



BKM Capital Partners

2023-2024 SUSTAINABILITY AND CORPORATE RESPONSIBILITY REPORT

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Letter from the CEO

I am delighted to introduce BKM's second Sustainability and Corporate Responsibility report. As a real estate fund manager and operator, we recognize the importance of responsible and sustainable practices for our stakeholders, communities, and the environment.

This report outlines and represents the significant strides taken as part of our commitment to transparency and accountability regarding our Sustainability and Corporate Responsibility practices, and it also underscores our dedication to prioritizing responsible and sustainable practices across all our operations. We are actively pursuing improvements in our Sustainability and Corporate Responsibility performance, aiming to achieve goals such as reducing our environmental footprint, enhancing engagement with employees and tenants, and contributing to the social and economic development of our communities.

In 2023, we achieved notable progress towards our Sustainability and Corporate Responsibility objectives, allowing us to continue the path of momentum into 2024 and beyond. These objectives include managing 10.9 million square feet under our program, implementing green lease clauses and green pledges for all new leases and tenants, and participating in the firm's first GRESB benchmark survey.

We are also utilizing tools like Goby for enhanced tracking and benchmarking, PRAXIS tracking for solar projects, and have initiated water conservation and energy awareness campaigns. Additionally, we conducted a comprehensive Sustainability and Corporate Responsibility training for our staff, introduced bias trainings, organized E-Waste events at our properties, and engaged in corporate service days and individual volunteer work totaling 235 hours.

Alongside our continuous improvement efforts, we are committed to regularly and transparently reporting our progress to stakeholders. We welcome feedback to further enhance our performance as we continue on the journey of instilling sustainable and equitable practices within commercial real estate and the workplace.

Thank you for your ongoing support as we pursue our mission of maximizing our investment performance while minimizing our environmental impact.

A handwritten signature in black ink, appearing to read 'Brian Malliet', with a stylized flourish at the end.

Sincerely,

Brian Malliet

Who We Are

Founded in 2013, BKM Capital Partners is headquartered in Newport Beach, California. We specialize in the acquisition and improvement of small-bay light industrial properties in metro areas across the Western U.S. Our vertically-integrated operator platform includes in-house capabilities to reposition and convert existing assets, enhance property management, incorporate leasing management, and institutionalize light industrial properties historically characterized by fragmented ownership positions. Our proven track record of generating strong results with high levels of transparency and engagement for investors is directly connected to the clarity and directness of our approach. We respect our fiduciary responsibility to investors, partners, and lenders alike.

Portfolio Overview

BKM's current portfolio totals approximately 10.9 million square feet located in major Western U.S. markets. BKM has 13 regional offices across the markets we serve, including Southern and Northern California, Seattle, Portland, Las Vegas, Phoenix, and Denver.

60

Active Properties

2,100+

Tenants

10.9M

Active Sq. Feet

\$2.2B

Current AUM

90+

Employees



Our Commitment



BKM's dedication to sustainability encompasses a comprehensive Sustainability and Corporate Responsibility strategy that integrates responsible investment practices, encompassing both short- and long-term perspectives across investment criteria, portfolio management processes, risk management, and direct engagement with stakeholders to advance our return objectives.



BKM integrates Sustainability and Corporate Responsibility principles into our operations and investment decisions, leading to enhanced value creation for our business through expanded value propositions, the attraction and retention of top talent, and strengthened relationships with our stakeholders.



We are firm believers that companies integrating environmental stewardship, social responsibility, and governance standards into their operations, investments, and execution processes are poised for long-term outperformance. Recognizing the substantial impact of effective management principles on asset performance and long-term valuations, we thoroughly evaluate potential investment opportunities, considering various factors such as environmental impacts, socially responsible investing practices, and governance structures.



BKM understands that its commitment to Sustainability and Corporate Responsibility is vital for establishing a resilient operation and attaining enduring performance. We are dedicated to generating value for our investors, tenants, communities, and employees by integrating sustainable practices throughout the company.

Program Overview

At BKM Capital Partners, our commitment to Environmental, Social, and Governance practices underscores our dedication to responsible and sustainable real estate operations, fostering long-term value for stakeholders and enhancing communities where we operate. We recognize that ESG priorities are dynamic within the industry, and we adapt to these shifts over time.

We firmly believe that integrating Sustainability and Corporate Responsibility factors into our investment lifecycle and management processes positions our assets to leverage competitive advantages, leading to robust tenant demand and contributing to sustained performance and risk mitigation. Our focus remains on enhancing environmental sustainability, promoting social engagement, and maintaining transparent governance initiatives. By embedding these considerations throughout our operations, we aim to maximize impact and deliver enduring value to all stakeholders.

Environmental Sustainability



Environmental impact mitigation. Ensuring continued improvement on building efficiencies of existing assets while considering improvement opportunities for new investments.

AREAS OF FOCUS: Carbon emissions, energy and water efficiency, sustainable construction practices, and data collection and monitoring.

Social Engagement



Foster an environment with a focus on respectful engagement, diversity, and well-being at the corporate level to provide better work environments for employees and tenants, drive more efficient management of our assets, and deliver better returns to investors.

