



**BKM** Capital Partners

# 2022 ESG REPORT

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# Letter from CEO

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I am pleased to present our inaugural Environmental, Social, and Governance (ESG) report. As a real estate fund manager and operator, we understand responsible and sustainable practices are crucial to our stakeholders, our communities, and the environment.

This report marks a significant step towards our commitment to transparency and accountability in our ESG practices and reflects our intent to prioritize responsible and sustainable practices in all our operations. We are actively working towards improving our ESG performance and reaching our goals of reducing our environmental impact, enhancing employee and tenant engagement, and contributing to our communities' social and economic development.

In 2022, we made significant progress towards our ESG objectives, actively managing 8.6 million square feet in our ESG program, conducting frequent surveys of our properties and employees, drafting five new sustainability best practice policy guides for implementation in 2023-2025, and expanding our solar program across our California portfolio.

We have also implemented Goby for enhanced tracking and benchmarking, PRAXIS tracking for all solar projects, and water conservation and energy awareness campaigns. Additionally, we conducted company-wide ESG training with BKM staff, implemented company-wide bias training, organized Earth Day events at properties across our portfolio, and held 13 corporate service days and 220 hours of individual volunteer work.

In addition to continuous improvement across the board, we are committed to reporting our ESG progress regularly and transparently to our stakeholders, and we welcome feedback on improving our ESG performance.

Thank you for your support as we continue this journey and our mission of providing high-performing investments while reducing our environmental impact.

Sincerely,

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

**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 8.6 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.

**44**

Active Properties

**1,851**

Active Units

**8.6M**

Active Sq. Feet

**1,500+**

Tenants

**\$1.9B**

Current AUM



# Our ESG Commitment



**BKM's commitment to sustainability embraces a holistic ESG approach** with responsible investment actions that contain both near-and long-term perspectives regarding investment criteria, portfolio management processes, risk management, and direct engagement of stakeholders in support of our return objectives.



**BKM embeds ESG into our operations and investment decisions.** By doing so, we create value for our business by expanding our value proposition, attracting and retaining top talent, and deepening relationships with our stakeholders.



**We believe companies that incorporate environmental stewardship, social responsibility, and governance standards into their operations, investment, and execution processes** are likely to outperform in the long run. We understand that proper ESG management principles can significantly impact the performance and long-term valuations of our assets. When we assess a potential investment opportunity, we look at many factors, including environmental considerations, socially responsible investing, and governance.



**BKM's ESG commitment is essential to building a resilient operation and achieving long-term performance.** BKM is committed to creating value for its investors, tenants, communities, and employees by embedding sustainable practices company-wide.

# ESG Program Overview

At BKM Capital Partners, we are committed to Environmental, Social, and Governance (ESG) practices that prioritize responsible and sustainable real estate operations, create long-term value for our stakeholders, and contribute to the betterment of the communities where we operate. ESG (Environment, Social, and Governance) priorities are industry-specific and some categories may shift over time.

We believe that incorporating ESG factors into the investment lifecycle and management processes positions our assets to capitalize on competitive advantages that garner strong tenant demand with the potential to contribute to long-term performance and risk reduction.

We are dedicated to improving and implementing environmental sustainability, social engagement and transparent governance initiatives. We believe that incorporating ESG factors into the investment lifecycle and management processes positions our people and our properties to maximize impact and deliver value to all our stakeholders.

## Environmental Sustainability



Reduction of environmental impact and 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 of respectful engagement, diversity, and well-being focus at the corporate level to deliver better work environments for tenants, management of assets, and 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 ESG factors in our investment management process, independent advisory board, equitable compensation, and business integrity.*

# Ongoing Sustainability Goals



# 2022 Accomplishments

2022 was a big year for us. We placed a major focus 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.

## ESG Program

- 8.6 million square feet actively managed in BKM's ESG program
- 5 new sustainability best practice policy guides drafted for implementation in 2023-2025
- Frequent surveys of properties, tenants, and employees
- Improved transparency through inaugural ESG Report and dedicated ESG page on corporate website
- Formed independent Advisory Board
- Engaged ESG consultant to advise on strategy and develop 3-year ESG Roadmap
- Formed the BKM Women's Network resource group
- Expanded Parental Leave Policy

## Data & Benchmarking

- Implemented Goby for enhanced tracking and benchmarking
- Implemented PRAXIS tracking for all solar projects
- Developed proprietary water tracking solution for Hughes Airport Center to measure the impact of our water-wise improvements

## Engagement & Education

- Company-wide Bias Training
- Water Conservation & Energy Awareness campaigns
- Earth Day events at properties across the portfolio
- Established the BKM Volunteer Committee and doubled corporate service days for each employee
- 36 employees completed leadership development and coaching programs

# 2023-2025 Initiatives

Furthering our ESG commitment, below are BKM's initiatives for the next three 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 ESG program as the industry landscape changes over time.

