



BEYOND THESE WALLS:

# Becoming a good ancestor for future generations

2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



WESTCORE

[westcore.com](https://www.westcore.com)

## A LETTER FROM OUR CEO

## CORE VALUES

## REPOSITIONING & RENEWAL

Environmental: Property and Client-Focused Initiatives

## INNOVATION THROUGH ONGOING EDUCATION & DIVERSITY

Social: Ongoing Employee Education & Development Opportunities

Social: Creating Professional Growth Opportunities within our Communities

## COLLECTIVE ACCOUNTABILITY

Governance: Reducing Risk Through a Culture of Integrity

## CASE STUDIES

# A LETTER FROM OUR CEO

As an industrial real estate company focused on acquisitions, asset management and development in the United States, we believe that our measures of success extend beyond financial performance to the experience of all our stakeholders.

Environmental Stewardship, Social Responsibility and Governance (“ESG”) principles continue to be front of mind throughout corporate America, including in the commercial real estate industry. Although a newer concept, ESG principles are something Westcore has been actively pursuing since it was founded in 2000. We recognize there is continual opportunity for meaningful progress, and we are willing to take the steps to get there.

People are central to Westcore’s success. Having a diverse team with different backgrounds and experience creates a richer work environment and better decision making. Our culture unites this team, forming a common set of values that drives actions and results. These anchor not only how we treat our customers, but also how we interact with anyone with whom we do business. Although we do well in some aspects of diversity, we acknowledge the necessity for further changes and that there will never be a true “finish line” in this arena of business.

It is an exciting time for environmental progress. Innovations like solar on rooftops and green building developments are accelerating environmental impact reduction in the industrial sector. Westcore has acquired a variety of buildings in our decades of buying and repositioning, and we understand our unique capability to rehabilitate and “re-use” these properties. The benefits of such action stretch far beyond our walls, as we seek to bring positive changes to our surrounding communities.

Strong governance is a must when institutions are putting their capital in our hands. We currently manage capital for pension funds, insurance companies and private investors. This is made possible not only by our investment track record and capabilities, but also by the governance, accounting and reporting processes we have in place.

**We are excited to be on this journey of growth.**

Donald Ankeny  
President & CEO



# WHO WE ARE

AT A GLANCE

**15.7M** TOTAL RENTABLE SF

**300+** TENANTS

We are a real estate investment company that has been operating for **20+ years** with a team of dedicated professionals. Our senior leadership has over **100 years** of valuable commercial real estate experience.

**60** TEAM MEMBERS

**148** BUILDINGS



## WHO WE ARE AT A GLANCE

**Our Mission:** Utilize our expertise and experience to deploy capital and talent to act on opportunities, deliver superior outcomes to stakeholders, and strive for excellence in everything we do.

### Our Current Capital Partners:



- Founded in 2000 and headquartered in San Diego, CA
- Fully-integrated operating platform
- Institutional scale and capabilities
- Proven track record of realizing value
- Access to off-market deal flow
- Strong broker relationships

**Our Vision:** To become the premier industrial-focused real estate company in the United States.



### **INTEGRITY**

We behave ethically, honestly and respectfully.



### **COMMITMENT**

We foster a culture of service, responsiveness, accountability and professionalism.

## **OUR VALUES**



### **BALANCE**

We have high expectations and work hard to achieve results. We also value each and every employee and encourage them to maintain a healthy balance between work & life.



### **TEAMWORK**

We are a group of people with diverse talents working together to produce positive, synergistic results as a team.



### **EXCELLENCE**

We are a high performing organization and we strive for excellence in everything we do.

# AT OUR CORE: THE WESTCORE CULTURE

## WE ARE

- High performers
- Goal oriented
- Passionate
- Fast paced
- Ambitious

## WE TREAT OTHERS WITH

- Respect
- Empathy
- Inclusion
- Support

## OUR TEAM IS

- Empowered
- Accountable
- Committed
- Adaptable
- Nimble
- Organized
- Motivated

## WE MAINTAIN

- Humility
- Integrity
- Balance
- Trust

## WE BELIEVE IN

- Teamwork
- Connection
- Consensus
- Perseverance
- Learning
- Mentoring
- Relationships

Guided by outcomes.  
Driven by values.