AREAS OF FOCUS: Safety and wellness, employee and tenant engagement, charitable contributions, community relations, and diversity, equity & inclusion.

Governance



Promote a culture of corporate responsibility, accountability, equality, and transparency among employees, clients, and investments.

AREAS OF FOCUS: Risk mitigation through robust internal controls, incorporation of Sustainability and Corporate Responsibility factors in our investment management process, independent advisory board, equitable compensation, and business integrity.

Ongoing Sustainability Goals



SUPPORT OUR PEOPLE

Create a diverse workplace that fosters a healthy, safe, and supportive environment for our employees.

MEASURE OUR PROGRESS

Monitor and understand key performance indicators that will help us improve our environmental, social, governance efforts.



REDUCE OUR FOOTPRINT

Decrease operating expenses and environmental impacts.

INVEST IN OUR COMMUNITIES

Support education, healthcare, and economic development opportunities as catalysts of positive change in our communities.



GENERATE SUSTAINABLE VALUE

Invest in efficiency, superior service, and operational excellence to deliver attractive long-term returns.

2023 Accomplishments

This past year, we focused on expanding our company infrastructure to serve us better as we continue to grow. We had record-breaking performance and best-in-class execution on our assets while pursuing environmentally sustainable business practices, giving the organization a strong footing to continue the momentum in 2024.

Sustainability and Corporate Responsibility Program

- 10.9 million square feet actively managed in BKM's Sustainability and CSR program
- 3 new sustainability best practice policy guides drafted for implementation in 2024-2025
- Frequent surveys of properties, tenants, and employees
- Improved transparency through publishing our second Sustainability and CSR Report
- Continued partnership with an ESG consultant to advise on strategy and progress on three-year roadmap
- Formed the BKM Parents Network Resource Group
- Implemented green lease clauses and green pledge for new leases and new tenants
- Installed EV charging stations at select properties in the BKM portfolio
- Conducted Property Resilience Assessments on all new acquisitions
- Implemented Waste and Recycling Awareness program at the corporate level
- Implemented annual E-Waste program at the corporate level
- Installed bike racks at BKM properties where appropriate
- Extended ESG Consultant engagement for two years
- Implement Biodiversity policy
- Implement Responsible Construction, Renovation, & Building Materials policy
- Accomplishments completed based on 2022-2023 goals

2023 Accomplishments

Data & Benchmarking

- Completed first GRESB benchmark survey to be submitted for 2023 review cycle
- Onboarded properties onto EPA Energy Star for data tracking
- Increased diversity in employee demographics
 - 53% women in 2023 vs 52% in 2022
 - 40% BIPOC in 2023 vs 35% in 2022
 - 70% diverse overall
- Developed DEI dashboard with real time updates

Engagement & Education

- Earth Day events at properties across the portfolio
- BKM Volunteer Committee completed 235 hours of volunteering and service
- 25 employees completed leadership development and coaching programs
- 15 tenant appreciation events completed across the portfolio
- Conducted satisfaction surveys at the employee and tenant level
- Company-wide Sustainability and Corporate Responsibility trainings
- Accomplishments completed based on 2022-2023 goals



2024-2025 Initiatives

Furthering our commitment to Sustainability and Corporate Responsibility, below are BKM's initiatives for the next two years illustrating how we plan to work toward sustainability and maintain environmentally conscious practices. To stay at the forefront of best practices, we will continue to evaluate and evolve our program as the industry landscape changes over time.

Sustainability and Corporate Responsibility Program

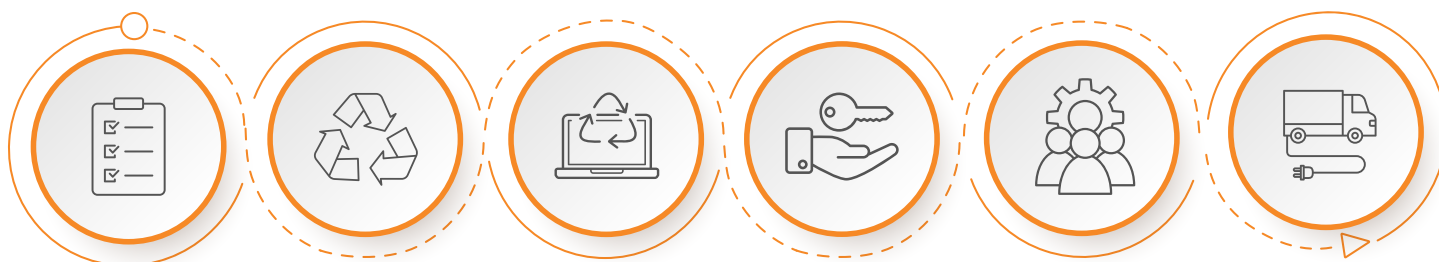
- Expand solar program across CA portfolio where appropriate
- Align with the Task Force on Climate-related Financial Disclosures (TCFD) framework
- Implement Waste & Recycling Awareness program at the property level
- Implement annual E-Waste program at the property level

Data & Benchmarking

- Utilize BKM's proprietary BI tools for tracking property level data
- Benchmark baseline property level data where appropriate
- Increase women in leadership by 10%
- Establish baseline for reduction targets (energy, water, & waste)
- Set environmental targets (energy, water, waste, renewables, & GHG emissions)

