WALKER & DUNLOP

2022 TCFD Report

INSIDE THE REPORT

INTRODUCTION

ABOUT US

Walker & Dunlop (NYSE: WD) is one of the largest commercial real estate finance and advisory services firms in the United States. Our ideas and capital create communities where people live, work, shop, and play. The diversity of our people, breadth of our brand and technological capabilities make us one of the most insightful and client-focused firms in the commercial real estate industry.

Through investments in people, brand, and technology, we have built a diversified suite of commercial real estate services to meet the needs of our customers. Our services include multifamily lending, property sales, appraisal, valuation, and research; commercial real estate debt brokerage and advisory services; investment management; and affordable housing lending, tax credit syndication, development, and investment. We leverage our technological resources and investments to provide an enhanced experience for our customers, identify refinancing and other financial and investment opportunities for new and existing customers, and drive efficiencies in our internal processes.

Take a Closer look

Offices & Locations

Finance Awards & Rankings

Diversity & Inclusion

ESG Report

Carbon Footprint

We do not own or operate any buildings that our employees occupy, but of the 66 buildings in which we leased space in 2022, 31% of our total occupied square footage (136,798 square feet of 446,399 square feet) was in a green-certified building. As tenants, in most cases, we are not able to retrofit or improve these leased spaces to align with green certification requirements; however, we are focused on improving our leased spaces to increase energy efficiency and decrease water usage in cases that our leases permit us to make such improvements. We will continue to pursue green building certifications when considering lease renewals and new office locations. For example, we relocated our corporate headquarters in Bethesda, Maryland in 2022, and when considering options for the new lease, we prioritized relocating to a LEED-certified building. We selected a LEED Gold property, and when designing our own office, we made additional improvements throughout the space that helped us achieve a LEED Gold Certification.

We are focused on minimizing the environmental impact of our operations at all levels of our business. We seek to reduce our carbon footprint through operational efficiencies. In addition, we offset 100% of our emissions on an annual basis through the purchase of carbon offsets and renewable energy certificates (RECs). In 2021, we offset 61% of our total emissions with RECs and 39% with carbon offsets.

Our Environmental Policy describes our sustainability efforts and commitments to creating a positive impact on the environment and can be found on our website. Lastly, we have set long-term goals related to the reduction of our carbon emissions that are outlined later in this report.

Green Financing

As the largest Fannie Mae Delegated Underwriting and Servicing ("DUS") Lender and the third- largest Freddie Mac Multifamily Optigo® Seller/Servicer in the country, we are actively involved in the Fannie Mae Green Rewards and Freddie Mac Green Advantage programs, both of which provide financing to multifamily properties to finance energy and water efficiency improvements. Through our lending activities with other capital providers across the country, in multifamily, office, industrial, retail, and beyond, we help property owners reduce their energy and water consumption and are active in financing LEED and other green-certified properties. In 2022, we were ranked the #1 Fannie Mae DUS Producer for Green Financing[2], closing $1.7 billion of Green Building Certification volume and $281 million of Green Rewards volumed. All together, we closed $2.0 billion of Green Financing with Fannie Mae, Freddie Mac, and HUD, totaling 12% of our total Agency lending.

[1] Of the 66 property managers, only 13 reported their buildings as having a green certification, such as LEED and Energy Star. Many of the property managers either did not answer that question when asked, or we were unable to reach them for questioning. It is likely that additional office buildings are green certified, but we do not have complete information at this time.

[2] Green Loans are defined as loans for properties with Green Building Certifications or loans targeting a 30 percent reduction or more in energy and water consumption, inclusive of at least 15 percent energy reduction consumption.

ABOUT THIS REPORT

The Task Force on Climate-related Financial Disclosures ("TCFD") was established by the Financial Stability Board with the goal of developing voluntary, consistent climate-related financial disclosures that is decision-useful to all relevant stakeholders. The recommendations of the TCFD are focused on four thematic areas representing core operational pillars, including: (1) governance; (2) strategy; (3) risk management; and (4) metrics and targets. In this report, we discuss our approach to each of these four pillars. The report covers the calendar year 2022, unless otherwise noted.

The evaluation of our business through the lens of the TCFD recommendations has added tremendous value to both our sustainability reporting, in driving increased transparency for our stakeholders, and to our operations in our ability to recognize and address climate-related risks and opportunities to our business. This report is the result of the input and expertise of an internal, cross-functional working group in partnership with a third party. We view our TCFD journey as ongoing and will continue to evaluate and redefine the impacts that climate change may have on our business.

“At Walker & Dunlop, our ideas and capital create communities where people live, work, shop, and okay - and that commitment extends to our environmental impact. We take our role in building a more sustainable future very seriously and are doing this by committing to reducing our emissions intensity, focusing on growing our green financing activities, and empowering our employee-led Green Task Force to integrate sustainable practices into our operations.”

Willy Walker – CEO and Chairman

GOVERNANCE

BOARD OVERSIGHT

Effective corporate governance is critical to executing on our long-term strategy, fulfilling our responsibilities to clients, and delivering value to all our stakeholders. Our governance of climate and sustainability-related matters reflects our commitment to strong leadership and oversight at the highest levels of senior management up to the Board of Directors.

Board Committee and Management Structure

Board of Directors

Nominating & Corporate Governance Committee

Compensation Committee

W&D Risk Committee

Assist the Board in managing key risks and the policies for monitoring and mitigating risks, including climate related risk

Legal, Human Resources, Information & Technology, Investor Relations, Alliant Capital, Internal Audit, Servicing, Underwriting, WDIP, Accounting, and Treasury

W&D ESG Working Group

Responsible for making progress towards 2025 ESG goals and overseeing ESG reporting, including climate-related objectives

Legal, Human Resources, Investor Relations, Internal Audit, Affordable Housing Loan Production, DE&I, Finance, Marketing, Alliant Capital, and Office Services

ESG Goals

A portion of Executive Officer incentive compensation is tied to the achievement of quantitative long- term DE&I goals

Our Board of Directors regularly engages with members of Walker & Dunlop management to review short and long-term business strategy and performance in pursuit of our long-term objectives and sustainable shareholder value creation. During 2022, the Board of Directors held nine meetings, including four regularly scheduled meetings at which time the Board's committees also convened. Our Nominating and Corporate Governance Committee ("NCG Committee"), is responsible for periodically reviewing ESG-related programs and material ESG disclosures as well as monitoring and managing how our ESG strategy impacts our various stakeholders. The NCG Committee also supports the ongoing tracking and progress towards our ESG goals, as detailed in the Committee's charter. The NCG Committee's oversight began with a formal presentation on our ESG framework and disclosures and a discussion on ESG priorities. The NCG Committee receives regular updates on ESG matters, including climate-related risks and opportunities, from various key stakeholders. During 2022, the NCG Committee received four formal updates on ESG matters during their regularly scheduled meetings. In order to further support the NCG Committee's oversight of ESG, our ESG Working Group, comprising members of management - including both executive management and other department heads - directly manages our ESG policies and programs and instrumental in reporting on these efforts quarterly to the NCG Committee. The ESG Working Group is discussed in more detail in the Senior Management section on the following page.