## ESG Program

- ⊙ Implement green lease clauses and green pledge for new leases and tenants
- ⊙ Implement Responsible Construction, Renovation, & Building Materials policy
- ⊙ Implement Biodiversity policy
- ⊙ Expand solar program across CA portfolio
- ⊙ Tenant partnerships to install EV charging stations at our properties
- ⊙ Conduct Property Resilience Assessments on all new acquisitions
- ⊙ Align with the Task Force on Climate-related Financial Disclosures (TCFD) framework
- ⊙ Install bike racks at our properties where appropriate
- ⊙ Implement Waste & Recycling Awareness Program at the corporate level and our properties
- ⊙ Implement Annual E-Waste Program at the corporate level and our properties
- ⊙ Extend ESG Consultant engagement for two years

## Data & Benchmarking

- ⊙ Utilize BKM's proprietary BI tools for tracking property level data
- ⊙ Benchmark baseline property level data where appropriate
- ⊙ Set environmental targets where applicable
- ⊙ Increase women in leadership by 10%
- ⊙ Maintain or increase diversity in employee demographics
- ⊙ Develop DEI Dashboard with real time updates

## Engagement & Education

- ⊙ Expand company-wide ESG training with BKM staff
- ⊙ Expand Mid-Manager Training
- ⊙ Expand succession planning at all levels of the organization

# ESG Committee

BKM has established an ESG Committee with the purpose of formulating and executing the firm's ESG strategic plan as approved by the Executive Committee, providing guidance and leadership throughout BKM as it pertains to sustainability questions and concerns, and serving as a vehicle for communicating ESG activities to all stakeholders. The ESG Committee provides the added value of embedding corporate responsibility into the DNA of our firm.

Our ESG Committee is led by Susan Rounds, Managing Director of Operations, with support from Rob Sistek, Senior Managing Director of Investments, and the corporate operations and marketing teams. The committee is focused on mitigating the effects of climate change and creating best practices in energy, greenhouse gas, water and waste reduction strategies in the small-bay light industrial asset class.

The committee members are also dedicated to making a social impact through charitable giving, volunteering our time, and promoting diversity and inclusion in the workplace.

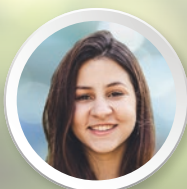
## BKM ESG COMMITTEE



**Susan Rounds**  
Chair



**Rob Sistek**



**Carlee Liederman**  
Marketing



**Ruhama Mezmur**  
Investor Relations



**Emily Pollard**  
Marketing



**C.E. Kaiser**  
Construction



**Crystal Mattox**  
Human Resources



**Daniel King**  
Asset Management



# ENVIRONMENTAL

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# Environmental

BKM is committed to the conservation of natural resources at both the corporate and investment level through energy 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 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, 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.



HVAC

**30%**  
decrease in energy  
usage from new HVAC  
installations



ROOFS

**36%** of  
our portfolio has  
completed installation  
or repairs to  
incorporate cool or  
reflective roofing



LIGHTING

**100%** LED  
lighting and motion  
sensors on tenant and  
spec improvements



LANDSCAPING

**100%** of  
new landscaping  
projects have 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
- 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.



# 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. We plan to implement green lease clauses in all new leases starting in 3Q23.

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 (energy, water, waste, and greenhouse gas emissions)
- Development of targets for environmental metrics



## CUSTOMER PARTNERSHIPS

We are committed to providing sustainability resources that support client business objectives, decrease operating costs, enhance comfort, and increase overall satisfaction. BKM leverages and shares educational materials and vendor contacts with our tenants on topics such as health and wellness, energy and water conservation efforts, recycling programs, electric vehicle charging stations, and sustainable technology solutions.



## CLIMATE RISK VIA 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 supports 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: Solar Initiative | Energy Savings Across BKM Portfolio

### » Opportunity

BKM initiated solar programs at our California assets using our industrial building rooftop space to generate solar power. BKM partnered with EVA Green Power, a San Diego-based solar and energy efficiency consultancy, to install high-efficiency ballasted solar panels at two projects, with a third one underway.