Engagement & Education

- Sustainability and Corporate Responsibility-related trainings for property managers
- One-on-one coaching guidance for BKM's emerging leaders and mid-managers
- Expand succession planning at all levels of the organization



Sustainability and Corporate Responsibility Committee

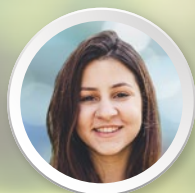
BKM has established a Sustainability and Corporate Responsibility Committee tasked with formulating and implementing the firm's approved strategic plan under the oversight of the Executive Committee. This committee provides guidance and leadership across the BKM operational platform regarding sustainability matters and acts as a vehicle for communicating Sustainability and Corporate Responsibility initiatives to all stakeholders, thereby ingraining corporate responsibility into our firm's culture.

Heading the Sustainability and Corporate Responsibility Committee is Susan Rounds, Senior Managing Director of Operations, with support from various teams across both BKM Capital Partners and BKM Management Company. The committee's primary focus is on addressing climate change impacts and developing leading practices in energy efficiency, greenhouse gas reduction, water conservation, and waste management within the small-bay light industrial asset class. Furthermore, the committee members are committed to making a social impact through philanthropic endeavors, volunteering efforts, and advancing diversity and inclusion within our workplace. Finally, the committee ensures proper implementation of governance initiatives as it relates to risk mitigation and business integrity.

BKM ESG COMMITTEE



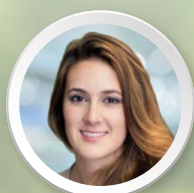
Susan Rounds
Chair



Carlee Liederman
Marketing



Craig Morrow
Property Management



Emily Pollard
Marketing



C.E. Kaiser
Construction



Crystal Mattox
Human Resources



Daniel King
Asset Management



ENVIRONMENTAL

Environmental

BKM is committed to the conservation of natural resources at both the corporate and investment level through resource management programs and environmentally conscious practices.

CARBON REDUCTION



We partner with our tenants and our communities to invest in energy efficiency, smart technologies, and operational best practices to ensure we make advancements to reduce carbon emissions and lower operating costs.

ENERGY CONSERVATION



We prioritize energy conservation measures across our entire portfolio including high efficiency lighting and HVAC systems, cool roofs, smart building technologies, and additional upgrades and sustainable replacements, all of which significantly reduce operating costs and BKM's carbon footprint.

» LED LIGHTING

BKM's spec units use high-efficiency lighting, LED lights, and motion sensor technology to save energy. BKM also engages and encourages our current tenants into converting to LED or high-efficiency lighting.

» RENEWABLE ENERGY

We partner with our tenants to achieve sustainable goals, including ongoing evaluation of solar power and storage and adding renewable energy to the grid.

» COOL ROOFS

We upgrade building roofs with cool roof coatings that provide higher solar reflectance and thermal emittance, providing energy efficiency and cost savings while lowering indoor temperatures.



**WASTE
REMOVAL**

4,200 liters
of plastic reduced
through BKM's plastic
removal project



HVAC

75% of our
portfolio completed
HVAC replacements in
2023



**WATER
REDUCTION**

344,377 SF
of turf removed
and replaced with
xeriscape landscaping



LANDSCAPING

78% of
our portfolio utilizes
drought tolerant
landscaping

Environmental



WATER EFFICIENCY AND CONSERVATION

We actively identify ways to improve water efficiency across our portfolio through initiatives such as:

- Planting drought-tolerant and native plants
- Utilizing drip irrigation and reclaimed water
- Installing low-flow faucets and toilets
- Educating tenants on best practices to conserve water



