

SUSTAINABILITY REPORT

20  
19



## **About This Report**

This is The Swig Company's second sustainability report to share our efforts and performance with interested stakeholders. The report covers our managed assets in California for the 2019 calendar year report period, which is also our fiscal year. While 633 Folsom Street is highlighted, it was excluded from the portfolio metrics reported, because it was undergoing major renovation during the full report period.

To guide report development, we referenced the Global Reporting Initiative (GRI) Sustainability Reporting Standards and the 2020 GRESB Real Estate Assessment Guide. Refer to the Reporting Information section at the end of this report for property details and additional information.



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## INTRODUCTION

### *Welcome from the President and CEO*

For more than 80 years, The Swig Company has been committed to creating long-term, sustainable value with a focus on innovation and people. By integrating sustainability from the ground up – from the ways we run our business and operate and enhance our properties, to the positive impact we strive to create for our tenants and in our local communities – we help ensure our continued success.

In 2019, we continued to develop and expand our sustainability program and to partner with industry experts to craft and implement projects and operational practices to reduce our carbon footprint and create environments and experiences at our properties that promote health and wellness. In addition, strengthening the resiliency of our portfolio in the face of climate change is an increasingly important aspect of our program.

The many interconnected aspects of sustainability, such as resource management and occupant wellness, are highlighted in our renovation of 633 Folsom Street, a story we are excited to share

with you. It also shows our continued integration of leading sustainable building standards.

We maintained our strong focus on the tenant experience with the launch of our h<sup>3</sup> experiences platform, which encompasses our commitment to design evolved workplaces of the future and to incorporate technology to engage with our stakeholders, improve our operations, and amplify our community support efforts.

To expand our community impact program, we established and strengthened relationships with industry partners and nonprofits. Our dedication to community involves support for social justice and equity issues, with a focus on providing educational opportunities to people in underserved communities. Our Engaging Tomorrow's Workforce initiative, which is a core component of our program, seeks to create connections and career paths that enable local youths to develop into professionals who will someday work in buildings like ours.

Developing this report amid the COVID-19 pandemic made it clear that our commitments to sustainability and the safety, health, and wellness of our employees, building occupants, and local communities have never been more crucial. As such, we include within this report an overview of our response to the pandemic and the ways we have been supporting those within our buildings and in our surrounding neighborhoods. Working together, we are confident we can make our way through this challenging situation stronger and more resilient.

We are pleased to share our 2019 efforts and performance in our second sustainability report. We appreciate your interest and welcome your feedback.

JIM CARBONE  
*President and Chief Executive Officer*

# About The Swig Company

## Company Overview

The Swig Company, LLC is a privately owned real estate investor operator with a venerable 80+ year history of investment, development, partnership, and management of commercial properties in major U.S. markets. Since its founding in 1936 by Benjamin Swig, the company has been committed to sustainable long-term growth and value creation with a focus on innovation and people.

The Swig Company identifies and invests in value-added properties, maximizing their worth through active management, leasing, and the structuring and implementation of complex financial transactions.

We employ 54 team members, with about half at our corporate headquarters and the others working at field offices in California. The company is overseen by a board of directors composed of members of the Swig family and independent directors.

Learn more at [SwigCo.com](http://SwigCo.com).

## The Swig Portfolio

The Swig Company's diversified portfolio includes almost 9 million square feet of mid- and high-rise commercial properties in markets such as New York, the San Francisco Bay Area, and Southern California.

This report covers the 13 commercial properties that we manage, which total more than 3 million square feet and host approximately 450 client companies with around 9,000 employees.

- 1 **Northern California Properties**  
SAN FRANCISCO | MOUNTAIN VIEW | OAKLAND
- 2 **Southern California Properties**  
LOS ANGELES | PASADENA

### SAN FRANCISCO

- 🏆 The Mills Building  
Company HQ
- 🏆 501 2nd St.
- 🏆 369 Pine St.
- 633 Folsom St.
- 945 Bryant St.

