training session. A simple concept creates a strong backbone for the company as we aim to treat residents, suppliers, local officials, investors, and other stakeholders like family. The company culture centers around family values, with some families having three different generations working for the company. For a company of only approximately 440 employees, it is a testament to the care put into each employee as the younger generation looks forward to working with their parents and grandparents.

UMH has a great relationship with several premier colleges and universities. The company attracts potential employees by having a robust internship program to appeal to enrolled college students or those on a summer or winter recess. Presently UMH has employees who were former interns and became full-time employees who worked up to Director, Regional Manager, and Vice President positions. Internal promotion is something that UMH takes very seriously as it believes in all its employees. Hard work and merit do not go unrecognized, which helps develop a diverse employee base. Approximately half of our employee population, including our executive management team, is female.

Evolving careers at UMH include a robust internship program and promotion within but also takes the form of training programs. The ACM (Accredited Community Manager) course is a certified course held by MHI and taught by industry experts. Most of our managers have completed this course and received this important accreditation. More specific training for marketing, OSHA, harassment prevention, fair housing, sales, software, and insurance is offered during annual and other regional meetings. Maintenance training occurs on a biannual basis. Members of the corporate office and other office staff in the field also partake in training that helps sharpen their skills in accounting, legal, office management, ESG, or topics specific to

their roles. Technology training, a combination of classes, webinars, or in-person meetings on hardware and software, keeps employees informed on current systems and tools.

Employee health and safety are a significant concern for the company as we do our best to provide a safe, clean, and comfortable workplace. As a company, we try to promote the best work-life balance for our employees to be as flexible as possible with their needs. We support our employees in times of need and encourage them to sort through their personal matters, knowing they have the Company's backing. We take each scenario on a case-by-case basis and work with the superiors of the individual employee to find the best solutions. We also provide financial incentives to employees who attend routine medical and dental visits.

We are now in the process of becoming ISO 45001 certified with the intention of replicating the safety management system at other offices across the portfolio. Across 2021 and 2022, we have had no fatalities from our contractors or employees. Based on internal numbers in 2021, we had 17 total employee accidents, with 12 filing for worker's compensation and 17 contractor accidents. In 2022, despite a higher employee count, we had a similar number of employee and contractor accidents, with 29 total employee accidents, 21 filing for worker's compensation, and six contractor accidents.

UMH keeps its communities to a high standard enforcing many fair rules around lot maintenance, home aesthetics, driving speed, pet limitations, and many other supervisions. Property managers reinforce these and more to preserve peace and safety. Our marketing team devised a survey to track satisfaction with the home, the likelihood of recommending the community to those close to them, and ways to improve the experience for new residents. Residents received this well, with UMH earning a score of 4.6/5. UMH is also looking to implement a mandatory half-day worth of hours for volunteering for all employees in 2023.



SOCIAL EMPLOYEE BENEFITS AND MAKE UP

UMH has a very comprehensive benefit package and includes the following:

- 401k and company matching
- Health insurance
- Vision insurance
- Dental insurance
- Mental health help through Talkspace
- Credit toward a gym membership sign-up fee
- Bereavement leave
- Holidays
- Paid sick days, paid vacation
- Leaves of absence
- Stock options and annual pay increases

In conjunction with the list of employee benefits, the fair and equitable work environment promoted throughout all levels of the organization aid in maintaining and attracting top talent. Management wholeheartedly believes in cultivating careers, not jobs. This is shown by providing the necessary room to grow, tools to succeed, and access to additional certifications, allowing employees to thrive and advance within the Company.