Furthermore, the full Board of Directors receives regular updates on our enterprise risk management program, including risks related to climate change, from the Risk Committee, a management committee that oversees our risk management activities as discussed in detail in the Senior Management section of this report.

> “Climate change poses a significant risk to all aspects of the economy and society, and we are working across our organization to manage the impacts of climate change on our business, our clients, and communities. As part of our overall risk management program, Walker & Dunlop has focused on diligently identifying, assessing, and managing our climate-related risks to reduce their financial and operational impacts and help us create more sustainable business operations.”

Rich Lucas - EVP, General Counsel & Secretary

SENIOR MANAGEMENT

Our Executive Officers include the Chairman and CEO; President; Executive Vice President and Chief Operating Officer; Executive Vice President and Chief Financial Officer; Executive Vice President, General Counsel and Secretary; and Executive Vice President and Chief Human Resources Officer (CHRO). In partnership with the Board of Directors, the Executive Officers are ultimately responsible for Walker & Dunlop’s strategic vision and executing on that strategy in the short and long term. Included in this is management of our ESG efforts, such as our Affordable Housing initiatives, sustainability initiatives, Diversity, Equity & Inclusion (DE&I) commitments, and progress towards our long-term ESG goals. In 2022, the Board’s Compensation Committee determined that a portion of Executive Officer compensation will be tied to the achievement of certain ESG goals. These are outlined in our most recent proxy statement on pages 41-43. The Compensation Committee will continue to annually evaluate if other ESG targets will be tied to Executive Officer compensation, which could potentially include climate-related targets. Progress towards these goals and the correct metrics to gauge progress are discussed regularly during Compensation Committee meetings and will be evaluated by the Committee at the end of each year.

Risk Management

Our management-level Risk Committee is comprised of various department heads and members of management, including our EVP and General Counsel/ Compliance Officer, Chief Credit Officer, Treasurer, Deputy General Counsel, Controller, EVP and CHRO, and members of senior management in our Alliant Capital, Investor Relations, Information Technology, Servicing, WDIP and Internal Audit departments. The Risk Committee assists the full Board of Directors in its oversight of our management of key risks, including climate-related risks, and formulating guidelines, policies, and processes for monitoring and mitigating such risks. The Risk Committee meets at least monthly and reports its actions and any recommendations to the full Board on a quarterly basis.

As detailed in the Risk Committee's charter, the Committee's authority and responsibilities include, but are not limited to, the following:

- *Reviewing and discussing the company's risk governance structure, risk assessment, and risk management practices and the guidelines, policies, and processes for risk assessment and risk management.*
- *Reviewing and discussing the company's risk appetite and strategy relating to key risks, including credit risk, liquidity and funding risk, market risk, product risk, operational risk, personnel risk, reputational risk, climate risk, and legal and regulatory risk, as well as the guidelines, policies and processes for monitoring and mitigating such risks.*
- *Reviewing reports on selected risk topics as the Committee deems appropriate from time to time.*
- *Overseeing a fraud risk assessment program; the communication with and training of employees on fraud detection and prevention; and the monitoring, investigation, and execution of fraud risk management activities.*
- *Receiving reports from each member of the Committee and other internal departments as necessary to fulfill the Committee's duties and responsibilities.*
- *Considering, as necessary and appropriate, significant new product risks, emerging risks and regulatory matters related to the company.*
- *Considering, as necessary and appropriate, strategic transactions and investments by the company.*
- *Review significant risk management regulatory reports and findings of regulators, as applicable to the mandate of the Committee, including management's remediation plans and progress against such plans.*
- *Making such recommendations with respect to any of the above and other matters as the Committee deems necessary or appropriate.*

ESG Working Group

Since its formation in 2021, our ESG Working Group, comprised of leaders in the Investor Relations, Human Resources, Office Services, Internal Audit, and Marketing departments, as well as our Vice President of Diversity and Inclusion, Deputy General Counsel, Senior Vice President of Affordable Production, and Vice President of Alliant Strategic Investments. The ESG Working Group is responsible for overseeing our short and long-term strategy related to our environmental, social, and governance efforts. As part of its duties, the ESG Working Group aids in the process of identifying climate change-related opportunities and developing strategies and processes to take advantage of such opportunities over the near, medium, and long terms. The ESG Working Group reports to the NCG Committee of the Board of Directors and is responsible for driving and tracking progress towards our 2025 ESG Goals as well as overseeing ESG reporting and increasing communication and transparency across all facets of our ESG program.

In addition to the above oversight from management, our Green Task Force comprises employees and management from across our organization. The Green Task Force has worked with an international consulting firm to measure, manage, and manage our carbon footprint through operational efficiencies and the purchase of carbon offsets and RECs on a yearly basis. The Green Task Force also establishes corporate policies and practices focused on the reduction of resource use, waste, electricity usage, employee commuting, and overall GHG emissions. Additionally, to support our commitment to operating our business in a socially responsible and environmentally sustainable manner, we are identifying and collecting additional data from our operations to further develop sustainability metrics and refine our objectives. The Green Task Force reports to the ESG Working Group, giving regular updates on our environmental efforts, which are integral pieces of our overall ESG strategy.

Green Task Force

In April 2023, the Green Task Force organized a company-wide celebration of Earth Month through a series of company events and contests, including an outside speaker from *ClimateAI*, the world's first Enterprise Climate Planning Platform which helps major companies and supply chains minimize their climate risk.

Lastly, during 2022 we held a "TCFD Forum" to discuss the Company's approach to managing climate-related risks and associated risk management practices in alignment with our risk management program as well as to help identify climate-related opportunities. The forum was a cross-functional group that included senior leaders from the Internal Audit, Investor Relations, Legal, Technology, Servicing, Asset Management, Underwriting, Proprietary Capital and Human Resources.

