

 nearon

# 2024 ESG REPORT





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# EXECUTIVE LETTER

I joined Nearon earlier this year in large part because of the company's values-based approach to our relationships with our employees, communities, and the environment. In this Annual Environmental, Social, and Governance ("ESG") Report, we underscore advances in our governance strategies, the progress we are making to elevate our environmental stewardship and property efficiency, and the ways we support and engage with our employees and tenants. We share information on the exciting developments within our ESG program that strengthen our security, efficiency, and relationships. The accomplishments highlighted in this report ratify Nearon's alignment with our mission to enhance a high-performing and resilient portfolio by thoughtfully integrating ESG into our organization.

In 2024, Nearon established managed Wi-Fi systems for our California multifamily properties that will minimize cybersecurity risks. We also expanded our sustainability attributes survey, commenced a waste diverting pre-demolition project, and rolled out several environmental initiatives across our properties – including the initial rollout of our whole building utility data coverage program. With the goal of boosting tenant and employee satisfaction, we also added several benefits at our properties as well as at our corporate office. These efforts are in adherence with the Governance, Environmental, and Social goals and targets that guide our work.

Nearon pursues progress on the goals and targets of our program not because of external pressures but because of our integrity and our responsibility to you, our stakeholders. Simply put, it is the right thing to do. As we approach the end of 2024, I am proud of all that Nearon has done to promote ESG company- and portfolio-wide, and I am equally excited about all that lies ahead.

**Min Kim**  
PRESIDENT, NEARON



It is our responsibility to be good stewards to all stakeholders, including our employees, owners, communities, and the broader economy and environment.



# COMPANY PROFILE

Founded in 1945 by Arthur David Nearon, Nearon Enterprises (Nearon) is a real estate development, property management, and investment company. Nearon and its predecessor companies remain privately owned by the descendants of Mr. Nearon.

Nearon is committed to a values-based approach to real estate and is guided by our mission to enhance a high-performing and resilient portfolio by thoughtfully integrating ESG into our organization.

Headquartered in Walnut Creek, CA, Nearon owns and manages a diversified 5 million square foot portfolio. Comprised of office, industrial, and multifamily properties, the portfolio is concentrated in California, Utah, Arizona, and Colorado.

5.0  
MILLION  
SQUARE FOOT PORTFOLIO





# GOVERNANCE

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## Statement of Principle

We promote an ethics-first approach that fosters trust and drives lasting value.

## Goals

- + Lead with integrity and sound judgement in all our actions and decisions.
- + Protect all internal and external data by maintaining a robust security program.
- + Create strong financial returns through disciplined investing



# ESG LEADERSHIP

Nearon champions ESG across all levels of our company, from entry-level employees to our new President, Min Kim. Nearon's cross-departmental ESG Committee includes members from all facets of our organization, helping to amplify the reach and success of the Committee. Since its inception, the Committee has enjoyed a positive reception from our team and consistent interest in participation. As such, we rotate several Committee slots annually to include new, fresh voices each year.





# INTRODUCING OUR NEW PRESIDENT



Nearon welcomed Min Kim as our new President in 2024, replacing Tony Perino, who now serves as our Executive Director. Min joined the team with over 25 years of relevant experience, both as a business consultant and within the commercial real estate industry.

As President at Nearon, Min leverages his two decades of real estate experience to help Nearon excel within our sector. While Min has worked for and with several large organizations and institutions, he emphasizes that

“real estate at its core is a local business. To be a successful real estate investor, you have to know the market and what makes the local community.”

When discussing his motivation to join our team, Min shared his own family’s history working in real estate and his awareness of how personal real estate is. Min was impressed by Nearon’s approach to commercial real estate, as well as the parallels between his personal history and values and those of our company. Min exemplifies how we govern Nearon, by promoting an ethics-first approach that fosters trust and drives lasting value.

As Nearon continues to advance our business and ESG program, we are excited to enter a new chapter led by a President who resonates with both the history and the future of our company.