Employee Demographics		2021
Active Employees		440
Active Regional Managers, Directors, VPs	Male	60.00%
	Female	40.00%
Legal Gender	Male	54.32%
	Female	45.68%
Ethnicity	American Indian/Alaskan Native	1.00%
	Asian	1.00%
	Black/African American	3.00%
	Hispanic or Latino	5.00%
	White/Caucasian	90.00%
Generation Name	Baby Boomers	31.93%
	Generation X	34.15%
	Generation Z	10.64%
	Millennial	22.17%
	Pre Baby Boomers	1.11 %





SOCIAL CHARITABLE CONTRIBUTIONS, STAKEHOLDER ENGAGEMENT, AND HUMAN RIGHTS RISK

Charitable Contributions

UMH regularly contributes to charities, including the Boy Scouts of America, Boys and Girls Clubs, universities such as Rutgers University and Yale University, local chambers of commerce, and Special Strides, a non-profit therapeutic riding center devoted to improving the lives of individuals with special needs. We also contribute to branches of our Armed Forces, including the U.S. Merchant Marine Academy. The Company also encourages its employees to devote their time and resources to community activities and charitable giving.

Stakeholder Engagement

We care deeply about all of our shareholders and are committed to providing outstanding value. This is more than just financial returns as we seek to continually engage with our shareholders and take into account their feedback. This feedback is directly processed through our Investor Relations and disseminated to management. We know that it is vital to keep open communication lines with those invested in the Company and encourage participation at shareholder meetings and earnings calls.

Human Rights Risk

Human rights are universal freedoms and protections that must be upheld in the highest regard. Constant due diligence and oversight are required to evolve with the ever-progressing landscape of human rights. If not, the Company is at risk of losing critical human resource capital that is integral to its continued success. As a premier provider of homes for America's workforce, we take fair housing and all forms of housing discrimination very seriously. Our property managers and other staff are constantly trained and tested on these matters. Discrediting these fundamental rights to our residents poses a salient risk to our business. We also hold our employee's and residents' privacy and security with the utmost regard as we have Board oversight as to cybersecurity through our Cybersecurity Subcommittee.



GOVERNANCE



000 CORPORATE GOVERNANCE

UMH is entirely against corruption of any kind, including those for operational permits to build, having Board-level oversight of each community bought. Expansions and new development go through Board approval as well. They are subject to rigorous supervision by a team of in-house engineers and the use of local engineers and contractors. Compliance with the federal, state, and local laws, is a top priority, disincentivizing and providing appropriate oversight against corruption or bribery.

Proper business ethics are fundamental to our business practices and are passed from the top down. Apart from staying compliant with the law through our General Counsel and outside legal counsel, management has the utmost regard for fair and honest business practices.

WOMEN ENTERING THE BOARD

Over the past two years the Company has added two women to the Board of Directors who bring a wealth of experience in real estate while offering a plethora of skills outside of real estate. Their expertise not only adds diversity to the Board but strengthens its capabilities.

Dr. Amy Butewicz

Joining the Board in January 2020, Dr. Amy Butewicz increased the number of members from 10 to 11. She is a resident of New Jersey, holding a real estate license in the state while also being a licensed pharmacist. Currently, she works as a full-time realtor bringing unique real time real estate market insights to the Board of Directors. Dr. Butewicz's educational background and propensity to give back through her various charity work brings immense value to the Board.

Angela D. Pruitt-Marriott

In September of 2021, UMH had the pleasure of welcoming another expert in their respective field to the Board of Directors, Angela D. Pruitt-Marriott. Angela D. Pruitt-Marriott is the first African American woman in the Company's history to be appointed to the Company's Board of Directors. She joins the Board with decades of experience in journalism, global communications, and crisis management. Her expertise and diverse background differ from anyone else on the Board, bringing immense value and network relations. This has already proved fruitful in introducing UMH to some long-standing media connections. Her main objective is to help broaden the reach of UMH's story of its ability to impact affordable housing positively.



000 CORPORATE GOVERNANCE

BOARD INDEPENDENCE AND DIVERSITY

Independent Board of Directors

Over 60% of the Company's Directors are independent within the meaning of SEC rules and the listing standards of the New York Stock Exchange (NYSE). The Company's independent Directors meet in executive sessions at least annually.

Board Committees

All committee members are independent under applicable NYSE and SEC rules for committee membership. The Nominating and Corporate Governance Committee is responsible for developing and recommending to the Board corporate governance guidelines and, consistent with such guidelines, oversees the Board and management's evaluation.