STRATEGY AND RISK MANAGEMENT

CLIMATE-RELATED RISKS AND OPPORTUNITIES

We consider climate change risks and opportunities across three time horizons – short, medium, and long term. Within the next year is our short-term horizon, within the next one to five years is our medium-term horizon, and within the next five to ten years (or beyond) is our long-term horizon. We deem our medium-term horizon to be the most applicable and relevant, as there are both physical and transitional climate-related risks that are likely to arise during this time frame that could have a financial impact on our business. Conversely, this time frame also has the possibility for the most climate-related opportunities, as it gives us the time to proactively respond by putting the right programs and infrastructure in place to take full advantage of potential opportunities.

Climate Risks

When assessing climate change-related risks, we consider current and emerging regulations, legal affairs and potential for litigation, technological advances, market influences, and more generally, the potential physical impacts from climate change. The risk committee utilizes an Enterprise Risk Management (ERM) process to both assess and manage these risks which is ultimately overseen by the Board of Directors. Through identifying these risks, we are also able to identify related opportunities to improve our operations and business model. We regularly reassess and update risk management policies and programs to align with best practices and seek to anticipate emerging risks and opportunities. We have identified the following short-, medium-, and long-term risks with a potential to have a substantive impact (whether financial or strategic) on our business.

We disclose climate risks in two categories: **physical risks** and **transition risks**. Physical risks include both **acute risks** – natural disasters, etc. – that are projected to worsen as a result of climate change, and **chronic risks** – permanent increases in temperature, sea levels, etc. – that impact buildings and infrastructure. Transition risks comprise the transitions companies will have to make as we move to a lower-carbon economy as a result of climate change impacts.

Key Climate-Related Risks

	Time Horizon	Description
PHYSICAL		
Acute	Short-term (0-1 years) Medium-term (1-5 years) Long-term (5-10>10 years)	Risk of severe weather events (e.g., natural disasters such as flooding, hurricanes, tornados) impacting offices that we lease and occupy, commercial real estate properties that we finance and our clients who own these properties, and key vendors that we work with.
Chronic	Short-term (0-1 years) Medium-term (1-5 years) Long-term (5-10>10 years)	Risk of extreme variability in weather patterns, rising mean temperatures, and rising sea levels impacting offices that we lease and occupy, commercial real estate properties that we finance and our clients who own these properties, and our key vendors with operations located in these high-risk areas. Risk of extreme variability in weather patterns, rising mean temperatures, and rising sea levels causing increased insurance premiums and potential for reduced availability of insurance on offices we lease and occupy and commercial real estate properties we finance in high-risk areas. Risk of extreme variability in weather patterns, rising mean temperatures, and rising sea levels impacting company borrower bases that are located in susceptible high-risk areas.
TRANSITIONAL		
Policy & Legal	Short-term (0-1 years) Medium-term (1-5 years)	Risk of regulatory change as it relates to emissions-related obligations as a corporation, or any federal/ regional regulatory changes that impact the properties we finance.
Market	Medium-term (1-5 years) Long-term (5-10>10 years)	Risk of climate driven migration shifting current markets that we serve and in which we operate.
Reputation	Short-term (0-1 years) Medium-term (1-5 years) Long-term (5-10>10 years)	Risk to reputation (with all stakeholders, including clients, workforce, general marketplace) based on our response, or lack thereof, to mitigate climate change and address potential risks.

Acute Physical

Risk of severe weather events (natural disasters such as flooding, hurricanes, tornados, etc.) impacting offices that we lease and occupy and those of our key vendors, as well as commercial real estate properties that are in our servicing portfolio.

Severe weather events such as hurricanes, tornados, wildfires or major flooding associated with climate change could put our offices and employees at risk, as well as those of our key vendors (e.g., appraisal vendors, title insurance companies, and internet service providers) thus affecting our business continuity and our ability to maintain client services. Additionally, these severe weather events could also impact areas in which our at-risk serviced loans are located. As the world continues to be impacted by climate change, the intensity and frequency of these severe weather events are likely to increase.

Our at-risk servicing portfolio is defined as a balance of loans that we service on behalf of Fannie Mae as a Delegated Underwriting and Servicing™ (DUS) lender subject to a pre- determined risk-sharing formula on which we share the risk of loss. If these severe weather events were to impact these properties, they would adversely affect property performance and thus impact our credit performance and financial results.

Two climate-related risks that we monitor closely are the risk of floods and hurricanes that would impact properties that we service.

Of our $55 billion at-risk servicing portfolio,[3] comprised of over 4,787 loans, 201 of these loans, representing an unpaid principal balance (UPB) of $5.2 billion, are located in a Special Flood Hazard Area (SFHA). These loans represent 4.2% of our at-risk servicing portfolio on a loan count basis and 9.5% on a UPB basis. 355 of these loans, representing a UPB of approximately $9.0 billion, are located in either High or Very-High Hurricane Risk Areas. These loans represent 7.5% of our at-risk servicing portfolio on a loan count basis and 16.4% on a UPB basis. Both SHFA and Hurricane Risk Areas are identified via FEMA's National Risk Index, which displays which of the U.S. communities are most at risk to natural hazards.

If these loans were to default due to destruction caused by severe weather events, we would retain some risk of loss because of our risk-sharing obligations. However, we require that borrowers with properties in these high-risk areas carry appropriate levels of flood, windstorm, and/or catastrophic risk insurance to cover the cost of repairing ore rebuilding properties, as well as the lost income for the period that the properties are not revenue-generating. As a lender, our only risk is if the borrower does not have the necessary funds to meet their insurance deductible, and thus total proceeds are not sufficient to either rebuild the property or payoff the loan. Because of our insurance coverage requirements, the primary risk of having assets exposed to severe weather events falls to those property owners/operators. The insurance coverage is reviewed both prior to loan closing and annually throughout the term of the loan.

