



WALKER &
DUNLOP

Environmental, Social and
Governance Summary



The following document contains disclosure of environmental, social, and governance (ESG) metrics relevant to Walker & Dunlop, Inc.'s business, as well as those included in the Sustainability Accounting Standards Board (SASB) standards for the Financials, Mortgage Finance industry classification. Throughout this document, we also indicate where we believe our practices support efforts to meet the United Nations' Sustainable Development Goals (UN SDGs). This document covers ESG disclosures for Walker & Dunlop, Inc. and its subsidiaries (together, "Walker & Dunlop," "W&D", "our," or "we") from January 1, 2019, through December 31, 2019, unless otherwise noted.



ABOUT US

Walker & Dunlop (NYSE: WD), headquartered in Bethesda, Maryland, is one of the largest commercial real estate finance companies in the United States. We provide a comprehensive range of capital solutions for all commercial real estate asset classes, as well as investment sales brokerage services to owners of multifamily properties. W&D is included in the S&P SmallCap 600 Index and was ranked as one of FORTUNE Magazine's Fastest Growing Companies in 2014, 2017, and 2018. W&D's 900+ professionals in 40 offices across the nation have an unyielding commitment to client satisfaction.

Walker & Dunlop conducts business solely in the United States and is principally engaged in originating, selling, and servicing a number of multifamily and other commercial real estate financing products that are sold under the programs of Freddie Mac, Fannie Mae, Ginnie Mae, and the Federal Housing Administration. Our products consist of first mortgage loans, second trust loans, supplemental financings, construction loans, mezzanine loans, and bridge/interim loans. The company generates the majority of its revenue from origination and servicing fees.

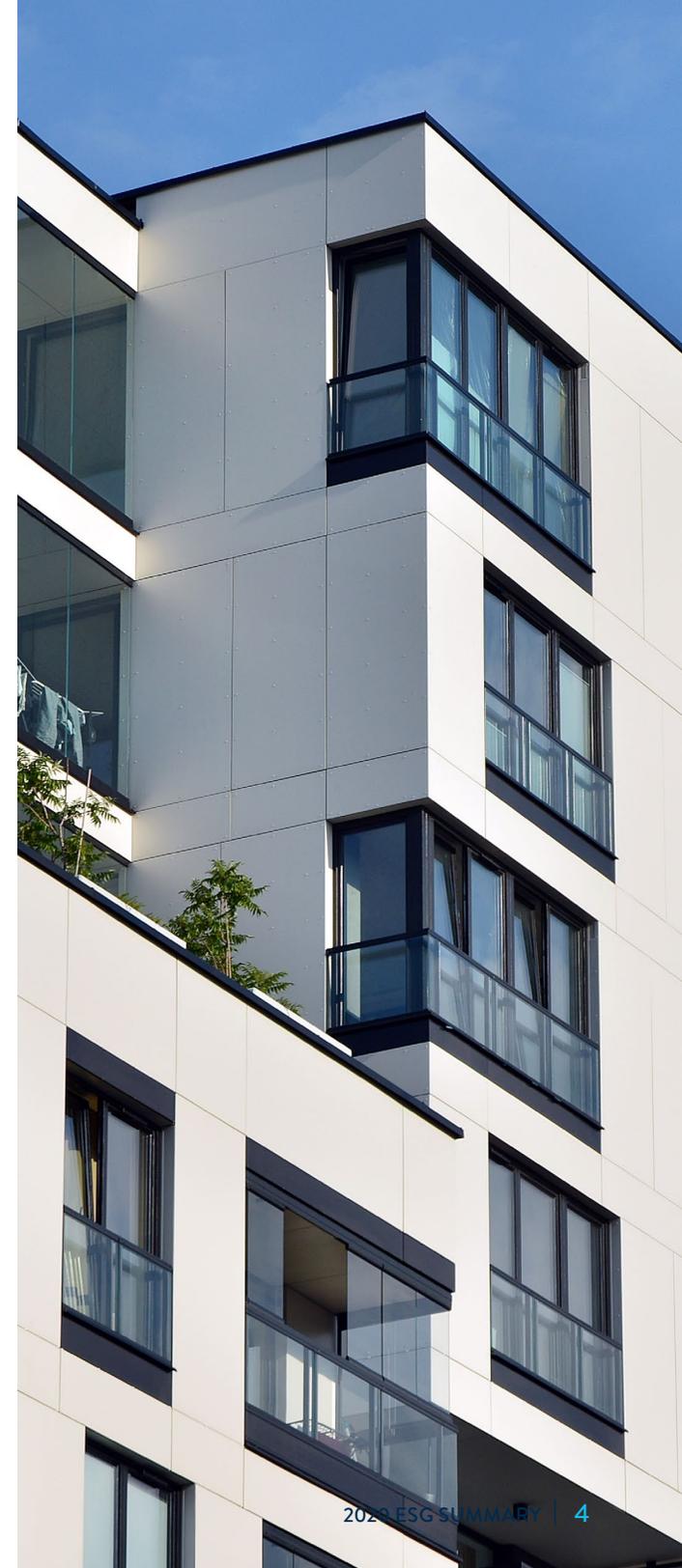
WALKER & DUNLOP'S ESG PROGRAM OBJECTIVES