BKM selected Cherry Commerce Center in Newark for their pilot installation. Shoreline Business Center (“Shoreline”) in Fremont was selected as the second solar installation project. Both projects met the key solar criteria of 1) being located in one of the highest-cost utility districts in the country (PG&E), 2) having ample usable roof space and 3) having a tenant base with high power needs.

BKM’s solar program is now in its third year. BKM plans to implement as many solar power generation systems as possible and practicable across the portfolio to lower consumption of energy produced by nonrenewable sources, reduce carbon emissions generally, and return onsite generated energy to the power grid.

In addition to generating solar power, BKM is utilizing PRAXIS for enhanced benchmarking and monitoring. This cloud-based software helps property owners automatically track and estimate ROI on energy upgrades across a portfolio of buildings. With PRAXIS, BKM can set and verify progress toward ESG goals.

### » Results

BKM’s solar panels have produced 1.4 million kilowatt hours of electricity annually. This new energy source of clean power has reduced approximately 950 metric tons of carbon emissions to date, which is the equivalent of planting over 15,000 trees or removing 2.5 million car miles from the road.

The positive environmental impact is not the only benefit. Solar also improves BKM’s operations by lowering expenses and generating additional revenue. Through EVA Green Power’s Roof Rent Program, BKM is also paid a monthly site rental fee while taking on no capital investment. As an added amenity, the tenants of buildings receive lower cost solar power throughout their occupancy.



**958<sup>TON</sup>**  
reduction in carbon emission



**1.4M<sup>KWH</sup>**  
savings per year



**25M<sup>CAR MILES</sup>**  
removed over 10 years

### Shoreline Business Center



### Cherry Commerce Center



## Case Study: Water Conservation | Drought Proofing Hughes Airport Center

### » 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.

When BKM first acquired Hughes Airport Center, an industrial business park in Las Vegas, Nevada, the streetscape throughout the 350-acre project featured a dated 1990's-era turf, Ash tree and hedge design that required a coherent, well thought out renovation to preserve the master-planned look and feel - and long-term value - of the Center. 477 Ash trees lined the 5.4 miles of streets in Hughes Airport Center, all of which were afflicted to varying degrees with Sooty Canker, a fatal fungus that was projected to kill off all 477 trees within two years. We also knew we were facing an aging, deteriorating irrigation system.

In response to these challenges and regulatory changes in the state of Nevada, BKM developed a streetscape standard featuring a native xeriscape design, which we first implemented at our 680 Pilot Road building in 2021. In 2022, we began a massive initiative to replace all 900,000 sq.ft. of turf-centric landscaping with native xeriscape and smart irrigation technology at the project.

Turf-centric landscaping requires 72 gallons of water annually for each 1,000 sf. The Xeriscape design BKM adopted uses 17 gallons annually for the same 1,000 sf, or a 76% reduction.

Irrigation is another major source of water waste on a property, so we decided to install smart irrigation metering and software at our site to reduce water consumption. We do this through weather tracking, leak detection, and real-time adjustments.

### » Results

BKM replaced 900,000 square feet of grass with xeriscape, which resulted in a 76% reduction in water usage or 90,000 gallons of water saved per year.

Another benefit was reduced operating costs, through a 50% reduction in water costs and ongoing R&M of an irrigation system past its useful life.

Lastly, this initiative was in compliance with new government oversight in the Las Vegas area, reducing future regulatory risk and decreasing costs to implement through limited incentive programs for early adopters.



**90,000** GALLONS  
of water **saved** per year



**50%**  
**reduction** in water cost



**76%**  
**reduction** in water usage

### At Acquisition



### Completed Improvements





# SOCIAL

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# 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, enhancing a diverse, equitable, inclusive work environment, and encouraging volunteerism and charity across our workforce.



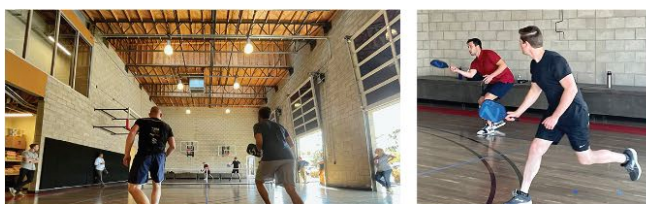
## SAFETY AND WELLNESS

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.