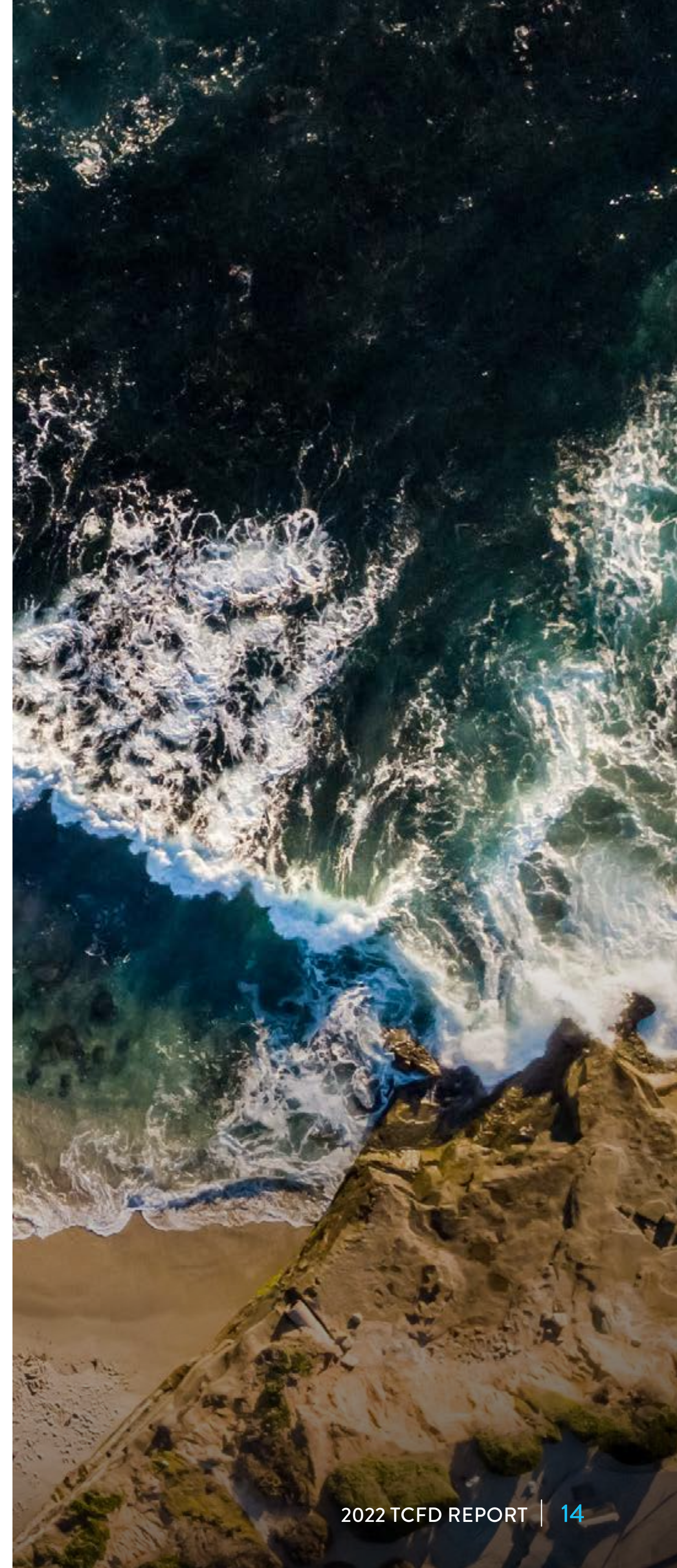
[3] *At risk portfolio details as of March 31, 2023.*

The financial impacts of climate-change related events to our leased offices are difficult to quantify but could result in a loss of employee productivity and client business. We manage this risk through the function of our Office Services and Information Technology teams, which provide services related to the preparation and response to significant natural disasters to protect our employees and office properties as well as ensure business continuity.

For example, each of our offices has an Emergency Response Plan, which includes office closure policies, emergency evacuation plans, natural disaster planning and preparation procedures, and guidance in the case of a loss in building services.

Further, our Information & Technology department has a formal Disaster Recovery Plan to ensure continuity of business operations in the event of a climate change-related disaster or other unforeseen event. This plan summarizes recovery time capabilities which minimizes or prevents an impact to revenue and reputation and is designed to protect our technology resources against a total outage in our primary data center; provide rapid recovery to support continuity of operations for critical business applications within recovery time objectives; and create clear expectations on protection and recovery strategies.

We host critical business systems in resilient, geographically diverse data centers to minimize the impact of an outage to our business operations due to an unforeseen site disaster.



Chronic Physical

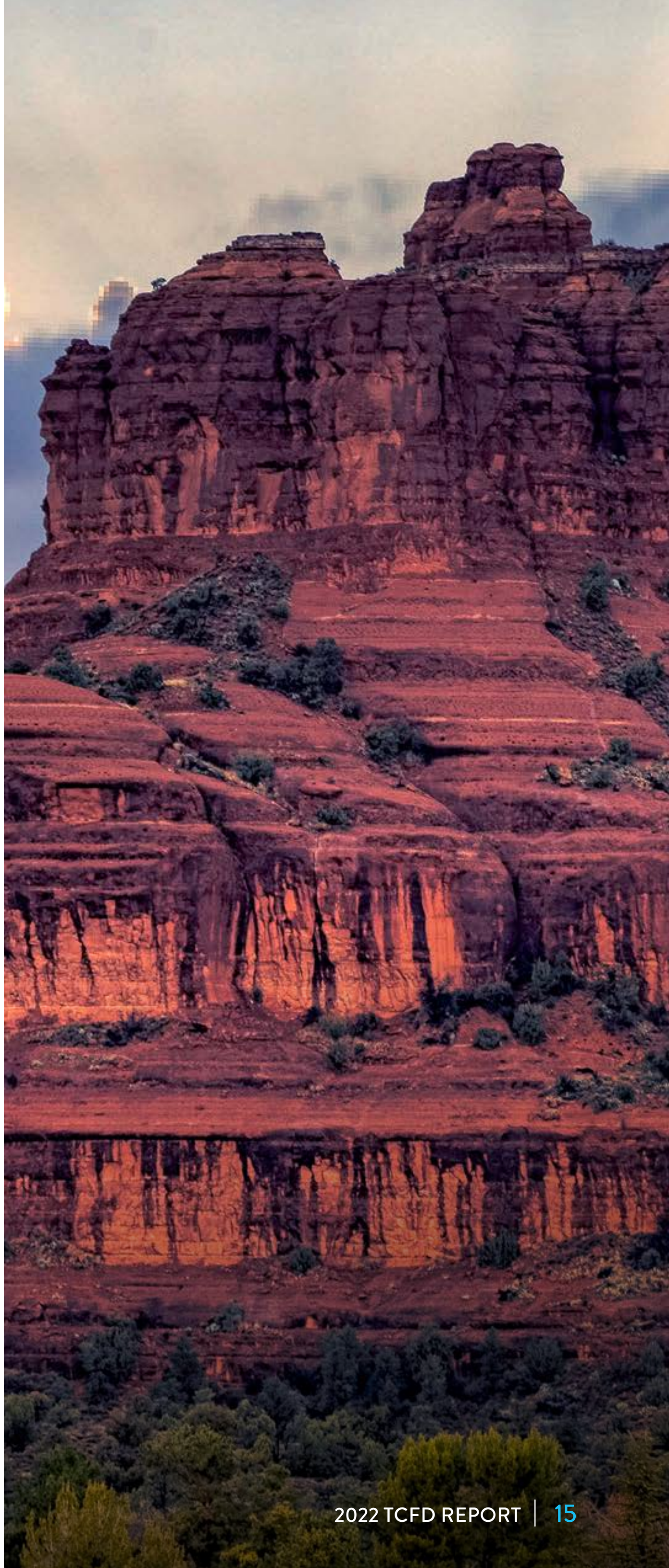
Risk of extreme variability in weather patterns, rising mean temperatures, and rising sea levels impacting offices that we lease and occupy, commercial real estate properties that we finance, and key vendors that we work with in these high-risk areas.