We believe that a healthy environment, properly managed resources, and vibrant communities are keys to a secure and prosperous future.

We view our ESG Program as a process of continuous improvement as we look for ways to measure and monitor our carbon footprint, reduce waste, and facilitate eco-friendly, green financing for our clients. We seek to equally and equitably employ and retain diverse talent across our organization, facilitate the financing of affordable housing, and contribute to the communities in which we live and operate while upholding our code of ethics and corporate governance principles.

ACTIVITY METRICS

	2019	2018	2017
Transaction Volume (\$M)	31,967	28,048	27,906
Total Revenue (\$M)	817.2	725.2	711.9
Net Income (\$M)	173.4	161.4	211.1
(1) Number and (2) value of mortgages originated by category:			
(a) residential	(a) 0; 0	(a) 0; 0	(a) 0; 0
(b) commercial	(b) 1,482; \$26.6B	(b) 1,337; \$25.3B	(b) 1,417; \$24.9B
[SASB: FN-MF-000.A]			
(1) Number and (2) value of mortgages purchased by category:			
(a) residential	(a) 0; 0	(a) 0; 0	(a) 0; 0
(b) commercial	(b) 0; 0	(b) 0; 0	(b) 0; 0
[SASB: FN-MF-000.B]			
Full-time Employees (as of December 31)	823	723	623





ENVIRONMENT

ENERGY & GREENHOUSE GAS (GHG) EMISSIONS



ENVIRONMENTAL POLICY

[View Environmental Commitment](#)

Green Buildings (Leased)

W&D does not own or operate any buildings, but of the 44 buildings in which we leased space in 2019, 27% (12 of 44) had some sort of green building certification.

Carbon Neutrality

W&D is committed to remaining carbon neutral each year, and we will offset 100% of our GhG emissions on a yearly basis. W&D has also set targeted emissions reduction goals to reduce emissions intensity on a per employee basis. W&D will offset our 2019 carbon footprint at year end 2020 while tracking progress towards our goals. W&D will continue to establish clear governance and accountability for oversight and management of ongoing sustainability commitments.

CARBON EMISSIONS	2019	2018	2017
Scope 1 emissions (metric tons CO ₂ -e)	435	400	334
Scope 2 emissions (metric tons CO ₂ -e)	1,021	866	825
Emissions Intensity (Scope 1 and 2 metric tons CO ₂ -e per \$M Total Revenues)	1.8	1.8	1.7
Scope 3 emissions (metric tons CO ₂ -e) ¹	3,644	3,624	2,970
Total GHG Emissions (Scope 1, 2 and 3)	5,100	4,559	4,129
GHG Emissions on a per-employee basis	6.17	6.61	6.60

2025 Goal Reduce total (Scope 1, 2, and 3) emissions on a per employee basis by 10%

¹ Scope 3 includes employee travel (air, rental cars, employee-owned vehicles, taxi/car service, rail, and hotel stays), employee commuting, and waste.