Our current initiatives include the following:

- Adhering to all local and federal safety laws
- Ongoing training for safety
- Responsible contractor policy

- **STEP CHALLENGES** at the properties we manage to encourage an active lifestyle and community engagement



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



- Employee **WELLNESS DAYS AND NEWSLETTERS**



# Social



## EMPLOYEE ENGAGEMENT

We are committed to fostering a culture of employee engagement and empowerment. We believe that our success as a real estate company is directly tied to the satisfaction and well-being of our employees. We prioritize employee development, provide opportunities for growth and advancement, and encourage open communication and collaboration. We strive to build a workplace where our employees feel valued, supported, and motivated to achieve their full potential. We have an extensive set of programs designed to optimize employee success and collaboration, allowing our talent to continue growing as they advance themselves and their careers.

These initiatives include:

- Self-guided training and development through BKMedu
- 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 recognize that tenant engagement is a critical component of responsible and sustainable real estate management. We strive to foster positive relationships with our tenants by providing high-quality facilities, excellent customer service, and transparent communication. We actively seek tenant feedback and take their input into account when making decisions that affect their tenancy. We encourage tenant participation in our sustainability initiatives, such as energy efficiency and waste reduction programs, to help reduce the environmental impact of our real estate portfolio. We also support tenant community engagement by facilitating events and activities that bring our tenants together and strengthen 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 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 undeserved areas by offering free use of BKM's onsite gym facilities and basketball court
- Summer Camp – Arts & Engineering Day (Beyond Blindness)
- STEAM Kits (Child Creativity Lab)
- Backpack Drive (Project Hope Alliance)
- Getzlaf Golf Shootout (CureDuchenne)
- Village of Hope Warehouse (OC Rescue Mission)
- Anaheim Ducks Playground Build (KABOOM!)
- More Than Pink Walk (Komen Orange County)
- Fall Faire (Environmental Nature Center)
- Beach Clean Up (Ocean Blue Project)
- SmileMakers Workshop (Council of Aging)
- Blood Drive (LifeStream Blood Bank)
- Valentine's Day Card Project (Council of Aging)

## BKM Charitable Partnerships



# Social

## DIVERSITY EQUITY AND INCLUSION

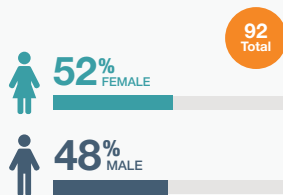
**BKM is committed to fostering, cultivating, and preserving a culture of diversity, equity, and inclusion.**

We value individual differences and believe in treating everyone equally, fairly, and respectfully. Incorporating diverse backgrounds, cultures, and experiences improves our business and services. We strive to foster an inclusive culture where employees feel valued and empowered to share their ideas and experiences, and we are committed to excellence, innovation, and respect.

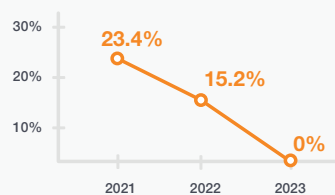
Our human capital is the most valuable asset we have – and our DEI starts with our people. The collective sum of the individual differences, life experiences, knowledge, inventiveness, innovation, self-expression, unique capabilities, and talent that our team invests in their work represents a significant part of not only our culture, but our reputation and company's achievement as well. We know that we do our best work when our employees can be their authentic selves, express their ideas and experiences, and have their voices heard.

We embrace and encourage our employees' differences in age, color, disability, ethnicity, family or marital status, gender identity or expression, language, national origin, physical and mental ability, political affiliation, race, religion, sexual orientation, socio-economic status, veteran status, and other characteristics that make our employees unique. Not only does this type of culture empower us to do our best work, but it also allows us to achieve better outcomes for our tenants and investors.

### Total # of Employees



### Yearly Turnover



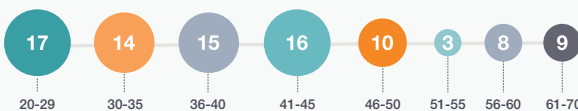
### Employees by Division



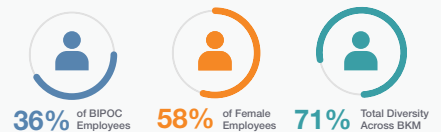
### Avg. Tenure



### Employees by Age Group



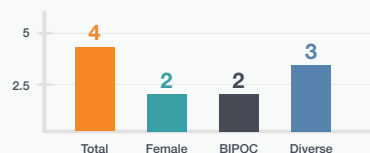
### Diversity in New Hires Since 1/2020



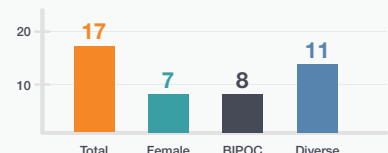
### % of Women in Leadership\*



### Hires Year-to-Date



### 2022 Hires



# Social

**WOMEN'S NETWORK GROUP:** Provides support, training, inspiration and mentoring to woman 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.