### MOUNTAIN VIEW

- 🏆 444 Castro St.
- 🏆 399 W. El Camino Real

### OAKLAND

- 🏆 Wakefield Building
- 🏆 300 Lakeside Dr.

### LOS ANGELES

- 🏆 617 W. 7th St.
- 6300 Wilshire Blvd.
- 3415 Sepulveda Blvd.

### PASADENA

- 595 E. Colorado Blvd.

🏆 Platinum-level LEED certification

🏆 Gold-level LEED certification



**8 of our California properties, representing 77% of our managed square footage, are LEED certified.**

**5.8% reduction**  
in like-for-like GHG emissions intensity from 2018 to 2019

**7.4% reduction**  
in water intensity from 2017 to 2019

## Stakeholder Engagement

Since The Swig Company's start over eight decades ago, we have been investing in building strong relationships with a range of stakeholders. We define stakeholders as those who can either impact or be impacted by our business activities—now and well into the future. Through ongoing engagement, we are able to understand and address their needs and generate greater value for all.

We interact with internal and external stakeholders on a regular basis and take their diverse perspectives into account—from the initial investment in an existing asset to on-site property management and efforts to create lasting positive impact. Engagement occurs through formal and informal communications, direct interactions, and outreach efforts.

### Key Stakeholder Groups

---

Board of Directors

---

Employees

---

Investment partners

---

Tenants (companies and their employees)

---

Suppliers

---

The commercial real estate industry

---

Members of the communities in which we own and manage properties

---

### OUR EMPLOYEES

The Swig Company's reputation for exceptional service stems from the passion, dedication, and diligence of our employees. We strive to be an engaging, rewarding, and inclusive place to work, where everyone feels proud to be a valued member of The Swig Company family.

### TENANT ENGAGEMENT

We design and maintain our buildings to increase tenant satisfaction and retention. Our tenants and their employees also are key partners in our sustainability efforts. As such, tenant engagement through ongoing dialogue, outreach, and education is a key aspect of our approach, as discussed in the following sections.

### SUPPLY CHAIN

We rely on a range of suppliers and service providers for the products and services we need to run our business. Environmental consulting companies, in particular, are valued partners to help us understand how our buildings are performing and identify opportunities for further improvements. We integrate green building and environmental considerations into our selection of vendors and suppliers.



### COMMERCIAL REAL ESTATE INDUSTRY AFFILIATIONS

- Involvement in commercial real estate associations and organizations provides opportunities for us to interact with our peers, share lessons learned and best practices, and explore ways to work together to bring about positive change. Some of the organizations to which we belong include:
- BOMA (Building Owners and Managers Association International)
- ULI (Urban Land Institute)
- NAIOP (National Association for Industrial and Office Parks)
- SPUR (San Francisco Bay Area Planning and Urban Research Association)
- GWA (Global Workspace Association)
- CREW (Commercial Real Estate Women)
- Lambda Alpha International (LAI Golden Gate Chapter)
- Various local associations and organizations in the communities where we have properties (see page 23)



A foundation of responsible business practices



## Our Commitment and Approach to Sustainability

At The Swig Company, sustainability is about the investments we make today to deliver long-term value to our stakeholders. It is about investing in our people, properties, and communities in ways that benefit us all and the environment.

We integrate responsibility and promote sustainability from the ground up. Beginning with responsible business practices as our foundation, we help create value for all stakeholders through our focus on sustainable building operations and our efforts to elevate tenant experiences and foster thriving communities within our buildings and in the surrounding neighborhoods and cities.

Our portfolio is comprised of ENERGY STAR and LEED-certified buildings that conserve resources, while providing exceptional occupant comfort and inspired experiences. Furthermore, many of the buildings in our portfolio are long-term holds, a strategy in line with the goals of sustainability and reflected in the investments we make in our properties. Our pursuit of innovative solutions that promote sustainability, health, and wellness not only drives financial success but also creates social and environmental value today and well into the future.