The increased severity of climate-related events, such as variability in weather patterns, could affect our operations and portfolio performance, to the extent such events impact our office locations and operations or affect the operations and properties in our at-risk servicing portfolio.. Similarly, such events could also impact the operations of key vendors that are critical to our business, such as appraisers and title insurance companies. As mentioned previously, however, our financial exposure to physical assets is limited and we have established business continuity and disaster recovery programs to support business continuity in the face of business disruption, including business interruption insurance to mitigate the impact if we cannot operate out of our offices due to chronic physical climate-related events. Additionally, we have relevant disaster insurance to further mitigate potential financial impacts of chronic physical climate risks to our offices and the properties we finance and service. Further, in the event that a climate-related casualty makes our offices uninhabitable, many of our office leases provide termination rights or rent abatement during the necessary repair period. For ensuring business continuity with key vendors, we have contingency plans in place to complete, for example, appraisals and title insurance recordings electronically in case a climate-related event were to prevent their normal operations.

Chronic Physical

Risk of extreme variability in weather patterns, rising mean temperatures, and rising sea levels impacting the company's borrower base located in susceptible high-risk areas.

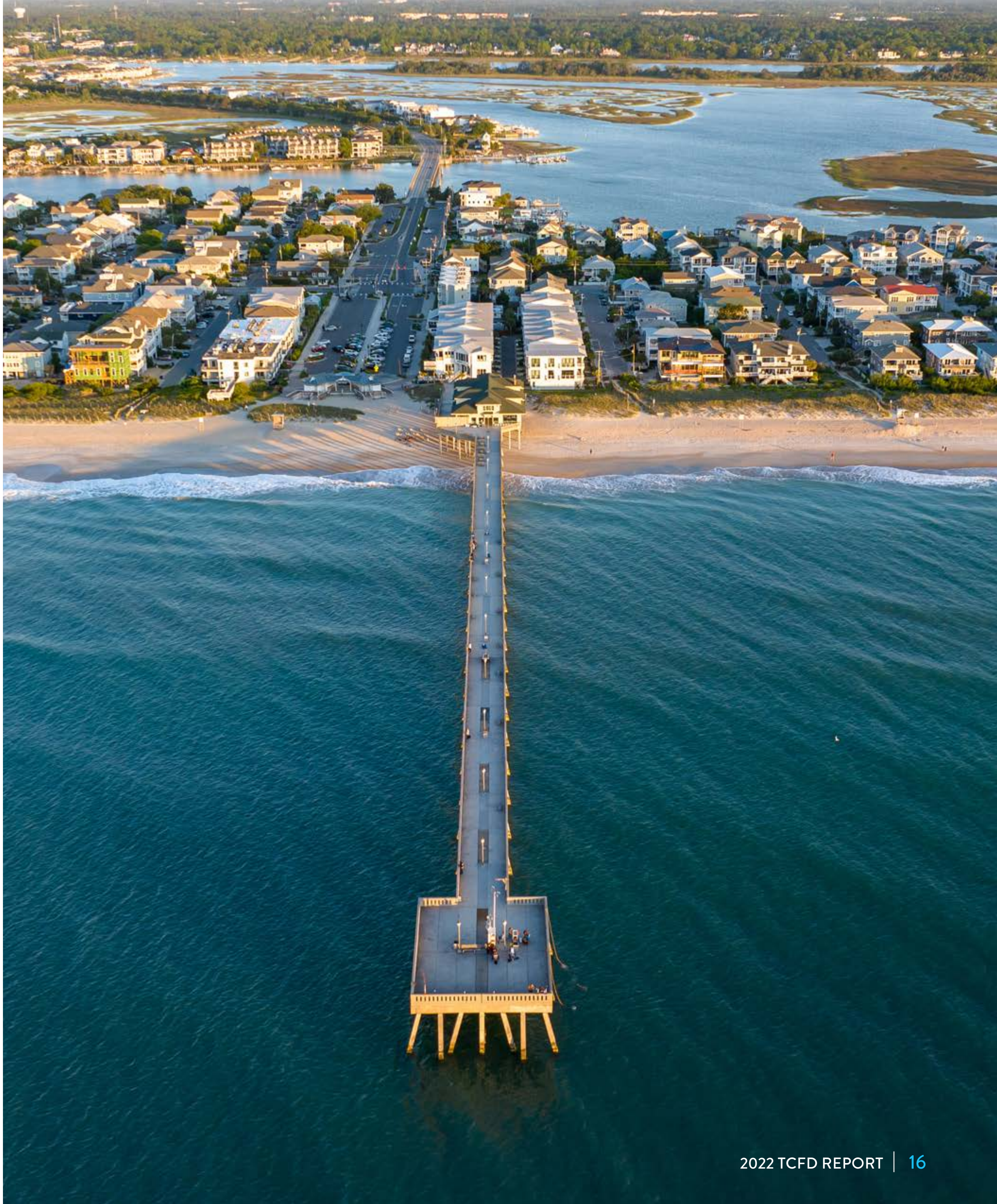
The rise in the frequency and intensity of severe weather events could negatively impact the business operations of some of our clients and borrowers located in high-risk areas. For example, with rising sea levels, coastal areas might eventually be subject to frequent flooding and ultimately become uninhabitable in the long-term. For clients with properties and portfolio concentrations in these areas, they will no longer be able to operate in those locations. In turn, we would also lose that business and the ability to transact with certain clients operating in those locations, negatively impacting our revenues. Currently, as these are longer-term risks and we have limited concentration in areas of the biggest concern, we are not overly concerned with the potential impact to our business operations. We will continue to monitor the long-term impacts of climate change on these high-risk areas.