WASTE & RECYCLING



Recycling

In 2018, our landfill diversion rate was 54%. This figure was based on reported data of 59% of employees in offices reporting. We actively drive interest in pursuing green initiatives through inspiring employee ideas and questions related to business practices (e.g., impacts of bottled water purchases and reduction of wasteful products across offices, such as K-cups).

Solid Waste (Metric Tons)



ENVIRONMENTAL RISK TO MORTGAGED PROPERTIES

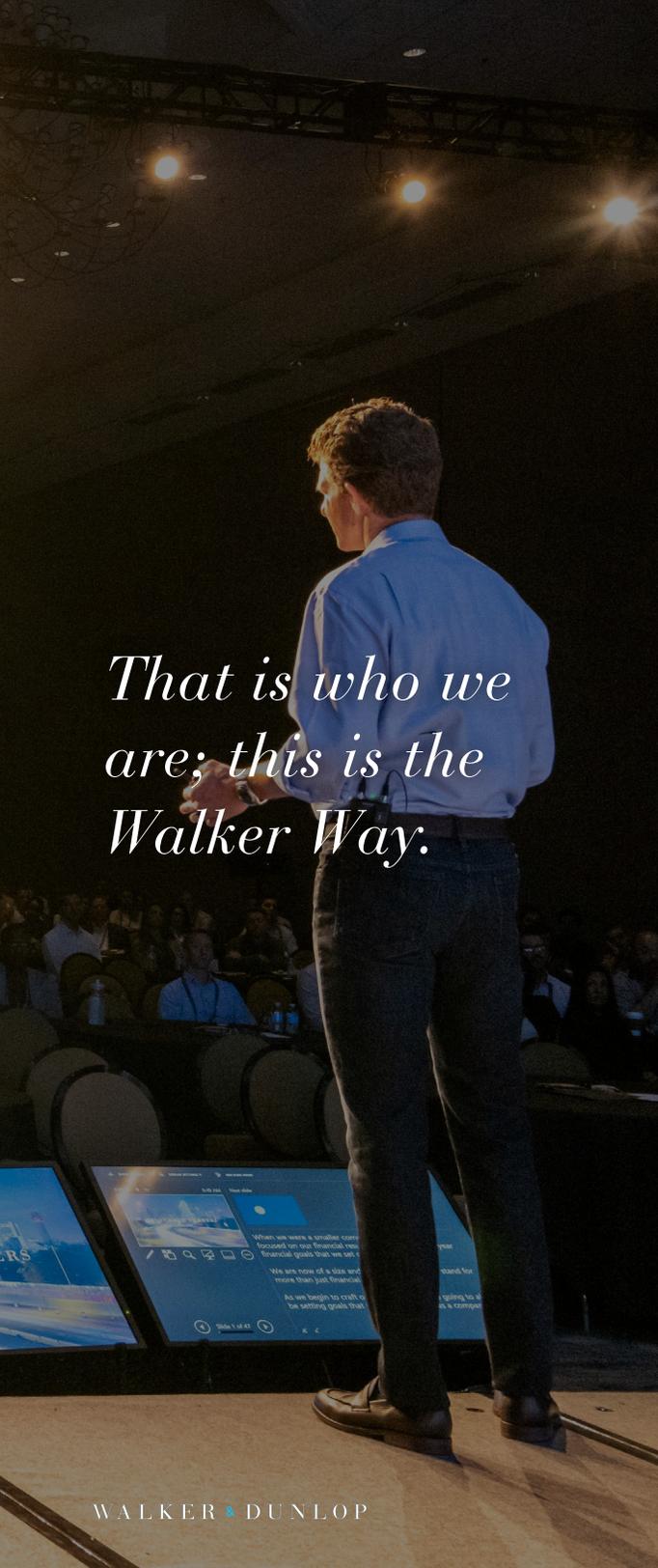


Green Financing (\$M)

Walker & Dunlop partners with our clients to deliver commercial real estate financing solutions and property improvements that drive positive environmental impact. We were the #1 Fannie Mae Delegated Underwriting and Servicing (DUS) producer for Green Financing in 2019.²

² DUS program grants approved lenders the ability to underwrite, close, and sell loans on multifamily properties to Fannie Mae without prior Fannie Mae review.