SUSTAINABLE CONSTRUCTION

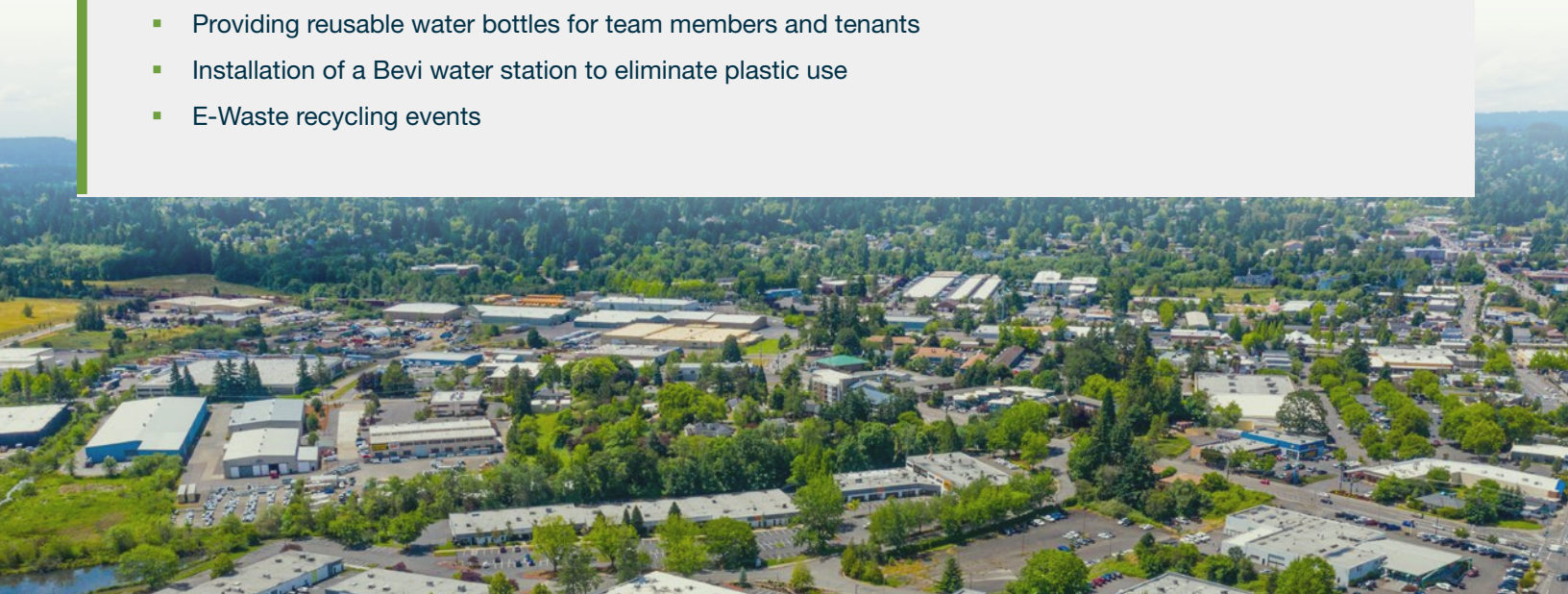
We continue to develop and implement sustainable building standards in exterior capital improvements and interior speculative build-outs. Through our standard use of modular elements we significantly reduce material waste generated during the construction process.



WASTE REDUCTION PRACTICES

We remain committed to reducing waste, reusing materials, and implementing recycling programs at our buildings. BKM has made it a priority to educate our team members and tenants on best practices to reduce waste and properly recycle. Some waste reduction initiatives include:

- Providing reusable water bottles for team members and tenants
- Installation of a Bevi water station to eliminate plastic use
- E-Waste recycling events



Environmental



CONSERVATION DATA AND BENCHMARKING (ENERGY, WATER, WASTE, AND EMISSIONS METRICS)

BKM continues to educate team members and engage with tenants to better increase data coverage and benchmark our properties against industry standards, where data is available. In 2023, 269 green lease clauses were implemented at select BKM assets, with plans for portfolio wide implementation by YE 2025.

We are committed to reducing our carbon footprint and tracking our energy, water, waste, and greenhouse gas emissions data. We are already taking these actions for select assets in our portfolio with plans to expand to additional properties in the near future. This data will help us identify areas for improvement and develop new strategies to reduce our environmental impact.

We plan to measure environmental impact via the following initiatives:

- Implementation of green pledges by tenants
- Tracking of environmental data when feasible (energy, water, waste, and greenhouse gas emissions)
- Development of targets for environmental metrics



CUSTOMER PARTNERSHIPS

We are dedicated to offering sustainability resources that align with client business goals, reduce operational expenses, improve comfort, and boost overall satisfaction. BKM actively shares educational materials and vendor contacts with our tenants, covering areas such as health and wellness, energy and water conservation initiatives, recycling programs, electric vehicle charging infrastructure, and sustainable technology solutions.



CLIMATE RISK VIA ALIGNMENT WITH TCFD

We consider sustainability to be a long-term commitment that we proudly undertake on behalf of our stakeholders. Both our investors and employees expect that their financial and human capital will support conserving our environment while mitigating risks posed by threats such as adverse climatic factors. As part of our incorporation of climate risk into our larger risk management process, we intend to align with the Task Force on Climate-Related Financial Disclosures (TCFD) framework.

Case Study: Turf Removal | Water Savings Across BKM Portfolio

» Opportunity

A fundamental part of BKM's value-add business plan includes asset-level capital improvements focused on reducing water consumption. BKM actively identifies ways to improve water efficiency throughout our portfolio and prioritizes installing native plants and xeriscape in addition to benchmarking performance.

Reducing water consumption begins with the removal of water-intensive landscaping, in which turf plays a major role. Central to BKM's water-reduction initiatives is the removal of excess turf at our industrial properties, allowing the opportunity to replace the landscape with drought-tolerant alternatives.

BKM has thus far removed over 1.2M square feet of turf across 16 of its properties since tracking began in 2021. In addition to this, extraneous vegetation removal takes place at almost all new acquisitions, providing the opportunity to drastically reduce water usage and consequently decrease utility costs across our entire portfolio. In addition to providing an asset-level financial incentive, these landscape initiatives also help to support the reduction of water consumption in drought-prone regions, conserving natural resources and aiding in large-scale sustainability initiatives within the markets in which we operate.

» Spotlight: Hughes Airport Center

In an ongoing initiative, BKM is in the process of removing 900,000 square feet of grass at Hughes Airport Center in Las Vegas, NV with xeriscape and native drought-tolerant plants, creating value at the asset through reduced operating costs while providing an environmentally-friendly landscape design alternative.