Chronic Physical

Risk of extreme variability in weather patterns, rising mean temperatures, and rising sea levels causing increased insurance premiums and potential for reduced availability of insurance on offices we lease and occupy and commercial real estate properties we finance in high-risk areas.

The rise in the frequency and intensity of catastrophic risks – such as hurricanes, wildfires, flooding, tornados, and other events tied to climate change - could cause significant risk for insurance companies, thus leading to increased insurance premiums for the properties we finance and service which are located in related high-risk areas. Many insurance companies draw from reinsurance policies to protect themselves from natural catastrophes; however, the reinsurance industry is currently passing along cost increases to insurers, which will ultimately impact property owners through higher insurance premium expenses. Most significantly, the unaffordability and unavailability of insurance coverage on properties we finance could wipe out certain borrowers with properties concentrated in these high-risk areas or reduce the number and amount of transactions our borrowers enter into, thereby reducing our potential to earn revenues. Currently, our portfolio has limited concentration in these high-risk areas, but as insurance premiums rise and coverage becomes more susceptible to worsening climate events, we will work with our borrowers and clients to explore alternative solutions for proper mitigation strategies to help manage insurance premium expenses while maintaining adequate coverage.



Policy & Legal

Risk of regulatory change as it relates to emissions -related obligations as a corporation, or any federal/regional regulatory changes that impact the properties we finance.

Energy use and emissions reporting are fundamental requirements of effective resource management and will increase across our leased office portfolio and at-risk servicing portfolio as we continue to grow. Reporting obligations vary by location across the country and those locations with more stringent reporting requirements increase risk of noncompliance and costs of compliance. For example, California has a state-wide building energy use benchmarking and disclosure requirement. Today, only the owners of these buildings, our clients, are subject to these requirements; however, this could change as regulations become more widespread. In the future, we could be subject to similar regulations in the businesses we operate. To mitigate the risk of borrower non-compliance with applicable regulations, our loan documents contain provisions requiring compliance with all laws and regulations, including climate-related regulations.

The financial impact of noncompliance with different reporting obligations or mortgage financing regulations is not quantifiable, as fines and penalties for non-compliance vary by incident, location, and over time. We currently manage this risk by monitoring and evaluating regulatory requirements at both federal, state, and local levels, and communicating these updates both internally through the firm and externally with our clients.

In addition to our own surveillance of the rapidly evolving regulatory environment, we also work with industry organizations, such as the Mortgage Bankers Association, to ensure we are informed of all disclosure regulations in the markets we serve. We will continue to actively monitor applicable regulatory developments in this space.

Market

Risk of climate migration shifting markets we serve and in which we operate.

Severe weather events could have permanent impacts on the commercial real estate markets in which we transact and operate. Major markets at high risk of severe weather events could make those areas less desirable and more expensive to maintain, weakening the real estate market demand in those respective areas, which would impact our business opportunities. As people relocate to areas less susceptible to severe weather events, the U.S. multifamily housing market – the primary industry we serve - could experience significant changes. According to the National Flood Insurance Program (NFIP), to prevent major locational shifts from areas affected by severe weather events, some state and regional governments have been subsiding or replacing private insurance to incentivize property owners to remain in their affected locations.

We manage this risk by maintaining a geographically diverse portfolio and monitoring our geographic concentration in certain areas most susceptible to these climate change events.

Additionally, we take climate risk into account when underwriting transactions. The underwriting for each property includes an asset-level engineering and environmental analysis along with an insurance review.

Reputation

Risk to reputation (with stakeholders, clients, workforce, general marketplace) based on our response, or lack thereof, to climate change-related advice.

Our failure to adopt new technologies/ methodologies as it relates to creating sustainable climate change can be an important factor in our investors' investment decision making process and for clients and employees who take climate change-related action seriously. This could create reputational risk, reduce client and employee loyalty, or potentially lead to shareholder divestment and/or activism.

Key Climate-Related Opportunities

	Time Horizon	Description
Market	Short-term (0-1 years) Medium-term (1-5 years) Long-term (5-10>10 years)	Opportunity through access to new and emerging markets due to climate change-related migration. Opportunity to initiate new business offerings to provide sustainability services and advice to clients to help them achieve sustainable building improvements.
Technology	Short-term (0-1 years) Medium-term (1-5 years) Long-term (5-10>10 years)	Opportunity from technological advances (such as office building automations and renewable technologies) that would positively impact our operations, services, and related costs and revenues.
Reputation	Medium-term (1-5 years) Long-term (5-10>10 years)	Opportunity for improved reputation by offering sustainability consulting advice via our partnerships with the Fannie Mae Green Rewards and Freddie Mac Green Advantage programs, ultimately maximizing value to clients. Opportunity for improved reputation with all stakeholders (including clients, our own workforce, and in the marketplace) based on our response to climate change-related advice (adopting improved technologies, providing advisory services to clients, etc.).

Market

Opportunity through access to new and emerging markets due to climate change-related migration.

While climate change is only one factor causing market shifts, we expect our business to adapt and grow as new commercial real estate markets emerge, capital and people relocate, or other changes take place due to physical impacts of climate change. Rising sea levels and increased flooding, for example, may encourage people to seek a new location, resulting in demographic shifts and the creation of new markets. By monitoring market trends and educating ourselves on societal location shifts, we can assist clients in taking advantage of low property values in areas that may become new urban markets at less risk from climate change.

Market

Opportunity to initiate new business offerings to provide sustainability services and advice to clients to help them achieve sustainable building improvements.

Walker & Dunlop has an opportunity to expand our sustainability advisory business beyond our current partnership with Fannie Mae and Freddie Mac's Green financing services. Today, we solely offer energy consulting through these programs, advising clients on obtaining green building certifications and energy and water efficiencies in their buildings, including preferential pricing and additional loan proceeds for property improvements that increase energy and water efficiency. As we continue to scale, regulations on sustainable buildings expand, and tenant expectations increase the need for sustainable apartment operations, we will likely see an increased demand for this type of service and have an opportunity to enhance our sustainability advisory services beyond our Agency business to help our clients achieve their sustainability goals.

Technology

Opportunity from technological advances (such as office building automations and renewable technologies) that would positively impact our operations, services, and related costs and revenues.