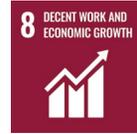




That is who we are; this is the Walker Way.



SOCIAL



Equal Employment

Walker & Dunlop strives to be a great place to work for all. W&D is committed to providing a caring working environment in which all individuals are treated with respect and dignity and given the opportunity to flourish both personally and professionally - regardless of race, religion, gender (including identity, expression, pregnancy, and sexual orientation), country of origin, family status, sexual orientation, or other personal characteristic supported through our Equal Employment Opportunity standards.

Beyond the words printed in our Employee Handbook or stated by our CEO, Willy Walker, when he welcomes employees through our New Employee Orientation meetings, Walker & Dunlop invests significant resources to make us a best in class employer. Our mission is to be the premier commercial real estate finance company in the US. We set aggressive goals and long-term strategies to achieve this mission. We are working to be a more diverse and inclusive company and change the face of commercial real estate finance in the coming decades. We can and will do more.

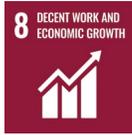
Study after study shows that diverse and inclusive companies, with diverse personal experiences and professional opinions, far outperform more homogeneous organizations. To achieve these ends, we are fully committed to complying with all equal employment opportunity laws.

[Our Equal Employment Opportunity \(EEO\) Policy is shared in our Employee Handbook.](#)

Equitable Compensation

We are committed to vigilant review and purposeful efforts to achieve pay equity. We participate in annual external compensation benchmarking studies to ensure our pay is competitive to market and conduct regular internal pay equity analyses to ensure there are no pay gaps based on gender or ethnicity. We review pay to comply with our EEO standards in other ways, including through ongoing review when positions are opened and during promotion cycles. Our recruiters and managers receive dedicated training on our EEO standards, including on pay equity.

DIVERSITY AND INCLUSION



Diversity and Inclusion

At Walker & Dunlop, we treat all individuals with respect and dignity and create opportunities for them to thrive. Through a growing range of initiatives, we work to ensure a safe and supportive work environment across all of our offices and to actively expand the range of perspectives and experiences that contribute to our shared success.