# INVESTMENT STRATEGY

## OUR FOCUS ON REHABILITATION



Our ongoing priorities include **REUSING** and **REHABILITATING** older buildings, providing meaningful community investments, evaluating our carbon footprint, and assessing how best to face environmental risks in our industry.



We actively seek to **REDUCE ENVIRONMENTAL IMPACTS** and enhance the sustainability of our properties.



Our investment strategy places strong consideration on **EFFICIENTLY LOCATED LOGISTICAL** real estate that directly benefits customer needs.





# ESG Roadmap

+ **Environmental**  
Repositioning & Renewal

+ **Social**  
Innovation Through  
Diversity & Education

+ **Governance**  
Collective Accountability

Guided by outcomes.  
Driven by values.

# ENVIRONMENTAL PLAN

## TODAY > FUTURE

- Actively repositioning older buildings.
- Commencing the collection of property utility data for benchmarking.
- Implementing first rooftop solar program.
- Developing new buildings with improved environmental approaches.

**Reduce the environmental impact of existing buildings.**

**Measureable environmental benchmarking against similar buildings.**

**Extensive rooftop solar program.**

**Certifications for new development projects.**



We will diligently assess and mitigate against environmental risks for our properties.

We are continuing to embrace a hybrid work structure, reducing the carbon footprint of our team.

We will evaluate carbon and green house gas emissions towards development of reduction goals.

# PROPERTY-FOCUSED INITIATIVES

## ENVIRONMENTAL

### Active Reuse & Rehabilitation

For over 20 years, Westcore's top strategic focus has centered around reusing and repurposing aging facilities, a strategy that directly aids in reducing obsolescence and deferred maintenance in real estate. In undertaking this re-investment, we seek to reduce waste and extend the lifespan of assets and infrastructure in a purposeful manner.

### Direct Community Investment

The reinvestment strategy provides significant benefits for the surrounding communities, as our selected properties are often situated near large population centers. Our actions eliminate blight, improve infrastructure and accessibility, and provide increased tax revenue to the surrounding community.

### Installing Smart Energy and Water Metering

Accurate real-time measuring and tracking of energy and water consumption through smart metering can help achieve goals of carbon footprint reduction. We aim to assess smart metering options and install where applicable towards our continued goals of whole building data collection and efficiency improvements.

### Assessing & Mitigating Risks

Westcore emphasizes the mitigation of risks from climate change, natural disasters, and man-made impacts. It is necessary that our properties adapt to and withstand disturbances while retaining full functionality. We routinely assess fire, earthquake, flood, air quality, and other environmental risk factors as part of our acquisition and operational strategies and implement improvements.

### Environmental Impact Reduction

By installing building improvements that reduce energy usage, water usage, and waste, we aim to minimize the environmental impact of our properties. We have long term goals for material sustainability and are formulating a solar energy generation plan to be deployed on feasible facilities.

### Responsible Development Practices

We pledge to practice responsible development practices to ensure the safety and wellbeing of our team, contractors, communities, and customers. This promise extends to ensuring environmental impacts are mitigated, where necessary, and sensitive habitats are properly monitored and assessed prior to development.

# PROPERTY-FOCUSED INITIATIVES

## CURRENT INITIATIVES & FUTURE TARGETS

### > CURRENT INITIATIVES

We are committed to embracing green building principles and incorporating energy efficiency and resource management into our operations. Our primary goals moving forward include:

- Self-reporting ESG information, benchmarking against industry data (ex. GRESB), and producing an annual impact report.
- Conducting regular assessments, benchmarking, and reporting of environmental impacts, energy use, water use and waste production in efforts towards measurable impact reductions.
- Undertaking renovations that include incorporating building materials aimed at reducing energy use, water use, and waste.
- Developing a rooftop solar program with our first solar project currently in process.
- Incorporating green building practices into development projects.

### > FUTURE TARGETS

To ensure we make progress towards these goals, our targets for the next three years include:

- Creating sustainable operating goals and policies consistent with our core values and ESG aspirations
- Developing responsible ESG investment criteria to help guide investment decisions
- Implementing a solar roadmap for future and current projects where feasible
- Assessing asset resiliency and making improvements where appropriate
- Installing smart energy and water metering to monitor systems in new and existing projects
- Obtaining green building certifications.