We have an opportunity to develop a competitive advantage by developing and/or adopting the latest building technologies and other lower emission advancements throughout the offices we lease and occupy, to the extent allowed by our lease agreements. For example, we are committed to increasing our use of public cloud computing and plan to complete our migration to cloud-based servers by 2024. Additionally, we maintain a modern fleet of energy efficient personal computers that carry the Energy Star certification.

Adopting other sustainable business practices (such as virtual property inspections that result in reduced business travel) would also put us in a competitive position as a market leader and would allow us to greatly improve our expense and revenue management, in turn creating increased shareholder value.

Reputation

Opportunity for improved reputation by offering sustainability consulting advice via our partnerships with the Fannie Mae Green Rewards and Freddie Mac Green Advantage programs, ultimately maximizing value to clients

Through expanding our sustainability advisory services via our partnerships with Fannie Mae and Freddie Mac's Green financing programs, we could maximize our value to clients who are focused on sustainable operations at their properties. Today, we offer energy consulting through these programs, advising clients on obtaining green building certifications and energy and water efficiencies in their buildings, including preferential pricing and additional loan proceeds for property improvements that increase energy and water efficiency. As regulations advocating for sustainable buildings increases and tenant expectations increase the need for sustainable apartment operations, we will likely experience increased demand for these services, and we will be able to enhance our reputation with clients who are focused on achieving certain sustainability goals.

Reputation

Opportunity for improved reputation among our stakeholders (including clients, our own workforce, and in the marketplace) based on our response to climate change-related advice (adopting improved technologies, providing advisory services to clients, etc.)

Using new technologies and methodologies as discussed above would allow us to be seen as a leader in navigating climate risks and creating sustainable change in our communities. These efforts would, in turn, improve our reputation with our investors who consider climate risk and resiliency as an important part of their investment decision process and our employees, who consider climate change-related action and responses as an important factor in their employment with us. We are committed to creating a positive impact on the environment and the communities we serve and will make a sustained effort to combat climate change throughout our business practices and operations.

RISK MANAGEMENT OF CLIMATE RISKS

As discussed under the Senior Management section above, our Risk Committee, which reports to the Board of Directors, is responsible for identifying, managing, and overseeing the mitigation of material risks, including climate-related risk. In its monthly meetings, the Committee discusses Enterprise Level risks, current mitigation strategies, fraud risk, and new/emerging risks, including climate-related risks.

Additionally, each year, every department completes a Business Impact Analysis (BIA) to anticipate the potential consequences of disruptions to each department's normal course of business, including disruptions that could occur because of climate-related events. The BIA includes developing strategies for mitigation and recovery in the case of these disruptions. Potential risk scenarios include physical risks identified above, such as natural disasters like severe flooding, hurricanes, and earthquakes, which could cause major damage to an office location and thus disrupt business continuity. The BIA helps ensure operational resilience and functionality of operations during and after these identified disruptions – all in all, it is another crucial exercise to minimize risk and plan for risks that cannot be mitigated. The BIA for each department is reviewed by our Vice President and Associate General Counsel, and the overall Business Continuity Plan is approved by our Administrative Committee on an annual basis.

In addition, at the end of 2021, Senior Management began a project to streamline the Company's Enterprise Risk Management (ERM) framework. The main catalysts for the ERM update include the recent growth of the Company, the changing regulatory landscape, and time elapsed since the last ERM review. Led by the EVP-General Counsel, the Company engaged a third party to assist with the project.

As part of the project, interviews were conducted with all members of the Risk Committee and selective members of Senior Management. The goal of the ERM update is to ensure all known enterprise risks have been identified and are being properly mitigated and to ensure there is a process in place for identifying new/emerging risks. We identified trends in the interview responses and created an updated inventory of enterprise risks and sub-risks. At the end of 2022, each risk was assigned to a risk owner and each sub-risk was assigned to a risk manager. The risk managers are responsible for the day to day mitigation efforts and reporting to the risk owner who is accountable for updating the Risk Committee at a set frequency.

The ERM framework is a fluid process in which each sub-risk is assigned an inherent risk rating based on impact and likelihood of the risk occurring. Mitigation strategies, both current and planned, are in the process of being identified by both the risk owners and managers to help determine a residual risk rating that can be monitored. This process is anticipated to be completed by the end of 2023. The ERM framework does not replace our Business Impact Analysis (BIA) process. One of the twelve Enterprise Risks that we identified is related to Business Continuity and Disaster Recovery, which the BIA process helps mitigate. The Company believes that the new approach to ERM will help ensure the correct resources are in place to mitigate current and emerging risks.

At this time, we have not conducted a climate scenario analysis (i.e., assessing potential impacts of the climate risks and opportunities identified in the preceding sections given certain rises in global average temperature as aligned with the Paris Agreement). We will evaluate completing a more robust climate analysis when we have additional internal resources and the proper science-based tools to further address the TCFD recommendations and provide more detailed and actionable insights.

METRICS AND TARGETS

CLIMATE METRICS

GHG EMISSIONS

	Unit	2018	2019	2020	2021	2022
Scope 1 (absolute)	Metric tons CO^2e	400	431	297	710	697
Scope 2 (absolute)	Metric tons CO^2e	866	996	979	1,186	1,696
Scope 1 + 2 (absolute)	Metric tons CO^2e	1,266	1,427	1,276	1,896	2,353
Scope 1 + 2 (intensity)	Metric tons CO^2e per $M Total Revenues	1.8	1.8	1.3	1.4	1.9
Scope 3 emissions (absolute)[4]	Metric tons CO^2e	3,624	3,643	1,622	2,543	15,481
Total GHG Emissions (Scope 1,2, and 3)		4,559	5,070	2,898	4,439	17,874
SUSTAINABLE BUILDINGS[5]						
With a green building certification (absolute)	Square feet	-	-	49,190	52,544	136,798
WASTE (IF APPLICABLE)[6]						
Landfill Diversion Rate	Percent	54%	52%	21%	51%	21%

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

[5] *W&D does not own or operate any buildings, but of the 66 buildings in which we leased space in 2022, 31% of our total occupied square footage (136,798 square feet of 446,399 square feet) was located in a green certified building.*

[6] *Based on reported data. Some sites only reported recycling data, which likely skews the diversion rate upward.*

[*] *At the end of 2021, Walker & Dunlop acquired Alliant Capital, which develops and finances affordable housing communities. Its subsidiary, Alliant Strategic Investments (ASI), invests in preserving historic affordable and workforce housing. As of January 1, 2022, its portfolio consists of 12 multifamily residential properties across the country, and Walker & Dunlop now includes the emissions from ASI's portfolio under Category 15: Investments of our scope 3 emissions.*

CLIMATE TARGETS

In 2021 we purchased a combination of 1) carbon offsets from Illinois where landfill-gas was captured and repurposed to generate renewable electricity; and 2) RECs from multiple hydroelectricity facilities in Manitoba, Canada[7] to cover all of our Scope 2 emissions. For our 2022 footprint, we are in the process of purchasing similar, high-quality offsets and RECs.