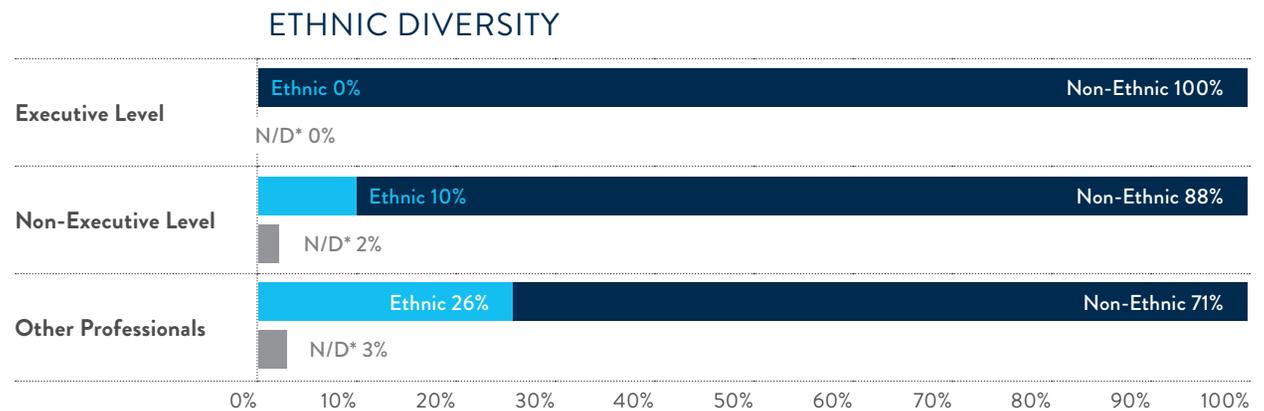
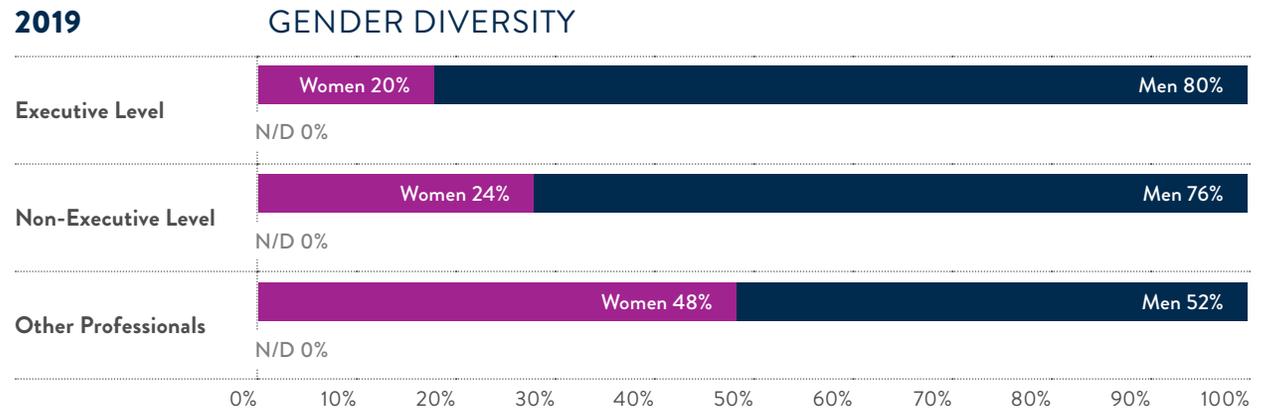
Our Diversity and Inclusion (D&I) Taskforce formally kicked off in 2018 under the leadership of our CEO and a group of employees from all levels and backgrounds with the goal to transform our workforce and leadership in the next 15 years to be an industry leader in performance and inclusion. Our ongoing D&I efforts include the development of a growing number of Employee Resource Groups, increased collaboration between employee initiatives and our highest-level executives, and mindful incorporation of inclusion goals in regular executive initiatives. W&D competes for the best-qualified candidates for each position. As US demographic statistics trend toward a more racially, ethnically, and gender diverse employee and client population, W&D will continue to lead as a best in class employer by ensuring its personnel efforts are the best practices to recruit, support, engage and retain a diverse employee base.



Percentage of Gender and Racial/Ethnic Group Representation for (1) Management and (2) All Other Employees³

Women represent one-fourth of our senior leadership team and almost half of the participants in LEAD, our highly competitive leadership development program. We encourage the further advancement and success of our female colleagues through learning and networking programs like our Women’s Initiative, which was the Company’s first employee resource group, started in 2013.

For W&D, diversity is ensuring that we have employees with different backgrounds, perspectives, and experiences. This brings diversity of thought, which is vital at every level of the business, including our Board members. When it comes to the recruitment of new Board members, the Nominating and Corporate Governance committee considers all aspects of diversity, including but not limited to both gender and ethnic diversity, in addition to a host of other criteria around skills, knowledge and experience. We continuously seek to improve our Board diversity when opportunities arise and review our approach to Board diversity to ensure its development and effectiveness. Currently, our board is 38% diverse.



2025 Goal Achieve 35% female and 20% minority representation in management positions⁴

2025 Goal Achieve 15% female and 15% minority representation among top Company earners⁵

³ As of May 13, 2020, “Executive” Level is defined by Administrative Committee; “Non-Executive” Level as department heads and Chief Production Officers not on the Administrative Committee; and “Other Professionals” as the remainder of employees.