## Our Response to COVID-19

While the focus of this report is on 2019, its publication in 2020 compels us to acknowledge the COVID-19 pandemic and how we have navigated this unprecedented situation and continue to do so.

The pandemic has dramatically shifted how people work and utilize office space across the United States and around the world. The safety and well-being of our employees, tenants, and communities have always been a high priority for The Swig Company. In response to this public health crisis, we've taken these commitments to new heights through a proactive, cautious, and flexible approach to ensure the health and safety of our employees, tenants, and visitors.



**Building signage reinforces safe practices and physical distancing**



**Donations of masks and supplies helped protect frontline workers**



**The Swig Company and our industry partners made a combined donation of \$230,500 to SF-Marin Food Bank**

### WITHIN OUR OFFICES AND BUILDINGS

We are collaborating with our valued employees and tenants to get through the situation together. Throughout the crisis, many of our employees have been able to work remotely. Those who have to come into the office have worked in shifts to minimize contact.

Our property teams have worked to ensure that buildings remain open for minimum essential operations and that tenants receive the support they need. Each team continues to coordinate with our tenants to understand their plans so that we can ensure the appropriate timing and level of building services as more employees return to their offices.

We have implemented a range of measures to ensure the health and safety of everyone working in or visiting our buildings, including the following enhancements:

- Updated building policies, procedures, and protocols in line with the latest public health recommendations and state and local requirements
- Enhanced cleaning and sanitation processes
- Adjusted building ventilation and filtration systems to maximize the circulation of fresh air
- Strengthened safety protocols with vendors
- Installed signage to inform tenants and visitors and to reinforce physical distancing

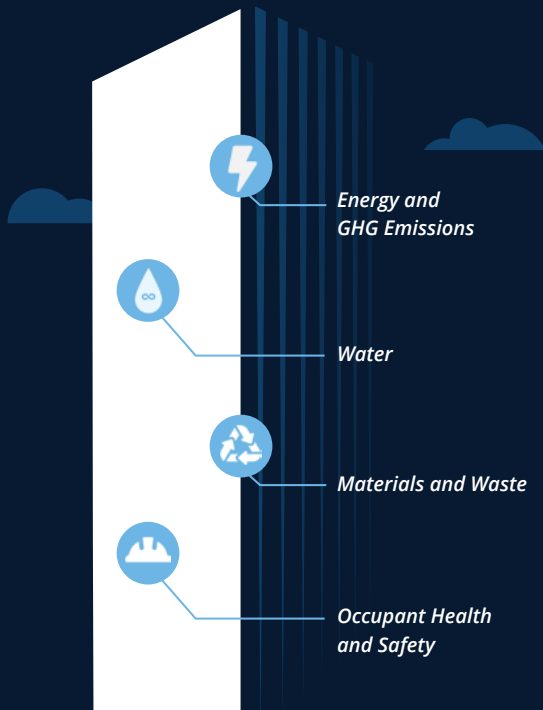
Increased communication and collaboration have also been crucial. We have been providing detailed information and guidance on the practices that are in place to help everyone navigate key areas such as building entries and elevators. In addition, we have been sharing helpful resources, such as work-from-home tips and virtual wellness classes. Our h<sup>3</sup> experiences app (page 19), which is available at three of our properties, has proved extremely useful as a supplemental communication channel.

### IN THE COMMUNITY

The following highlights are some of the ways we have supported our local communities:

- To help frontline workers and others in need, we worked with California Volunteers and other organizations by donating meals and personal protective supplies and equipment such as hand sanitizer and masks.
- We coordinated with industry partners to donate a combined \$230,500 to the San Francisco-Marin Food Bank.
- We supported the Family Giving Tree's back-to-school backpack drive, in which we participated in 2019, promoting the event through our employee donation-matching program, America's Charities, as well as through the h<sup>3</sup> experiences app to invite our tenants and their employees to participate with us.