This initiative is in compliance with new government oversight in the Las Vegas area, requiring water use to cease for all useless grass at commercial buildings by 2027. This legislation is part of a wide-scale effort to drastically reduce water consumed via the Colorado River, alleviating plummeting water levels from natural sources like rivers and basins.

Rebates are also available for early adopters of this policy, providing up to \$3/SF for grass removed and replaced with desert landscaping. BKM has received over \$220,000 in rebates as part of this ongoing project.



1.2M GALLONS
water saved per year



59%
annual water use reduction



48%
annual cost reduction

Calculated using averages of annual water meter data collected at Hughes Airport Center between 2018-2023.

At Acquisition



Completed Improvements





SOCIAL

Social

BKM is committed to cultivating a positive culture and community for our investors, tenants, and employees by investing time and resources into developing our talent, fostering a diverse, equitable, inclusive work environment, and encouraging volunteerism and charity across our workforce.



SAFETY AND WELLNESS

We prioritize the safety and wellness of our employees, tenants, and communities. We recognize that a healthy and secure environment is essential to our success. We have implemented rigorous safety protocols and wellness initiatives to ensure the well-being of our employees and tenants alike, and we continually strive to improve our practices to provide a best-in-class environment for our workforce and clients.

Our current initiatives include the following:

- Adhering to all local and federal safety laws
- Ongoing training for safety
- Responsible contractor policy
- Two (2) dedicated wellness paid time off (PTO) days

- **SPORTS TOURNAMENTS** at our offices to encourage an active lifestyle and friendly competition



- **ON-SITE FITNESS FACILITY** at our corporate office



- Employee **WELLNESS DAYS AND NEWSLETTERS**



Social



EMPLOYEE ENGAGEMENT

We are dedicated to nurturing a culture of employee engagement and empowerment at our organization. We firmly believe that our success hinges on the satisfaction and well-being of our employees. As such, we prioritize employee development, offer growth opportunities, and foster open communication and collaboration. Our goal is to create a workplace where employees feel valued, supported, and motivated to reach their highest potential.

To achieve this, we have implemented a range of programs aimed at optimizing employee success and promoting collaboration, allowing our talented workforce to continuously grow and advance in both their skills and careers.

These initiatives include:

- Self-guided training and development through BKMedu
- Sustainability and Corporate Responsibility Trainings
- Lunch & Learn peer training
- Executive Coaching
- Middle Management Coaching & Development Program
- Education reimbursement
- Mental & Emotional Wellbeing Programs



- **EMPLOYER SPONSORED** industry conferences and training

- **EMERGING LEADERS** Program



- **Onsite COMPANY TRAINING EVENTS**

Social



TENANT ENGAGEMENT

We acknowledge that tenant engagement plays a crucial role in responsible and sustainable real estate management. Our goal is to cultivate strong relationships with our tenants by offering top-notch facilities, exceptional customer service, and clear communication. We actively solicit tenant feedback and consider their input when making decisions that impact their lease agreements. Furthermore, we encourage tenant involvement in our sustainability efforts, including energy efficiency and waste reduction initiatives, to minimize the environmental footprint of our real estate holdings. Additionally, we promote tenant community engagement by organizing events and activities that foster connections among our tenants and enhance the sense of community within our properties.

Our tenant engagement strategy includes:

- Satisfaction surveys
- Move-Out surveys
- Awareness campaigns and Earth Day initiatives
- Quarterly Newsletters

▪ TENANT APPRECIATION Program & Events



Social

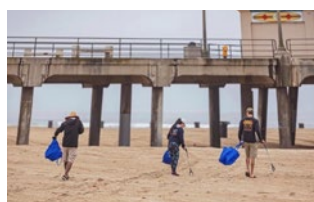
COMMUNITY OUTREACH/CHARITABLE GIVING

We are committed to giving back to the communities in which we operate. We believe that responsible investment management involves supporting local charities and nonprofit organizations that positively impact people's lives. We have established a volunteer and charitable giving program that focuses on supporting local organizations that promote positive social impact.

Our community initiatives/partnerships include:

- Providing 16 paid volunteer hours per employee per year for the cause of their choice
- Supporting 3 local high school sports programs and athletes from under-served areas by offering free use of BKM's onsite gym facilities and basketball court
- Meals on Wheels
- Feed my Starving Children
- Project Hope Alliance
- Susan G Komen Orange County
- Boys and Girls Club of Orange County
- Ocean Blue Project
- Children's Hospital of Orange County
- LifeStream Blood Bank
- Council of Aging
- Back Bay Science Center

BKM Charitable Partnerships



Social

DIVERSITY EQUITY AND INCLUSION

BKM is committed to fostering, cultivating, and preserving a culture of diversity, equity, and inclusion.

We highly value individual differences and uphold a commitment to treating everyone with equality, fairness, and respect. Embracing diverse backgrounds, cultures, and experiences enriches our business and services, aiding in our goal to foster an inclusive culture where employees feel valued, empowered to share their ideas and experiences, and committed to excellence, innovation, and respect.