⁴ Defined as Managers (with a direct report) and officer level employees (AVP level and above)

⁵ Defined as employees earnings over \$500,000 in annual compensation

* N/A = not available or not disclosed

EMPLOYEE RECRUITMENT, ENGAGEMENT & RETENTION

Employee Engagement Efforts and Response as a Percentage of Total Work Force

Our Culture underpins all that we do. We pride ourselves on being a large company with a small company feel, where our employees are people and part of the W&D family. Where teams and departments work well together based on relationships founded in deep respect. We've been recognized repeatedly as a Great Place to Work by Fortune Magazine and The Washington Post. Annually, we participate in a Company-wide employee engagement survey conducted by a third party which focuses on the employee experience, corporate culture, and various metrics which make an organization a "great place to work." In 2019, the participation rate was approximately 55%. Periodically, we've supplemented this annual survey with engagement surveys created and facilitated internally. We also deploy department-specific employee engagement surveys as needed, including a recent one for one of our larger business units, to identify areas of focus for specific groups.

Employee Engagement Methodology

We have leveraged survey results to enact positive change across the organization. In response to our employees' feedback received through these surveys, we've identified new ways to reward and compensate employees, continued to build transparency in communication, focused on technology and efficiencies, and, recognized the desire of our employees to have more flexibility in their work schedule by further developing our Flexible Schedule Policy. We have also developed a number of standing initiatives and affinity groups based on past survey results that have proven to further engage significant portions of our employee base.



Parental Employee Resource Group





Employee Wellness Program

W&D believes that a fit employee - physically and emotionally - is a productive employee, so we maintain a robust health and wellness program. During the work week, we offer a variety of perks for keeping energized and healthy. We'll reward employees for participating in their favorite wellness activities - earning up to \$150 per month depending on the level of activity they do. We also strongly encourage a healthy work/life balance, offering flexible scheduling, including working remotely, to allow time for what is important to each employee.

Talent Development

W&D is made up of highly driven people. We find those people through a thoughtful recruitment process which includes leveraging our social media presence to give candidates a good sense of our unique culture, engaging those candidates in carefully constructed behavioral and functional interviews performed by experienced Talent Acquisition professionals and members of the hiring department. We continue to build a talent pipeline through our formal college recruiting program and several strategic partnerships with organizations that allow a greater reach, including Mortgage Bankers Association's Commercial Real Estate Finance (CREF) Careers, Management Leadership for Tomorrow (MLT), Year Up, and Future Housing Leaders, Seizing Every Opportunity and Project Destined. As a further testament to the positive employee experience, a significant percentage of our new hires come from referrals by existing employees.

New in 2019, we began an enhanced campaign to support internal mobility beyond historical career paths. As we continue to advance the technology solutions driving our business, we are actively working to rehome employees whose talents are better employed elsewhere in the Company in an effort to provide them with alternative career opportunities. We support this ongoing development and advancement of our employees by offering a variety of learning initiatives, including in-house and external trainings, various management trainings, self-insight activities, online business and software training, and a high potential program. W&D also pays for professional licensing and industry membership, as well as offering tuition reimbursement of up to \$3,500 per year for undergraduate and graduate level courses or other continuing education for full-time and some part-time employees, depending on their scheduled hours.

Employee Turnover Rate



Our annual voluntary turnover rate was approximately 40% lower than the industry average in 2018.

* *Compdata's 2018 Turnover Report*

COMMUNITY ENGAGEMENT

Philanthropic/Charity & Communities

Providing employees with opportunities to give back to the community in a meaningful way is an integral part of W&D's culture. Our primary unified charitable giving cause is ending homelessness in the US. Each year, we hold an annual fundraiser in support of our corporate charity partners who work towards eliminating the conditions that can lead to homelessness. W&D also offers a Matching Fund Program in which the Company matches employees' eligible charitable contributions of up to \$500/year. Between the Matching Funds Program, the annual fundraiser, and various philanthropic efforts throughout the year, W&D made \$588,158 in charitable donations in 2019.