## Key Impact Areas

The environmental impact of real estate results from the amounts of energy and water consumed, the greenhouse gas (GHG) emissions generated, and the waste streams produced from the inflow of materials and products. Building operations also can affect occupant health and safety. Our sustainability strategies are aimed at improving the environmental performance of our managed portfolio by reducing adverse impacts in these areas.

# SUSTAINABLE AND RESILIENT BUILDING OPERATIONS

## OUR COMMITMENT

**The Swig Company is committed to reducing the environmental footprint of our portfolio.**

Environmental stewardship informs our long-term investment decisions and guides the ongoing operations of our buildings. Our ENERGY STAR and LEED-certified buildings provide exceptional occupant comfort through inspired, environmentally responsible workspaces.

Our steady focus on conservation, efficiency, and responsible practices ensures sustainable building operations and healthy indoor and outdoor environments. We pursue a range of actions both large and small to reduce the environmental footprint of our buildings across multiple areas of sustainability.

## Integrated Environmental Management

We manage the environmental impacts of our buildings through the use of industry-leading standards and certifications, performance management platforms, and tenant engagement. This integrated approach to sustainable, high-performance building operations drives ongoing improvements and innovation.

Dedicated property management teams oversee the maintenance and operations at each property. The use of comfort surveys, which are conducted every one to two years, enable our building engineers to identify and address areas for improvement. We also partner with consulting firms and specialists to help us optimize the environmental performance of our California portfolio.

## BENEFITS OF RENOVATION

The Swig Company invests in existing, often historic, buildings in vibrant urban communities. Our renovation projects extend the building's life and add value by improving efficiency and performance, enhancing its amenities and maintaining desired classic characteristics.



**The average building age is 70 years,  
with ages ranging from 15 to 127 years.**



## Industry-leading Standards for Sustainable Buildings



### LEED

Over the years, we have been pursuing LEED (Leadership in Energy and Environmental Design) certification under the Existing Building Operations and Maintenance (EBOM) system. LEED is a voluntary building certification system implemented by the U.S. Green Building Council (USGBC) that benchmarks performance across multiple sustainability areas.

**8 properties, totaling 77% of portfolio square footage, are LEED certified.**

During LEED certification and re-certification, we work with consulting partners to enhance the property's existing sustainability features and identify new opportunities for advancement. The LEED standards also inform our ongoing sustainability-related policies and practices. We will consider certification at other properties on a case-by-case basis.



### Arc

We use USGBC's performance-based platform Arc, as part of maintaining our LEED certifications. Arc tracks and benchmarks each building's energy and water consumption as well as total carbon footprint. We plan to bring other properties into this system in the coming years.

### The WELL Building Standard

The WELL Building Standard is a leading standard for buildings, interior spaces, and communities seeking to implement, validate, and measure features that support and advance human health and wellness. It was developed by integrating scientific and medical research and literature on environmental health, behavioral factors, health outcomes, and demographic risk factors that affect health with leading practices in building design, construction, and management. As described in the highlight on page 20, the renovation of 633 Folsom Street in San Francisco was designed to meet the WELL Building Standard, and we intend to seek certification of the project in 2021.



### ENERGY STAR

We participate in the U.S. Environmental Protection Agency's ENERGY STAR program to manage and benchmark our performance, as highlighted on the next page.

## Energy and GHG Emissions

### Our Approach

The Swig Company works to reduce the carbon footprint of our properties through a vigilant focus on energy efficiency. Emissions are primarily from natural gas and electricity usage (scopes 1 and 2, respectively) to operate the buildings as well as from tenant consumption and transportation to and from the properties.

Our reduction strategies combine day-to-day building management efforts to optimize performance and investments in high-efficiency equipment upgrades and other innovative solutions with ongoing engagement with our tenants to encourage practices that lower their energy use.

### Pursuing Energy Star Certification

All our managed properties are registered in the ENERGY STAR Portfolio Manager and use the tool to collect energy and water data and to manage and benchmark progress over time. The platform, which is the most widely used benchmarking tool in our industry, scores energy performance based on a nationally representative sample.