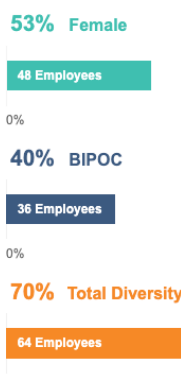
Our human capital stands as our most valuable asset, with diversity, equity, and inclusion (DEI) at the core of our people-centered approach. The culmination of individual differences, life experiences, knowledge, creativity, innovation, and self-expression within our team not only shapes our culture but also defines our reputation and company achievements. We understand that our employees excel when they can authentically express themselves, share their perspectives, and have their voices heard.

We embrace and encourage diversity across various dimensions, including age, color, disability, ethnicity, family or marital status, gender identity or expression, language, national origin, physical and mental abilities, political beliefs, race, religion, sexual orientation, socio-economic status, veteran status, and other characteristics that make our employees unique. This inclusive culture empowers us to deliver our best work and achieve superior outcomes for our tenants and investors alike.

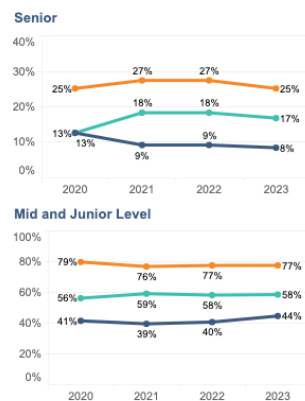
Employee Stats



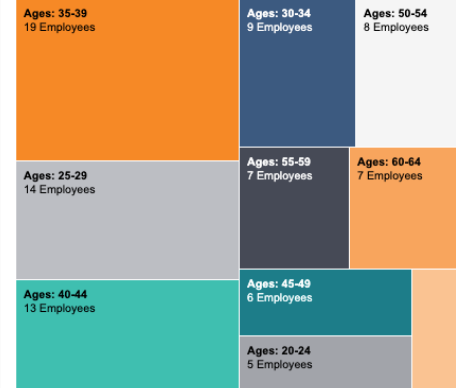
Employee Diversity



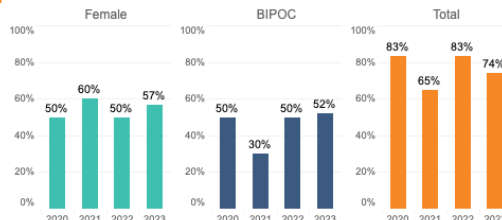
Diversity by Position



Employees by Age Group



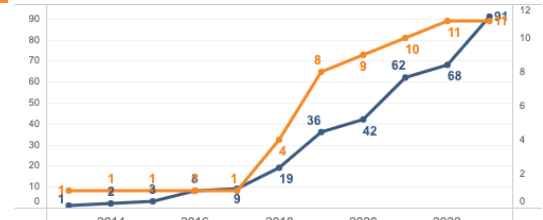
Diversity Among New Hires



Avg Tenure



Employee & Office Growth



Social

WOMEN'S NETWORK GROUP: Provides support, training, inspiration and mentoring to women at all stages of their career in a non-judgmental environment to achieve professional and personal success.

EXPANDED PARENTAL LEAVE: BKM's generous 10-week paid Parental Leave program also includes up to 24 months of a hybrid work schedule to support the needs of new parents.

COMPENSATION: BKM is committed to ensuring fair and equitable pay. Our Compensation Committee conducts twice-annual compensation reviews of all team members across the Company and at all levels of seniority.

POLICIES: All employees are expected to comply with the requirements outlined in our Employee Handbook, BKM's Code of Conduct, and Anti-Harassment and Discrimination Policy.

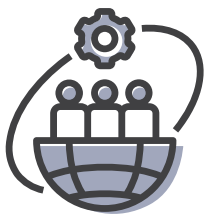
EDUCATION: In-person and online education is provided to address topics such as unconscious bias and harassment prevention to encourage behavior that supports an inclusive work environment free from discrimination. Trainings specific to Sustainability and Corporate Responsibility principles have also been implemented and are required for all employees.

BKM WORKING PARENTS GROUP: In order to support our working parents, BKM created a focus group aimed at gaining insight on the needs of working parents in order to foster a healthy work-life balance and explore solutions to the challenges faced by these individuals.

EMPLOYEE PERFORMANCE AND CAREER DEVELOPMENT: The long-term success of BKM is contingent upon the talent and retention of our employees, and we are committed to supporting performance and career development. Mentoring, Leadership coaching, Emerging Leaders trainings, and an extensive training catalog of over 3,500 courses provides training opportunities for career advancement and internal promotions. BKM strives to provide a culture of learning, growth, and performance excellence.

HEALTH AND WELLNESS: BKM's Wellness Committee works diligently to promote an active and healthy environment for our employees. We support and encourage regular physical activity through a range of initiatives including organized afternoon walks, basketball sessions, and pickleball lessons. Reduced sitting time is supported with adjustable standing height desks and workstations. In addition, BKM provides access to healthy snacks and drink options at each office location.

INDUSTRY PARTNERSHIPS: BKM supports several external organizations working to advance inclusion and diversity in the commercial real estate industry. We have partnered with PREA Foundation & SEO (Sponsors for Educational Opportunity) to hire interns from underrepresented groups. We also network with local colleges to recruit diverse students for our entry-level and intern positions. Numerous members of our organization work with major industry groups including CREW, NAIOP, and ULI to expand our knowledge and network within CRE.