2025 Goal Donate 1% of annual pre-tax profits to philanthropic efforts

Employee Volunteerism

Company-sponsored volunteer events are scheduled in individual offices by employees, and employees are compensated for their time volunteering. Individual employees can volunteer up to four paid hours per month at an organization of their choice. Past Company-sponsored events have included volunteering at food banks, Habitat for Humanity, and cleaning up parks. Company-wide school supply drives and canned food drives are also held each year, and we encourage offices to participate in Volunteer Week in April each year. In response to the COVID-19 pandemic, in April 2020, W&D reimbursed every employee \$25 in order to pay it forward in their local communities through donations, meals for front line workers, tips for delivery drivers, etc. and also closed the offices early one afternoon in May to give employees time to give back to their communities. Almost 3,000 employee hours were dedicated that day to virtually help non-profits, shop for elderly neighbors, make face masks, donate suits to organizations dressing the underprivileged, and make meals for the homeless, etc.

2025 Goal Every employee donates at least 20 hours of volunteer time annually

SOCIAL INVESTMENTS



Affordable Housing⁵ (\$B)

Our passion for housing is rooted in our Company's history and operations, and we align our charitable activities with the mission of ending homelessness nationwide while supporting our employees in their personal philanthropic endeavors. Our business touches communities across the United States, and we are able to positively impact these communities through the financing we provide to much-needed affordable housing, senior housing, and healthcare properties. WD is the photosynthesis of the commercial real estate (CRE) space – we help facilitate and make possible the creation of affordable communities throughout the country.



2025 Goal

2025 Goal: Finance a cumulative \$10 billion of affordable properties by 2025

⁵ Affordable housing includes Agency executions with Low Income Housing Tax Credits (LIHTC), Section 42, Section 8, and HAP contract restrictions



GOVERNANCE

GOVERNANCE AND BUSINESS ETHICS



Board of Directors

Independence **75%**

Total Diversity **38%**

Average Age (years) **57.4**

Average Tenure (years) **7.8**

Industry Expertise⁴ **88%**

Independent Lead Director **Yes**

Annual Election of Directors **Yes**

⁴ Commercial real estate, commercial lending, and investment advisory/Mergers & Acquisitions

Oversight of Corporate Strategy and Risk

The Board continuously monitors internal and external risk oversight. It designates one meeting each year during which it works with management to conduct an in-depth review of the Company's strategic plans and identify the principal issues and risks to accomplishing its strategy. While the full Board has primary responsibility for risk oversight, it utilizes its committees, as appropriate, to monitor and address the risks that may be within the scope of a particular committee's expertise or charter.

For more information, see our 2020 proxy statement.

ESG in Executive Compensation

Our Named Executive Officers have annual goals to drive diversity and inclusion efforts, which are shared among the broader senior management team. Additionally, all executives and managers are specifically tasked with knowing our employees as people and fostering the Walker Way: to be Collaborative, Tenacious, Driven, Caring, and Insightful.

Approximately 25% of our NEO's Annual Cash Incentive Award is determined qualitatively, based on the NEO's individual achievements with respect to leadership and execution against strategic initiatives, all of which are designed to support our achievement of our stated Vision 2020 goals and maintain our valued culture.



DATA SECURITY

Code of Business Conduct and Ethics

[View Our Code](#)

Training

100% of employees complete business ethics training annually. This is completed in conjunction with the annual review of the Code of Conduct and Ethics.

Anti-Bribery & Corruption Policy

[View Our Code*](#)

**Please see page 9*

Whistleblower Policy

[View Our Code*](#)

**Please see page 3*

Description of approach to identifying and addressing data security risks

Risk assessments are conducted for service engagement, including, but not limited to, third party support, vendor connectivity, and systems handling sensitive data.

Operational procedures, management processes, structure of products, employee training, and use of technology are assessed, validated, and tested using industry-standard toolsets. Risks identified during any of these processes are documented, reviewed, and signed off on by senior leadership. Risks are catalogued and reviewed on an annual basis. Risks presenting a potential material impact to the Company are reported as required by relevant laws and regulations.

Training

100% of employees complete security training annually. Security training is administered on a quarterly basis.



CONTACT

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