In addition, we have set a goal to reduce emissions (Scope 1, 2, and 3) by 50% from 2019 levels on a per employee basis by 2025. This intensity target translates to a 0% increase in absolute emissions by 2025. Walker & Dunlop's goal is to reduce greenhouse gas emissions per employee by 50 percent by 2025 from a 2019 base year.

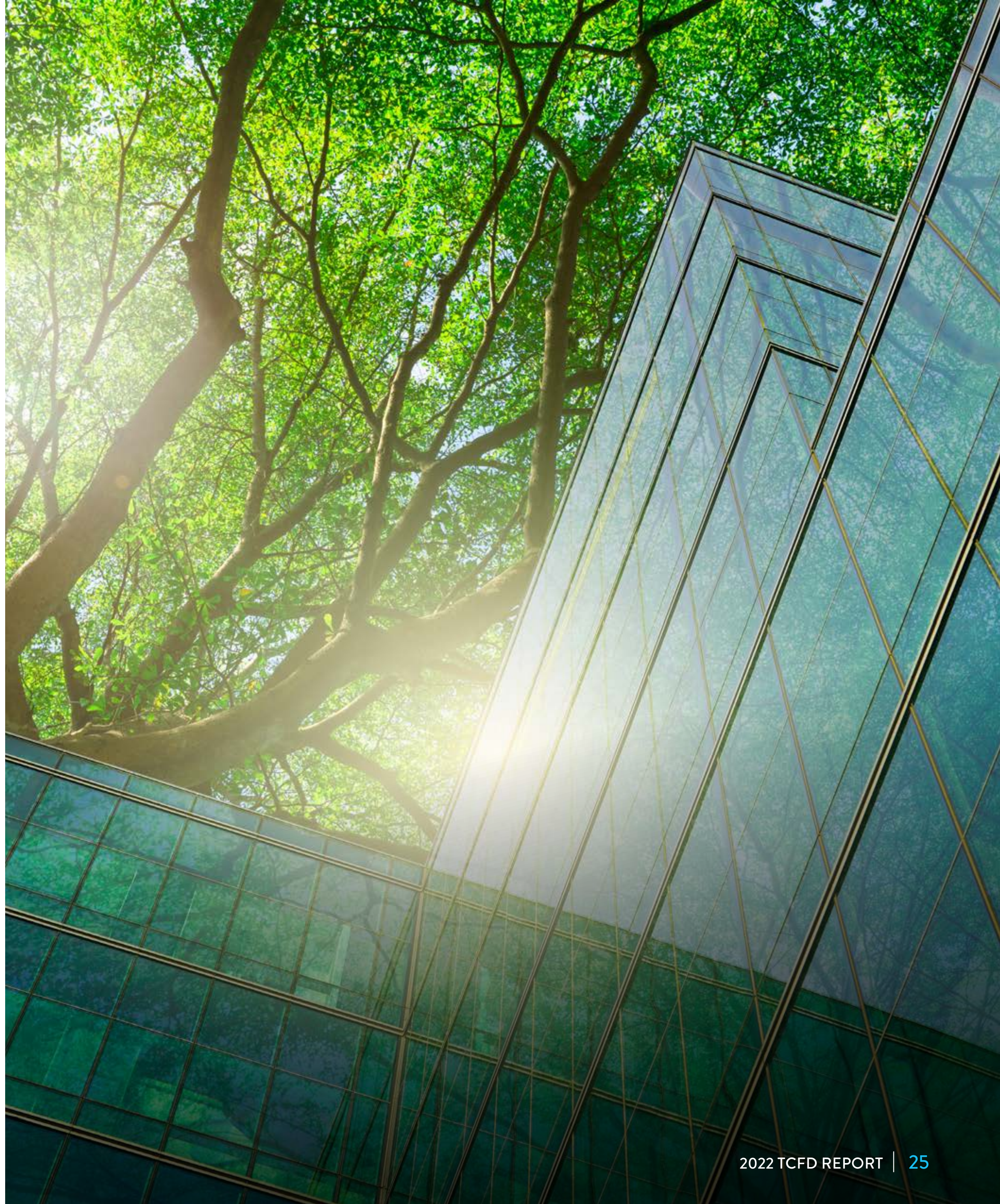
At the end of 2021, Walker & Dunlop acquired Alliant Capital, which develops and finances affordable housing communities. Its subsidiary, Alliant Strategic Investments (ASI), invests in preserving historic affordable and workforce housing. As of January 1, 2022, its portfolio consisted of 12 multifamily residential properties across the country, and Walker & Dunlop now includes the emissions from ASI's portfolio under Category 15: Investments of our scope 3 emissions. Walker & Dunlop remains committed to greenhouse gas emissions reductions, including scope 1 and scope 2 emissions, plus scope 3 emissions from business travel, employee commuting and telecommuting, coworking spaces, and waste generation. Walker & Dunlop is evaluating opportunities for emissions reduction across the ASI portfolio to supplement its previously established 2025 emissions goal.

Walker & Dunlop's emissions reduction goal is derived from a base level of 2019 emissions, which totaled 4,140 of metric tons CO_2e-equivalent ($MTCO_2e$), or 5.01 $MTCO_2e$ per employee. In 2022, Walker & Dunlop's emissions totaled 2.98 $MTCO_2e$ per employee, not accounting for emissions from ASI's portfolio. Thus, accounting for REC purchases, between 2019 and 2022, Walker & Dunlop achieved a 40% reduction in emissions per employee from a 2019 base year. This data and its related claims have not been validated by an independent third-party.

Our flexible work policy includes two or more remote days per week, which we expect to have an ongoing positive impact on our Scope 3 emissions from corporate operations. Employee commuting and travel are the largest components of our Scope 3 emissions, so we expect increased teleworking to significantly reduce these emissions.

More information about our ESG efforts and the ESG components of our Drive to '25 strategy, including Sustainability Accounting Standards Board (SASB) disclosures, can be found in our most recent ESG Report published on our website.

[7] *The U.S. and Canada together are one energy bloc, so one can use Canadian resources to offset U.S. energy consumption and vice versa.*




W&D