# CLIENT-FOCUSED INITIATIVES

We foster a culture of service, responsiveness, accountability and professionalism.

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We deliver high quality results to our customers through a variety of environmental approaches, including:

- 1 The repurposing of older buildings into functional assets with a focus on sustainable and modern industrial needs.
- 2 The installation of building improvements that reduce energy use, water consumption and waste production.
- 3 A focus on safety through minimized deferred maintenance, active property management and regular assessments of building systems.



## Creating Functional & Sustainable Buildings

A core strategy of Westcore is to own and operate well located, functional real estate that services the needs of industrial clients, and by extension, the whole community.

We acknowledge that our properties – whether new or improved-upon – impact and benefit the climate, the community and the customers. We evaluate energy and water efficiencies, indoor air quality, energy efficient lighting fixtures and the use of sustainable materials.



Guided by outcomes.  
Driven by values.

# CLIENT-FOCUSED INITIATIVES

## ENVIRONMENTAL



### Safety Initiatives

Ensuring the safety of our customers and assets is a central priority at Westcore. Property business plans consider factors such as existing deferred maintenance, obsolescence and/or required repairs and maintenance.

Proactive strategies are developed to mitigate or resolve issues, and our internal property management staff provides active, hands-on oversight and conducts regular assessments of building systems to confirm proper functionality.



### Customer Service

Westcore believes in providing exceptional service to all our customers through understanding the client's business, needs, goals and beliefs. We aim to consistently build trust, and as we continue to develop and implement our tailored ESG strategies, to incorporate them into our dialogue with all those who walk through our doors.

We have instituted technological systems to improve communication, responsiveness, access to documentation and payment processes. We strive to respond to customer feedback within a 24-hour period, quickly resolve any property issue and proactively address repair and maintenance concerns to the customer can focus on business operations.





We are in the process of conducting **tenant surveys** to ensure we respond to the needs of our customers.

## > CURRENT INITIATIVES

We pride ourselves at Westcore on being a valuable partner to our customers so that they can focus their efforts on serving the community. Our goal is to provide sustainable, efficient and functional assets in locations that benefit the community and meet customer needs.

Additionally, we seek to improve customer service through advanced technological offerings, increased outreach and involvement, and reduced operating expenses through sustainable efforts and usage of efficient building materials.

## > FUTURE TARGETS

To ensure we make progress towards these goals, our targets for the next three years include:

- Reviewing and enhancing technological infrastructure to provide additional online services towards improving customer communication, responsiveness, and the identification of property-related concerns.
- Undergoing regular assessments of energy use, water use and waste production and developing targets for reduction and implementation procedures.
- Formalized disaster recovery plan for risks such as flooding, brush fire, and active shooter events to confirm the safety of customers and assets.

# INNOVATION THROUGH DIVERSITY

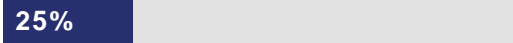
SOCIAL

## WHERE WE ARE TODAY

### Workforce

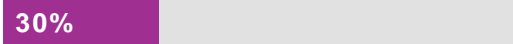


Female

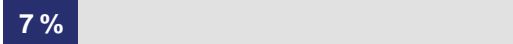


Diverse Race / Ethnicity

### Senior Team



Female



Diverse Race / Ethnicity

## HIGHLIGHTS

- + Many of our female senior team members have working spouses and have had children while at Westcore, all while continuing to grow in their roles and responsibilities.
- + Property investments in economically challenged areas, with a focus on improving the look and performance of these properties for the betterment of tenants and the surrounding community.
- + We promote a culture for open discussions on challenging issues like diversity, justice and inclusion where opinions can be shared without fear of retribution.
- + In house Director of Human Resources and in house General Counsel.

### Detailed employee handbook inclusive of:

- Anti-harassment policy and complaint procedure
- Equal employment opportunity
- Disability accommodations
- Business code of conduct
- Information Security Policy

## CURRENT INITIATIVES

- Benchmark our diversity against other companies, industries and the nation.
- Best-in-class employee protections coupled with a culture of trust and collaboration.