In 2019, we worked to achieve and maintain certifications under the more rigorous updated scoring criteria. Our LEED-certified properties consistently achieve high scores due to their low energy usage intensity (EUI) and decreases in energy consumption over time. Our extensive work to preserve and modernize The Mills Building, our oldest building and home to our headquarters, helped it achieve LEED Platinum certification in 2017, and in 2019 it achieved an impressive ENERGY STAR score of 96.

#### ENERGY STAR AVERAGE SCORES

Despite the implementation of a more rigorous scoring system in 2019 that lowered scores for many buildings, our ENERGY STAR scores remained strong.

Property Region	2019	2018	2017
CA Managed Portfolio	80	79	79
Northern California	77	77	77
Southern California	86	85	83

Notes: Scores are calculated by taking the weighted average of each property by square footage.

#### OUR COMMITMENT

The Swig Company is dedicated to reducing our energy footprint to mitigate climate change.



**8 of our managed properties, totaling 56% of portfolio square footage, achieved ENERGY STAR certification in 2019.**

**In 2019, 5 of our properties achieved ENERGY STAR scores of 90 and above.**



## Driving Improvements Through Audits

Energy audits provide regular assessments of our performance and help identify ways we can improve. All our LEED-certified properties undergo energy audits, as required under LEED v2009 (ASHRAE Level I). A professional engineer analyzes the building's energy usage patterns to identify any issues in building operations or equipment. These assessments identify opportunities to improve energy efficiency through no-/low-cost improvements. In addition, three properties (300 Lakeside Drive, The Mills Building, and 501 Second Street) have undergone ASHRAE Level II audits. These more in-depth audits involve greater detail regarding the financial analysis of potential improvements such as capital investment projects to deliver long-term cost savings and reduced energy and emissions.

## Managing Our Carbon Footprint

To manage our carbon footprint, we calculate the GHG emissions for our buildings (see next page). In 2019, we implemented Measurabl as our data management platform to strengthen GHG accounting and reporting across the portfolio.

We have also begun to consider the scope 3 emissions associated with occupant transportation through surveying occupants in select buildings. Through this engagement we can identify ways we can further support transportation options that are healthy for people and the planet.

## 2019 Performance

While gross floor area increased 4.6% between 2017 and 2019, GHG emissions intensity decreased 2.5% during that same period. From 2018 to 2019, like-for-like energy intensity and GHG emissions intensity decreased by 1.3% and 5.8%, respectively.

### ENERGY

Energy Consumption	Absolute Consumption			Like-for-Like Consumption		
	2019	2018	2017	2019	2018	% Change
Total energy consumption (MWh)	57,374	58,493	53,057	56,926	57,668	-1.3%
Natural gas consumption (MWh)	22,442	20,622	17,371	22,170	20,270	9.4%
Electricity consumption (MWh)	34,932	37,871	35,686	34,757	37,398	-7.1%
Energy intensity (kWh/sf)	17.14	17.30	16.58	17.23	17.45	-1.3%

Note: Values for 2017 and 2018 were restated due to increased data coverage at 300 Lakeside Dr. and updated square footage at 6160 Bristol Pkwy.

### GHG EMISSIONS

GHG Emissions	Absolute Emissions			Like-for-Like Emissions		
	2019	2018	2017	2019	2018	% Change
Total scope 1 and 2 emissions (Mt CO <sub>2</sub> e)	11,997	12,795	11,731	11,888	12,617	-5.8%
Gross scope 1 emissions (Mt CO <sub>2</sub> e)	4,075	3,745	3,154	4,026	3,681	9.4%
Gross scope 2 emissions (Mt CO <sub>2</sub> e)	7,902	9,050	8,577	7,862	8,936	-12.0%
GHG emissions intensity (kg CO <sub>2</sub> e/sf)	3.58	3.78	3.66	3.60	3.82	-5.8%

Measured in metric tons of carbon dioxide equivalent (Mt CO<sub>2</sub>e), scope 1 (direct) emissions are from the consumption of natural gas, and scope 2 are indirect emissions associated with purchased electricity.