# GUIDES & POLICIES

Nearon has formalized many procedures that encourage the smooth integration of our ESG efforts for stakeholders, including tenants and team members. The ESG Policy and guides listed below have been implemented by Nearon.



## Guides & Policy List

ESG Policy

Energy Efficiency Guide

Green Cleaning Guide

Green Lease Guide

Green Resident Guide

Health & Wellbeing Guide  
(Corporate and Property Level)

Resilience Guide

Solid Waste Management Guide

Stakeholder Engagement Guide

Tobacco and Smoke-Free Guide

Water Efficiency Guide



# RISK MANAGEMENT

As Nearon continues to grow, so does the importance of robust risk management. Nearon stays vigilant in our pursuit of security, safety, and risk minimization. We maintain several procedures that help safeguard internal and external data, including our migration away from physical hardware and toward a cloud-based system, along with the implementation of virtual private networks (“VPNs”) and a firewall system that allows our team to retain flexibility for remote work without compromising our security. To further advance our safety, we implemented cyber-threat resistant managed Wi-Fi systems across our California multifamily properties.





# SPOTLIGHT

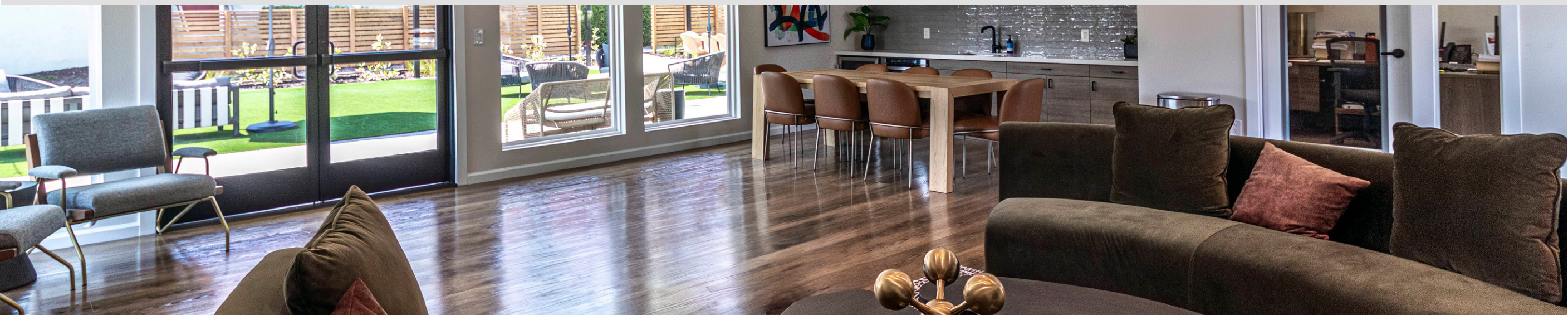
## Managed WiFi System

Providing secure, accessible multifamily housing amenities is an important way that Nearon demonstrates our commitment to the communities we serve. At our California multi-family properties (Mode, Terra Vida, and Walnut Hill) we elevated our offerings to include a managed, secure Wi-Fi system that allows all our residents to safely access the internet without having to establish individual connections.

When constructing our clubhouse and pool improvements at the three properties, we engaged Montgomery Technologies, a long-term technical support partner, to create a secure converged Wi-Fi system that supplies the entire property, including all units and common spaces, with managed Wi-Fi access. This managed network features advanced firewalls and compliance provisions that extend beyond standard protections, including safeguarding against criminal activities. Montgomery handles all software updates and back-end maintenance, enhancing overall security by utilizing third party experts. This system reduces risk by activating an advanced technical support team and a secure network, with safety provisions that are not typically seen in residential Wi-Fi systems.

In providing this managed Wi-Fi network for our residents, Nearon created opportunities to implement further security provisions in the future, including security cameras or access control (a key code/FOB system) that can operate from the same network. By establishing a system with future expansions in mind, we have fortified the technological resilience of the property.







The new system provides a high level of security and reliability, addressing vulnerabilities in traditional tenant-managed Wi-Fi systems. The system, which has been met with positive reception from our residents, supports a core goal of Nearon's Governance commitment to protect all internal and external data by maintaining a robust security program. Nearon is impressed with the success and reception of this program and looks for additional opportunities to offer this amenity at other properties.