## FUTURE TARGETS

- Meaningfully improve the diversity of the senior team.
- Further development of employee protection protocols.
- Providing multiple platforms for open discussions on challenging issues like diversity, justice, and inclusion.



### STRONG LEARNING & TEACHING CULTURE

Created in 2008, Westcore University is an internal program that educates team members on how Westcore functions and operates.

The goal of these collaborative sessions is to continuously cultivate a learning mindset by providing a supportive space for team members to ask questions and be curious about everything from leadership skills, learning from mistakes, conflict resolution, creating value and much more.



### WESTCORE MENTORSHIP PROGRAM

We are invested in creating unique opportunities for community college students interested in the commercial real estate sector.

Through an 8-week program, we provide a space for mentees to gain valuable hands-on experience and make connections in the professional field.

Students meet with Westcore team members regularly to gain a better understanding of the activities and efforts that go into running a successful company.

# INVESTING IN TEAM EDUCATION & ADVANCEMENT

## SOCIAL – CHANGE STARTS FROM THE INSIDE



### ACTIVE MENTORING & COACHING

We believe that for Westcore to grow, everyone needs to feel supported and be involved. Senior leadership understands the value of individual growth, and they seek to share their industry knowledge and best practices.



### EDUCATION ASSISTANCE PLAN

Westcore believes that employees who possess a desire to continue their education in addition to performing their full-time job show a commitment to improving themselves and their position within the Company. To encourage and reward these individuals, we offer an Education Assistance Program which provides monetary assistance towards tuition fees.



### TRACK RECORD OF PROMOTING FROM WITHIN

We genuinely enjoy and seek to assist in the career aspirations of each and every Westcore team member. We have had great success promoting from within, as some of our best personnel started in very junior positions at the organization. We continue to embrace this approach as internal career progression will ultimately lead to long term brand ambassadors and guide us all to the desired outcomes for both company and employee.

# WE PUT OUR TEAM MEMBERS FIRST

SOCIAL

## CURRENT INITIATIVES

- Maintain a connected culture while growing our team.
- Continue to improve our culture by listening to our team members and embracing change.
- Ongoing flexibility to address team members' changing life circumstances, allowing them to continue to contribute to the team and feel a stronger sense of connection to Westcore.

## FUTURE TARGETS

- Continue to evolve a hybrid work structure, promoting balance and reducing commute time.
- Continue to find competitive ways to maximize an affordable benefit offering to ensure best in class care and well-being.
- As we grow, we will focus on the importance of culture, and continue to ensure all employees are cultivated upon hire and provided the tools to be successful.

# OUR CHARITABLE FOCUS: EDUCATION & ENVIRONMENT

## COMMUNITY SERVICE & SOCIAL IMPACT

We understand the value of education and the importance of helping others develop future skills, particularly in underserved communities. We are proud to support organizations that share our passion for empowering future leaders to thrive.

### Charities & Organizations We Have Supported:



We seek long-term solutions to make our community a better place to live, work and learn. We are committed to the care and stewardship of the communities in which we do business.

# COLLECTIVE ACCOUNTABILITY

## GOVERNANCE

Governance is critical to how we **OPERATE** and **REDUCE RISK**.

We believe that **STRONG GOVERNANCE COMBINED WITH EMPOWERMENT** will lead to greater success.

This is reflected in our **CULTURE OF INTEGRITY AND RESPECT**, our operating protocols, our approach to diversification and our risk management program.