Note: Values for 2017 and 2018 were restated due to increased data coverage at 300 Lakeside Dr. and updated square footage at 6160 Bristol Pkwy. Emissions for 2019 were calculated based on 2018 eGRID factors. Prior years have not been recalculated.



### GREEN TRANSPORTATION OPTIONS

The urban locations of many of our properties are conducive to the use of public transportation and biking, which lower the carbon footprint associated with occupants traveling to and from the building. We encourage the use of alternatives to single-occupancy vehicles in a variety of ways, including the provision of free shuttle bus service to nearby train and subway stations and amenities such as secure shower rooms, bike parking, and bike repair stations.



## STRENGTHENING BUILDING RESILIENCY FOR A CHANGING CLIMATE

Climate change presents significant risks to our portfolio through impacts that can affect structural components of the building as well as its systems and operations. Long-term shifts in weather patterns and the increasing occurrence and severity of extreme weather events and floods can damage structures and disrupt power and building operations. Slow-moving changes like higher temperatures have the potential to cause historic materials to degrade more quickly. Heat waves can also place stress on cooling equipment, causing it to operate less effectively or requiring it to be replaced sooner than planned.

While we consider location and associated climate-related risks, such as sea-level rise, when evaluating new investments, our long-term hold strategy means that our primary focus is on how best to position our properties to successfully withstand climate events and how to increase their resiliency in the face of a changing climate.

In 2019, we researched best practices to incorporate climate-related considerations into our budgeting and strategic planning processes. Each of our property management teams performs a SWOT (strengths, weaknesses, opportunities, and threats) analysis on their buildings, which includes a category for climate risk. We have been evaluating the risks or vulnerabilities identified at the portfolio and building level along with the mitigation and adaptation measures already in place or available to implement. These efforts will help ensure that capital projects are aimed at strengthening our properties' resiliency to climate change and protecting the overall value of our portfolio.

## Water

### Our Approach

Office buildings consume approximately 9% of the total water use in commercial and institutional facilities in the U.S. (U.S. EPA). Like energy usage, water consumption is a responsibility shared with our tenants. We have responsible water management policies and practices in place to promote efficiency across our portfolio. Our strategies include proactive maintenance, use of water-efficient fixtures and controls, and tenant engagement to encourage water-wise behaviors. Additional approaches include:

- Minimizing water use in the cleaning of hardscape and building exteriors
- Use of water-free cleaning methods where applicable
- Avoidance of harsh chemicals indoors and outdoors
- Utilization of reclaimed water systems for landscaping (see sidebar)

We also track, monitor, and benchmark water use to assess performance over time. Many of our properties are registered through the ENERGY STAR Portfolio Manager, with most achieving indoor water usage levels that are on average 30% less than the baseline calculated by LEED. We will continue to evaluate opportunities to reduce usage further.

### 2019 Performance

While absolute water consumption increased along with gross square footage from 2017 to 2019, water intensity, measured as gallons per square foot, decreased by 7.4% during that period.

Water Consumption	Absolute Consumption			Like-for-Like Consumption		
	2019	2018	2017	2019	2018	% Change
Total water consumption (kgal)	28,810	26,827	27,780	26,991	26,827	0.6%
Water intensity (gal/sf)	9.47	9.87	10.22	9.93	9.87	0.6%

#### OUR COMMITMENT

**As a company with deep roots in California, The Swig Company is dedicated to the stewardship of water as a vital, shared resource.**



#### RECAPTURING WATER FOR REUSE

While our properties have minimal landscape irrigation needs due to their urban locations, we pursue opportunities for water reclamation to meet those needs. Renovations to our 633 Folsom Street property, for example, include plumbing the building for reclaimed water use to preserve this valuable resource.





## Highlight



## Our Rooftops Are Abuzz!

Bees are essential members of healthy ecosystems and global food systems. Unfortunately, in recent years, bee colonies have been disappearing, in part due to something called colony collapse disorder. Although the causes of colony collapse are still being researched, one thing that can help maintain and restore healthy bee populations is the installation of beehives in urban settings.