Financial Expert

Each of the four members of our audit committee qualifies as an "audit committee financial expert" under applicable SEC rules (SEC rules require that at least one Director qualifies as an "audit committee financial expert").

Board Diversity

Three of our Directors are female. Our average Director tenure is 14 years, and our average independent Director tenure is approximately six years. Our Directors' have expertise in a variety of fields, including real estate, cybersecurity, finance, legal, crisis management, and education.

Presiding Director

Our Board of Directors has designated an independent Director as presiding Director.

Members on Other Boards

Board members are concentrated on operations and do not sit on a significant number of boards. No member sits on more than two, including UMH.

Comparison to Peer Group

The Company employs many metrics to compare its performance to its peer group, including but not limited to total shareholder return, net-operating income, and portfolio growth.

Information Technology Security

Senior management briefs the Board on serious security matters immediately while all issues are discussed

at each meeting. Three Directors have information security experience.

Substantial Insider Ownership

Management's interests are aligned with shareholder interests. Company Directors and executive officers' aggregate stock ownership represents approximately 9.23% of the Company's outstanding shares, which currently represents one the largest blocks of shareholders.

Considerable CEO Stock Ownership Requirements

The Chief Executive Officer is required by Company policy to own shares of the Company's common stock having a value equal to at least six times his base salary and is well within compliance with these requirements, currently owning shares equivalent to 175% of this ownership requirement.

Robust Director Stock Ownership Guidelines

The Company recommends that each individual serving as a Director on the Board own shares of the Company's common stock having a value equal to at least three times the Director's annual cash retainer from the Company. Currently, eight out of the eleven Directors meet this guideline.

Named Executive Officer Stock Ownership Guidelines

Our Named Executive Officers are subject to Stock Ownership Guidelines of 2x their base salary. Currently, three out of our five Named Executive Officers meet this guideline.

Long-term employee stock option and restricted stock vesting periods

All stock option and restricted stock awards to employees vest over a 5-year period, 20% per year. This is to encourage employee retention and align employees' interests with those of our shareholders.

Anti-Hedging Policy

The Company prohibits the purchase or sale of puts, calls, options, or other derivative securities based on the Company's securities by Directors, officers, or employees. Our policy also prohibits hedging or monetization transactions, such as forward sale contracts, in which the shareholder continues to own the underlying Company's security without all the risks or rewards of ownership.

CORPORATE GOVERNANCE ACCOUNTABILITY TO SHAREHOLDERS

Shareholder Engagement: The Company believes that effective corporate governance should include regular constructive discussions with our shareholders. We have a proactive engagement process that encourages feedback from our shareholders. This feedback helps shape our governance practices.

No Poison Pill: We have not adopted a shareholder rights plan.

No excessive Perquisites or Other Benefits.

Objective Performance Goals: The cash bonus program for our CEO and CFO are tied to objective financial performance metrics.

Annual Assessment of Compensation: The Company annually assesses its compensation policies to determine whether such policies encourage excessive risk-taking.

No Excise Tax Gross-ups.

No Repricing or Buyout of Stock Options.

Low Average Total Director Compensation: Average total Director compensation is approximately 88% of our peers' average total Director compensation.

Board Demographics		2022
Active Board Members		12
Legal Gender	Male	75.00%
	Female	25.00%
Ethnicity	Asian	8.33%
	Black/African American	8.33%
	White/Caucasian	83.33%
Age	35-55	33.33%
	56-75	58.33%
	76-95	8.33%