# COLLECTIVE ACCOUNTABILITY

## GOVERNANCE

### > OPERATING PRINCIPLES

We have a 10+ year track record of managing institutional capital. Our operating protocols include:

- Board of directors made up of both executives and external advisors. Two stage investment committee approval: initial investment and non-refundable milestone. Investment committee includes an external advisor.
- Extensive due diligence process for new acquisitions. In-house general counsel overseeing all contracts.
- Annual audits at corporate and fund levels.
- Checking approval workflow software system with multiple layers of approval.
- Multiple step approval for all outgoing wires including dual approval for higher wire amounts.
- Clear and documented contract signing protocol with limited authorized signatories. Contract form includes non-discrimination policy, OFAC compliance and Covid-19/Pandemic protocols.
- Established policies, procedures and controls throughout the organization and all departments.
- 3rd party cloud-based software for (a) communication and document storage (MS Outlook, MS Teams, MS SharePoint) and (b) accounting and payables (Yardi). Segregation of customer's personal information. Cybersecurity led by in-house IT manager. Software includes VPN, anti-spam, anti-virus and firewall.
- Employee handbook addressing employment policies, benefits, standards of conduct, confidentiality, security & safety and open-door communication policy.
- Ongoing employee harassment training.



We aim for a diversified property portfolio relative to **location, age, building/suite configurations and target customers.**

## RISK MANAGEMENT

- Proactive management including ongoing property inspections, tenant communication and disaster management planning.
- Robust corporate insurance including general/auto/umbrella liability, employment practices liability, professional (errors & omissions) liability, fiduciary and crime liability, employed lawyers' liability, cyber security, workers compensation, directors and officers. Property insurance includes all risk, earthquake, wind, pollution, terrorism and liability/umbrella.

### > CURRENT INITIATIVES

- Complete department level “playbooks” for all departments.
- Create ESG Oversight Committee.
- Incorporation of ESG principals into company decision making.
- Increased diversity at the senior leadership level.

### > FUTURE TARGETS

- Improved department level “playbooks” for all departments.
- Further cyber security training.
- Participating in industry discussions and thought leadership on environmental impact reduction.

# RELEVANT CASE STUDIES

## **BLIGHT REMEDIATION & REDEVELOPMENT**

Compton, CA

## **PROPERTY REHABILITATION & REUSE**

Stockton, CA

## **GREEN BUILDING CERTIFICATIONS**

LEED Building Certifications



# Blight Remediation & Redevelopment

## CASE STUDY: COMPTON, CA

- Transformation of a blighted, obsolete site located in an underserved community into a modern, functional state-of-the-art, Class A distribution facility.
- Site located proximate to port, major freeways, and designated truck routes, reducing drayage and truck trip distances to end user.
- The site required environmental remediation and clean-up prior to development.
- Building and site designed and developed to be energy efficient and meet the needs of industrial users and the community.
- Community outreach was conducted to inform site design, access and aesthetics.
- Sustainable, indoor farming business leased the site on a long-term basis due to the locational, functional and sustainable benefits of the site. Farming business serves the local community.



BEFORE



AFTER



# Property Rehabilitation & Reuse

## CASE STUDY: STOCKTON, CA

- 15 various buildings on 40 acres of land constructed in the 1970's for agriculture purposes.
- Identification of deferred maintenance, obsolescence, and required maintenance, repairs and capital expenditures.
- Implementation of rehabilitation and reuse program to re-position site for customer fulfillment.



**Incorporation of energy efficient materials when possible.**

**Concrete and asphalt repairs and replacements.**

**Improving raw land for automobile and truck parking.**

**Exterior refresh.**

**Interior improvements including restroom refreshes and additions, warehouse painting and lighting and office area improvements.**

**Accessibility improvements.**

**Installation of new roofs and seismic retrofits to proactively improve safety and mitigate risk.**

**HVAC replacements.**

**Fire sprinkler and safety upgrades.**

**Creative reuse and rehabilitation.**

# LEED Building Certifications

Focusing on sustainable strategies and outcomes, Westcore sought to improve energy and operational inefficiencies in existing buildings. These efforts resulted in **LEADERSHIP IN ENERGY AND ENVIRONMENTAL DESIGN (LEED)** certifications for the following properties:



- LEED Platinum certification for a Class A, 520,000 square foot building in downtown Oakland, CA. At the time, the U.S. Green Building Council cited the property as a pioneering example of sustainable design that demonstrated leadership in transforming the building industry.
- LEED Gold certification for Class A, 185,000 square foot building in Denver, CO strategically located near the intersection of two major freeways.
- LEED Silver certification for a 44,000 square foot building in Sacramento, CA.



# WESTCORE

GUIDED BY | DRIVEN  
OUTCOMES | BY VALUES