# SDG ALIGNMENT

Established in 2015, the United Nations' Sustainable Development Goals ("SDGs") are a set of 17 targets that aim for a more sustainable and equitable planet. Nearon has identified six SDGs that are relevant and pertinent to how we do business; below is an overview of the SDGs that best align with our ESG program.

SDG	STATEMENT	NEARON'S ACTIONS		
	Ensure healthy lives and promote well-being for all at all ages	+ Employee wellness room + Robust employee benefits package, including gym reimbursement	+ Supply healthy snacks for employees + Tenant amenities and events + Established corporate/asset level wellbeing policies	
	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	+ Reimbursement for continuing education conferences, industry relevant courses, and/or certifications.		
	Ensure access to affordable, reliable, sustainable and modern energy for all	+ Onsite solar project(s)	+ Conducted solar feasibility studies	+ Planned efficiency projects
	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	+ Managed, converged WiFi access at properties + Onsite solar energy		
	Make cities and human settlements inclusive, safe, resilient and sustainable	+ Managed, converged WiFi system	+ Onsite solar	+ Net zero goal
	Take urgent action to combat climate change and its impacts	+ Established resilience guide	+ Net zero goal	+ Planned efficiency projects



# ENVIRONMENT

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## Statement of Principle

We prioritize clean, renewable, and efficient operations to reduce our environmental impact.

## Goals

- + Make wise and efficient use of energy, water, and other natural resources.
- + Invest for the future by integrating resilience into the acquisition and operation of our properties.
- + Operate our properties cleanly and efficiently, so as to minimize carbon impact.



# TARGETS & NET ZERO GOAL

In 2023, we established sustainability targets toward our goal of achieving net zero carbon emissions. In 2024, we are pleased to renew this commitment with the following goals and targets across our portfolio.



## ENERGY USE

# 20%

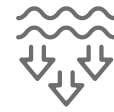
portfolio-wide reduction by 2033  
from a 2023 baseline



## WATER USE

# 20%

portfolio-wide reduction by 2033  
from a 2023 baseline



## CARBON EMISSIONS

Achieve net zero carbon emissions  
across the portfolio by

# 2040



## WASTE

By 2033, increase waste diversion  
rate to

# 50%





# ENVIRONMENTAL INITIATIVES

The environmental initiatives at Nearon are guided by our aspirations to maximize the efficiency of our portfolio and reduce our environmental impact. In 2024, we undertook several initiatives that move us toward our environmental targets, goals, and ambitions. Here are a few property-level environmental initiatives:

Science Drive



Renovated landscaping with drought tolerant plants

Sunset Business Park



Implemented pre-demolition materials donations, waste diversion program

Stockton Performance



Installed cool roof system, R11 insulation (above deck), high-efficiency HVAC unit replacement

Sycamore



Installed EV chargers

Newark Automall, Tolleson, El Cerro, Dixon, & Walnut Hill



Achieved ENERGY STAR certification  
As of December 15, 2024.

## Solar Feasibility Study

In alignment with our Environmental goal to invest for the future by integrating resilience into the acquisition and operation of our properties, Nearon has embarked on a journey to evaluate the solar feasibility of our properties. In 2024, Nearon engaged leading commercial and industrial solar provider Wunder to conduct a preliminary solar feasibility study. The study evaluated eight of our properties to determine the viability and economic value of installing onsite solar, by considering factors such as building infrastructure, utility costs, installation rates, and more. Of the properties evaluated in this initial solar feasibility study:

75%

WERE EARMARKED AS FEASIBLE FOR SOLAR

3.9MW

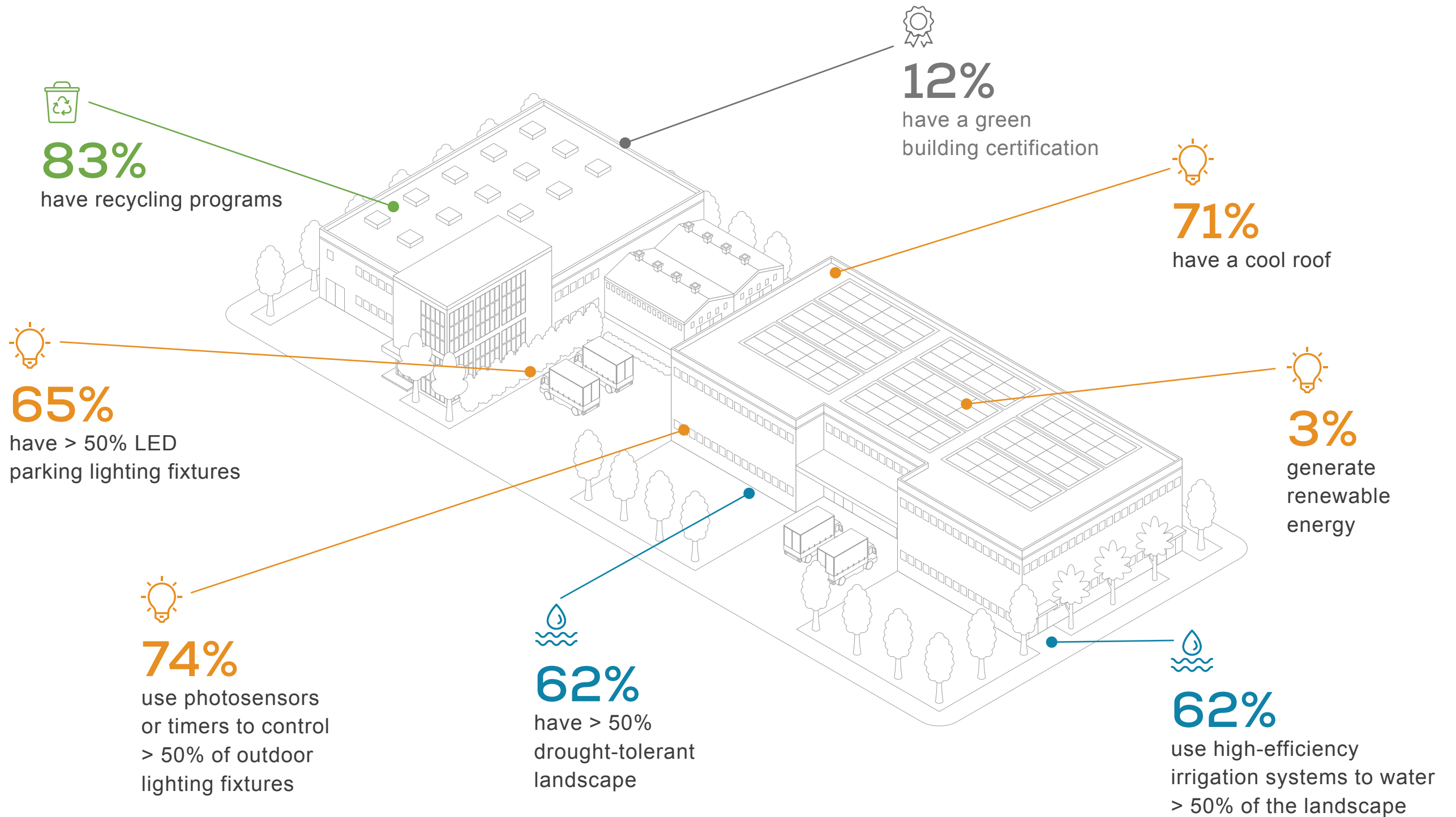
SOLAR CAPACITY REPRESENTED

Nearon is encouraged by the findings from our introductory solar feasibility study and is proceeding to further evaluate the implementation of onsite solar where practical.



# SUSTAINABILITY ATTRIBUTES

Nearon recently expanded our sustainability attributes survey, receiving responses from 28 out of 34 properties - an increase from the 24 responses last year. The graphic below highlights findings from the survey.