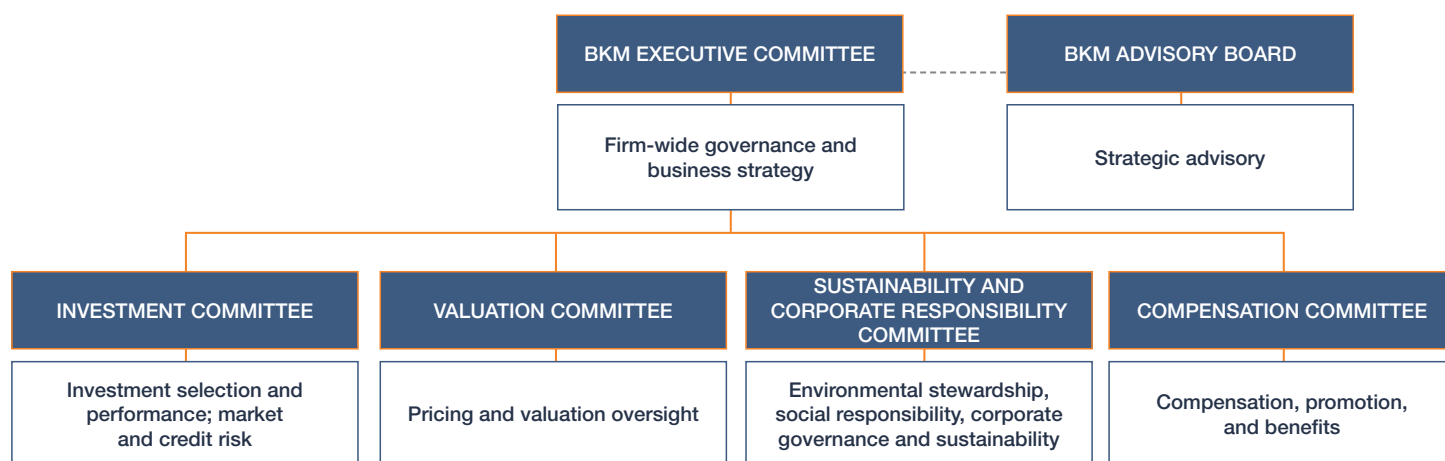


GOVERNANCE

Governance

BKM is committed to effective governance practices that include corporate governance, ethics, and professional responsibility. These policies, procedures, and practices are in place to ensure that all team members and stakeholders operate in a responsible and transparent manner. We prioritize the importance of examining and maintaining effective governance practices, and formed an independent Advisory Board to oversee and manage these activities.

BKM GOVERNANCE STRUCTURE



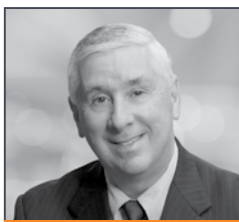
BKM EXECUTIVE COMMITTEE

- ✓ Comprised of the Company's managing directors and executive officers.
- ✓ Team-based approach shares decision making authority across a team of highly experienced professionals.

Member	Title	Years of Experience
Brian Malliet	Founder, Chief Executive Officer, & Chief Investment Officer	36
Bill Galipeau	Chief Financial Officer and Chief Operating Officer	27
Harry Hedison	Senior Managing Director, Capital Markets & Investor Relations	36
Brett Turner	Senior Managing Director, Acquisitions & Dispositions	19
Susan Rounds	Senior Managing Director, Operations & Administration	25
Dave Jensen	Managing Director, Strategic Partnerships	15
Mason Waite	Managing Director, Asset & Portfolio Management	12

BKM ADVISORY BOARD

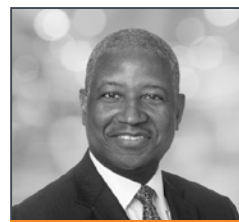
- ✓ Comprised of seasoned industry experts with diverse investment experience.
- ✓ Outside perspectives strengthen the decision-making process and enhance best practices.



Paul Dolinoy
Chair



Nicki Livanos
Member



Rodney Johnson
Member

Governance

BKM upholds robust oversight, transparency, and risk management across all business levels, ensuring operational durability and sustained value for our clients, employees, and investors alike. Our commitment to operational excellence and sound governance is fundamental to serving stakeholders and is crucial for our ongoing success and commitment to ethical conduct.

To maintain these standards, we have established the following committees for strong corporate governance practices and proactive risk management.