GRI CONTENT INDEX	
Statement of use	UMH Properties Inc. has reported the information cited in this GRI content index in December 2022 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE	LOCATION
GRI 2: General Disclosures 2021	2-1 Organizational details	Annual Report
	2-2 Entities included in the organization's sustainability reporting	ESG Report
	2-3 Reporting period, frequency and contact point	ESG Report
	2-6 Activities, value chain and other business relationships	Annual Report & ESG Report
	2-7 Employees	ESG Report
	2-9 Governance structure and composition	Proxy Statement & ESG Report
	2-10 Nomination and selection of the highest governance body	Proxy Statement
	2-11 Chair of the highest governance body	Proxy Statement
	2-12 Role of the highest governance body in overseeing the management of impacts	Proxy Statement
	2-13 Delegation of responsibility for managing impacts	Proxy Statement
	2-14 Role of the highest governance body in sustainability reporting	ESG Report
	2-15 Conflicts of interest	Code of Conduct & Ethics & Proxy Statement
	2-16 Communication of critical concerns	Proxy Statement
	2-17 Collective knowledge of the highest governance body	Proxy Statement

GRI STANDARD	DISCLOSURE	LOCATION
GRI 2: General Disclosures 2021	2-18 Evaluation of the performance of the highest governance body	Proxy Statement
	2-19 Remuneration policies	Proxy Statement
	2-20 Process to determine remuneration	Proxy Statement
	2-21 Annual total compensation ratio	Proxy Statement
	2-22 Statement on sustainable development strategy	ESG Report
	2-23 Policy commitments	ESG Report, Code of Conduct & Ethics, Human Rights Policy
	2-24 Embedding policy commitments	ESG Report, Code of Conduct & Ethics, Human Rights Policy
	2-27 Compliance with laws and regulations	Annual Report, Proxy Statement,
	2-29 Approach to stakeholder engagement	Proxy Advisory
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Annual Report
	201-2 Financial implications and other risks and opportunities due to climate change	ESG Report
	201-3 Defined benefit plan obligations and other retirement plans	Annual Report & Proxy Statement
	201-4 Financial assistance received from government	ESG Report
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Annual Report & ESG Report
	203-2 Significant indirect economic impacts	ESG Report
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	ESG Report, Code of Conduct & Ethics, Human Rights Policy

GRI STANDARD	DISCLOSURE	LOCATION
GRI 207: Tax 2019	207-1 Approach to tax	Annual Report
	207-2 Tax governance, control, and risk management	Annual Report
	207-4 Country-by-country reporting	Annual Report
GRI 302: Energy 2016	302-1 Energy consumption within the organization	ESG Report
	302-4 Reduction of energy consumption	ESG Report
GRI 303: Water and Effluents 2018	303-5 Water consumption	ESG Report
GRI 304: Biodiversity 2016	304-3 Habitats protected or restored	ESG Report
GRI 305: Emissions 2016	305-5 Reduction of GHG emissions	ESG Report
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	ESG Report
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	ESG Report
	401-3 Parental leave	Family and Medical Leave Act
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	ISO 45001
	403-9 Work-related injuries	ESG Report
	403-10 Work-related ill health	ESG Report
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	ESG Report
	404-2 Programs for upgrading employee skills and transition assistance programs	ESG Report
	404-3 Percentage of employees receiving regular performance and career development reviews	ESG Report
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	ESG Report

FOOTNOTES AND CITATIONS



ⁱ<https://www.nahb.org/blog/2022/02/nearly-7-out-of-10-households-cant-afford-a-new-median-priced-home/>

ⁱⁱ<https://fred.stlouisfed.org/series/MSPUS>

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^{iv}<https://www.bigrentz.com/blog/construction-waste-statistics>

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^{vi}https://www.researchgate.net/publication/356876010_Quantifying_Advantages_of_Modular_Construction_Waste_Generation/link/61b0ded348c0aa6a1ddcef3f/download

^{vii}<https://www.mckinsey.com/capabilities/operations/our-insights/modular-construction-from-projects-to-products>

^{viii}<https://www.azobuild.com/article.aspx?ArticleID=8472>

VICE PRESIDENT OF ESG

ESG@umh.com



UMH PROPERTIES, INC.

Established in 1968

3499 Route 9 North | Freehold, NJ 07728

www.umh.reit 732.577.9997 NYSE: UMH