# WHOLE BUILDING COVERAGE

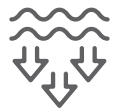
In collaboration with leading ESG data platform Measurabl, we launched our whole-building utility data coverage program in 2024. In doing so, we have streamlined building performance tracking and management, automated utility data collection, and enhanced our ability to achieve our goals. Since the inception of this program, we've made impressive strides in implementing energy and greenhouse gas ("GHG") tracking and are progressing on tracking water usage. In 2025, we look forward to including waste reporting in our whole-building coverage numbers.



ENERGY

73%

% portfolio floor area covered



GHG

73%



WATER USE

50%





# CASE STUDY

## Pre/Post Demo Recycling

Reducing the volume of materials sent to the landfill is one way that Nearon prioritizes environmentally friendly construction practices. We recently sold Sunset Business Park, an office property, and were responsible for its demolition before the site is redeveloped. The San Ramon, CA based project provided an excellent opportunity for Nearon to salvage and divert materials from landfills, in compliance with California’s Green Building Standards Code (CALGreen). While the careful demolition and waste diversion process will continue into 2025, we were able to complete a successful pre-demolition, salvaging and excavating reusable materials from the site.

The methodical efforts of the pre-demolition phase started by engaging The ReUse People of America, who managed the redistribution of construction materials by identifying recipients for donation. The pre-demolition phase also included processing materials inside the building and diverting salvageable and recyclable materials from landfills before the demolition phase. We were able to salvage discontinued fixtures and hardware components of our property that could be used for repairs and replacements for other buildings of a similar age, such as hardware for doors that are no longer in production.

With The ReUse People’s assistance, we diverted a total of 40.7 tons of material by:

SENDING

57%

consisting of commercial doors and hardware, to the Wholesale Lumber Association

SELLING

39%

including exterior amenity area furniture and carpet tiles, from The ReUse People’s Oakland warehouse

DONATING

4%

of reusable materials, primarily LED lighting fixtures, to the Fremont Unified School District.

Nearon is proud of the success of this pre-demolition salvage operation, which had an inspirational impact on our team and generated excitement for future opportunities. This work supports our Environmental commitment to prioritize clean, renewable, and efficient operations to reduce our environmental impact and benefit the communities where we operate.



# SOCIAL

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## Statement of Principle

As an employer and landlord, we prioritize inclusive and healthy environments.

## Goals


- + Support our employees and tenants through safety, health, and well-being practices.
- + Provide access to resources, amenities, and benefits that enable employee, tenant, and resident well-being.
- + Promote an equitable workplace that values diverse perspectives and inclusive practices.





# EMPLOYEE HEALTH & WELL-BEING INITIATIVES


At Nearon, we are passionate about maximizing the health and well-being of our team members; we aim to provide our team with an expansive list of benefits, inside and outside the workplace. We provide our employees with the following benefits, in conjunction with equitable pay and excellent working conditions:


## Employee Benefits

 13 paid holidays

 401k program  
(Profit Sharing)


 Healthy, nutritious snacks at the office\*


 Birthday and anniversary celebrations


 Access to company-owned vacation home in Hawaii

 Health insurance

 Team events

 Health club/fitness reimbursement\*

 Paid time off, 15-20 days per year

 A wellness room at our Walnut Creek HQ\*

## Wellness Room

With a team as hardworking as ours, Nearon understands that no matter how rewarding our work is, a long day can take a toll. In the latest expansion of our office, we created a wellness room for our employees that does just that. This space exists exclusively at the luxury of our employees, adorned with a reclining chair, a minifridge with refreshments, air purifying plants, and amenable lighting for an optimized user experience.

Nearon provided this wellness room to incentivize health and wellbeing among our employees, because they deserve it.



This space has been a salve for our employees looking to decompress, take a power break, or to just grab a quick snack during hectic days. Our team is elated with our new wellness room!

**Mayara Freitas**

SENIOR ADMINISTRATIVE ASSISTANT

\* Benefits introduced in 2024



# EMPLOYEE ANNIVERSARIES

Nearon is dedicated to fostering an inclusive, supportive work environment where our employees have the resources they need to feel valued at work. As a result, we enjoy strong employee tenure. In 2024, we celebrated a few tenured-employee milestone anniversaries, as shown below.