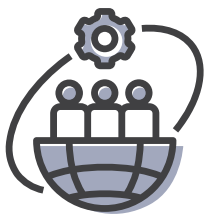
**EDUCATION:** In-person and online education is provided to address topics such as unconscious bias and harassment prevention to encourage behavior that supports an inclusive work environment free from discrimination and harassment.

**COMMUNITY OUTREACH AND CHARITABLE WORK:** Volunteering and community outreach is central to our operating philosophy. BKM offers each employee 16 hours a year to commit to volunteering and charity work. Our dedicated Volunteer Committee provides monthly opportunities with local charities and organizations.

**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 training, and a 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. Brian Malliet, CEO, signed the CREW Network Pledge for Action in October 2021. This commitment reflects BKM's desire to create a workplace that supports the advancement of women and other individuals in underrepresented groups.



# GOVERNANCE

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# 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.

## BKM GOVERNANCE STRUCTURE



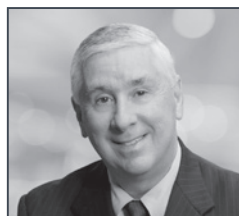
## BKM EXECUTIVE COMMITTEE

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

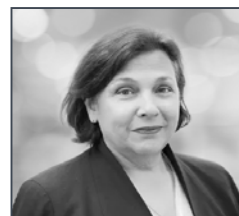
| Member               | Title                                                          | Years of Experience |
|----------------------|----------------------------------------------------------------|---------------------|
| <b>Brian Malliet</b> | Chief Executive Officer & Founder                              | 35                  |
| <b>Bill Galipeau</b> | Chief Financial Officer                                        | 26                  |
| <b>Harry Hedison</b> | Senior Managing Director, Capital Markets & Investor Relations | 35                  |
| <b>Rob Sistek</b>    | Senior Managing Director, Investments                          | 23                  |
| <b>Brett Turner</b>  | Senior Managing Director, Acquisitions & Dispositions          | 18                  |
| <b>Susan Rounds</b>  | Managing Director, Operations                                  | 24                  |
| <b>Mason Waite</b>   | Managing Director, Asset Management                            | 12                  |

## BKM ADVISORY BOARD

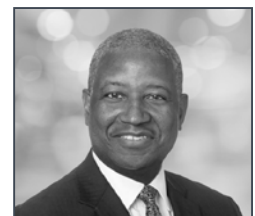
- ✓ Comprised of seasoned industry experts with diverse investment experience.
- ✓ Outside perspectives strengthen the decision-making process and enhance best practices.



Paul Dolinoy  
Chair



Nicki Livanos  
Member



Rodney Johnson  
Member

# Governance

## ESG GOVERNANCE

BKM promotes strong oversight, transparency, and risk management at all levels of our business, ensuring the resilience and long-term preservation of value. Operational excellence and good governance help us serve our stakeholders, and it's a critical component of our continued success and striving to do what's right.

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

- **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, or 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. Also oversees the integrity of financial statements, the system over disclosure controls and procedures, as well as Company 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.
- **ESG Committee** supports the activities of the ESG 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 aligns 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

## ESG IN DUE DILIGENCE

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

- Independent third-party property resilience assessment 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 are committed to conducting our real estate business with the highest ethical standards. We prioritize transparency, accountability, and integrity in all our operations, and we adhere to strict codes of conduct that promote responsible and sustainable business practices. We prohibit bribery, corruption, and any other form of unethical behavior and strive to build trusting relationships with our stakeholders. Our dedication to business ethics is integral to our Environmental, Social, and Governance (ESG) strategy and reflects our commitment to creating long-term value for all stakeholders while maintaining the highest standards of ethical conduct.

- **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

## CYBERSECURITY

We take cybersecurity seriously and recognize the critical importance of protecting our clients' sensitive information. We have implemented robust cybersecurity protocols and best practices to ensure the confidentiality, integrity, and availability of data across our real estate portfolio. Our cybersecurity measures include regular vulnerability assessments, employee training and awareness programs, and access controls to prevent unauthorized access to sensitive information. We also work closely with our clients and tenants to ensure they are aware of and adhere to best practices for protecting their own data. We believe that by safeguarding our clients' data, we can build trust and long-term relationships with our stakeholders and maintain our position as a leader in the real estate industry.

- 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 w/ 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 trader
- External communications
- Political contributions





**BKM Capital Partners**

# **2022 ESG 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](https://bkmcp.com)**

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