- **Executive Leadership Committee** sets the Company's overall business strategy, inclusive of governance, risk and compliance objectives. It also ensures that decision making and governance is a shared responsibility and that the Company is not reliant on, nor subject to, any one Executive.
- **Advisory Board** – an independent body, made up of diverse and seasoned experts to advise management on matters of strategic importance and to provide external context and perspective.
- **Audit Committee** sets accounting and tax policies on behalf of the Company and the investment vehicles the Company advises and/or sponsors. This committee also oversees the integrity of financial statements, the system over disclosure controls and procedures, as well as Company's compliance with ethical standards.
- **Compliance Committee** maintains high ethical standards with an appointed Compliance Manager, and an Executive Leadership team that promotes a culture of integrity.
- **Sustainability and Corporate Responsibility Committee** supports the activities of the Sustainability and Corporate Responsibility Sub-Committee and the Company's ongoing commitment to environmental stewardship, social responsibility, governance, and sustainability.
- **Investment Committee** oversees the Company's investment transactions, management, policies and guidelines, including investment thesis and benchmarks.
- **Valuation Committee** sets the Company's valuation program and standards and ensures that the valuation of all assets and liabilities held in investment vehicles are marked to market using approved methodologies, and that fair valuations are free of conflicts of interest.
- **Compensation Committee** ensures that the Company's compensation programs and standards are fair, equitable, and align with the long-term interest of management, ownership, and investors.



Governance

RISK MITIGATION

The goal of BKM's risk mitigation program is to protect our investors, assets, and reputation while also safeguarding financial stability.

We maintain strong corporate governance practices and proactive risk management through the following activities:

- Regular executive team review of portfolio risks
- Insurance policies: GL, E&O, Cyber, Crime, D&O & EPLI
- Commitment to implementation of BKM's Responsible Investment Policy with Investment Committee oversight
- Comprehensive compliance manual
- Disaster recovery manual and procedures
- Compliant whistleblower hotline
- Annual audits performed by independent third-party firms

DUE DILIGENCE

We conduct rigorous due diligence on all potential real estate investments to ensure compliance with environmental, social, and governance standards. Our screenings include:

- An independent third-party property resilience assessment that is performed on all potential acquisitions. This assessment identifies regional climate hazards and evaluates the property for risk and resilience to these hazards.
 - If risks are identified, BKM will work with the third-party to explore adaptive mitigations that may allow the property to be resilient to these hazards, and to highlight mitigation strategies that already exist at the site.
- A Phase 1 ESA report is also performed on all potential acquisitions by an independent third-party to view and investigate the property regarding current or former use to determine if there is a potential for environmental contamination.
- Upon acquisition, any risks and concerns identified during the due diligence process are addressed and transitioned to the operations team for execution if necessary.

Governance

ETHICS

We uphold the highest ethical standards in our real estate endeavors. Transparency, accountability, and integrity are paramount in our operations, guided by rigorous codes of conduct promoting responsible and sustainable practices. We staunchly oppose bribery, corruption, and any unethical conduct, aiming to cultivate trust with all stakeholders. Our commitment to business ethics is central to our Environmental, Social, and Governance strategy, underscoring our dedication to generating lasting value and upholding ethical excellence.

- **Anti-Bribery & Corruption** – background checks on all hires
- **Anonymous Business Integrity hotline**
- **BKM's Code of Conduct** – employee commitments to safeguarding assets, and doing the right thing by our investors and company
- **Comprehensive compliance manual**
- **Conflicts of interest** – employees must disclose any conflicts of interest that may arise between their personal interests and the interest of BKM
- **Anti-discrimination** – BKM is committed to providing equal opportunities to all employees and applicants for employment
- **AllVoices Anonymous Reporting Platform** – Employees can report harmful or unwanted conduct

CYBERSECURITY

We prioritize cybersecurity and understand the critical need to safeguard our clients' sensitive data. Employing robust protocols and industry best practices, we ensure the confidentiality, integrity, and accessibility of information across our real estate portfolio. Our cybersecurity strategy encompasses regular vulnerability assessments, comprehensive employee training, and stringent access controls to prevent unauthorized data breaches. Collaborating closely with clients and tenants, we promote awareness and adherence to data protection best practices. By safeguarding client data, we aim to foster trust, cultivate lasting relationships with stakeholders, and uphold our leadership in the real estate sector.

- Fully redundant 3-2-1 system backup utilizing both cloud and off-site backups
- Best-in-class email security system including full archiving, email encryption and active threat detection
- Bi-Annual company-wide cyber security awareness training
- Cloud-controlled SD-WAN network with state-of-the-art firewall and advanced security suite
- Centrally managed Endpoint Detection and Response suite for all PC's and servers including AI threat detection and anti-ransomware protection
- Live cloud backup protection of all PC's and servers in the organization
- Annual internal and external penetration testing and remediation from an independent cyber security firm
- Mandatory multi-factor authentication for access to all critical systems for all employees
- Active Cyber insurance policy

Governance

ONGOING EMPLOYEE EDUCATION

To ensure compliance and adherence to BKM's Compliance Manual, Code of Conduct, as well as industry and government regulations, all employees are required to participate in annual trainings that include:

- Cybersecurity, data protection, and privacy
- Code of Conduct
- Compliance, ethics, gifts and entertainment policies
- Anti-money laundering
- Insider trading
- External communications
- Political contributions





BKM Capital Partners

2023-2024 SUSTAINABILITY AND CORPORATE RESPONSIBILITY REPORT

BKM Capital Partners was founded in 2013. Headquartered in Newport Beach, California, BKM Capital Partners is a leading real estate operator and fund manager specializing in the acquisition and improvement of value-add small-bay light industrial properties in major markets across the Western U.S. The firm has 13 offices and over 90 employees and continues to produce top quartile performance for its investors.

Please visit our website below for more information.

bkmcp.com

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