FIVE YEARS

Zita Tse

SENIOR PROPERTY ACCOUNTANT



TEN YEARS

Blaine Emmons

EXECUTIVE VICE PRESIDENT  
AND CHIEF FINANCIAL OFFICERS



TEN YEARS

Ted Bruzzone

VICE PRESIDENT





# EMPLOYEE ENGAGEMENT

Engaging with co-workers is critical to maintaining a happy, productive workplace, which is a priority at Nearon. We host fun-filled events that promote collaboration, quality connectivity time, and non-work-related activities. In 2024, a few of our most popular events included:

<p>BI-MONTHLY Birthday &amp; Anniversary Celebrations</p> 	<p>MARCH March Madness</p> 	<p>APRIL Solar Eclipse Viewing</p> 	<p>APRIL Tour of Ruth Bancroft Gardens</p> 	<p>MAY Shareholder Luncheon</p> 	<p>MAY Administrative Professional's Day</p> 	<p>JULY Founder's Day Lunch</p> 
<p>AUGUST Company Walk Around Lafayette Reservoir</p> 	<p>SEPTEMBER Procore Championship Golf tournament</p> 	<p>FALL Fantasy Football league</p> 	<p>OCTOBER Bocce Tournament</p> 	<p>OCTOBER Halloween</p> 	<p>DECEMBER Company Holiday Parties</p> 	<p>SEMIANNUAL E-waste Team Member Events</p> 



# TENANT ENGAGEMENT

Promoting tenant satisfaction and retention is a best practice at Nearon. Our tenants enjoy benefits, events, and amenities designed specifically to enhance their experience at our properties. Nearon was honored with Kingsley Awards at 14 of our properties at the end of 2023, which are given to properties with exemplary tenant satisfaction, validating the efficacy of our tenant engagement efforts. A few custom amenities we provide for our tenants include:

Clubhouses and common-area amenities at our multifamily properties



Gym, bike and locker room facilities, and additional recreational space at our 257 Tower office property



Recently remodeled gym and top-floor amenity space at The Morton multifamily property





# SPOTLIGHT

## The Morton Rooftop Amenities

The Morton, Nearon's 137-unit Salt Lake City multifamily property, is a shining example of how investing in amenity spaces and events can enhance the resident experience. In 2024, The Morton received an upgrade to its underutilized rooftop patio, which was unveiled with a resident party.

Nearon and the property management team saw the existing rooftop as an opportunity to create a more desirable, welcoming space for The Morton's residents that could both enhance resident satisfaction and bolster our market competitiveness. Key elements of the renovation included installing barbecue grills, modern and comfortable couches and loungers that are configured in a way that maximizes the usable space, a large farm table with ample seating, and evening string lighting. By investing in upgrading The Morton's rooftop, we curated a desirable space for residents to relax and unwind, engage with friends and family, and connect with other residents.

To celebrate the recently upgraded rooftop, the property management team hosted a gathering in August 2024 that included games, food, and beverages. The impressive turnout of over 50 residents, and their glowing response to the new space, indicate the effectiveness of these upgrades in fostering a vibrant community atmosphere and maximizing the use of shared amenities.

Nearon is proud to champion resident satisfaction, retention, and comfort across our properties, in alignment with our Social goal to provide access to resources, amenities, and benefits that enable employee, tenant, and resident well-being.





# REPORTING & DISCLOSURE

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## About This Report

Our second annual ESG Report reflects the progress of our ESG Program, Committee, and Policy and underscores our commitment to ESG. We prepared this report to supply the stakeholders we serve with comprehensive, transparent insight into our ESG efforts. Any quantitative information regarding Environmental, Social, or Governance metrics are from the 2024 calendar year, while some qualitative information ranges from Q3 2023. All figures and data represent the status as of September 30, 2024, unless otherwise specified.

## Contact

For more information about Nearon's ESG Program, please contact: [esg@nearon.com](mailto:esg@nearon.com)





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