The Swig Company has partnered with two local providers of beekeeping services, A Bee Well Production and Alvéole, to host beehives on the roofs of some of our buildings. In addition to setting up the hives and monitoring the health of the colonies, these organizations handle the sweetest task of all – harvesting and jarring the honey!

In 2018, we welcomed our first hives at The Mills Building. As a result of the positive experience we had and the interest from our employees and tenants, we expanded the program to other buildings, adding two more hives in 2019 and planning for four additional hives in 2020.

Hosting hives and sharing the honey our bees produce has provided ongoing opportunities to connect and engage with our tenants and employees around the topic of sustainability, particularly with respect to the environment and our food supply. Additionally, in 2020 we will be inviting tenants to participate in virtual educational workshops to learn more about our bees and their hives.



## A “bee-nanza” of pollinators in 2019

**2 buildings | 5 rooftop-hosted hives | ~135K bees supported**

## Materials and Waste

### Our Approach

We aim to reduce overall waste streams and maximize the amount of waste we can divert from landfills. Property management teams pursue strategies to reduce, reuse, repair, and recycle, leveraging building-level approaches with tenant engagement to drive improvements.

#### SUSTAINABLE PURCHASING

We seek to procure products that meet environmental criteria when available and to work with maintenance and janitorial service providers that use sustainable products and materials. Our corporate office buys office supplies from a local business that not only carries a wide range of eco-friendly products but also has a company donation program to support local nonprofits.

#### WASTE MANAGEMENT

We implement a range of responsible practices and work with third-party waste management firms to maximize resource recovery and ensure safe disposal of potentially hazardous materials. In 2019, we hired dedicated waste sorters at The Mills Building to ensure all recyclable waste is kept out of landfills. Our programs are designed to make it easy for tenants to practice sustainable behaviors:

- Building-level and in-suite recycling for aluminum, glass, paper, cardboard, and plastic
- On-site composting
- Collection programs for nonconventional items such as e-waste

#### TENANT ENGAGEMENT

Because most of the waste generated at our buildings is associated with occupant use, we promote responsible purchasing and disposal practices with our tenants through ongoing conversations and awareness-building communications. We educate them on the proper use of available recycling and composting programs and send e-newsletters to share waste audit results and ways we can improve along with tips and facts about the benefits of recycling.

#### IMPROVEMENT THROUGH AUDITS

We contract with a consultant to conduct annual waste audits that measure diversion rates over a typical 24-hour period, evaluate the effectiveness of our strategies and procedures, and recommend ways to improve. The process includes interviews with tenants about their purchasing habits and recycling practices. While audit findings show strong waste diversion rates (see sidebar), they point out that strengthening practices, such as engagement with tenants, could further improve our results.

#### OUR COMMITMENT

The Swig Company seeks to minimize the environmental impact of the materials and supplies that flow into and out of our buildings.



#### IMPROVING OUR DIVERSION RATES

Monitoring audit results over time helps us evaluate how well our efforts to improve diversion rates are working. A comparison of results from 2017 to 2019 at 444 Castro Street suggests a positive trend. The 2017 audit showed a diversion rate of only 28%, compared to the potential diversion rate of 77%, which is the maximum amount of waste that could have been recycled or composted. In 2018 and 2019, similar audits reported the diversion rate had almost doubled to 53% and 54%, respectively.

## OUR COMMITMENT

The Swig Company upholds an unwavering commitment to ensure the health and safety of all who work in and visit our properties.



## Occupant Health and Safety

### Our Approach

Sustainable buildings provide healthy and safe spaces. We consider potential impacts on human health and safety to inform building design and management decisions.

Our approach integrates robust environmental, safety, and security management practices. Formal aspects include policies, procedures, and training with staff and tenants to ensure safe spaces, along with ongoing monitoring and dialogue to help foster a strong safety-first culture.

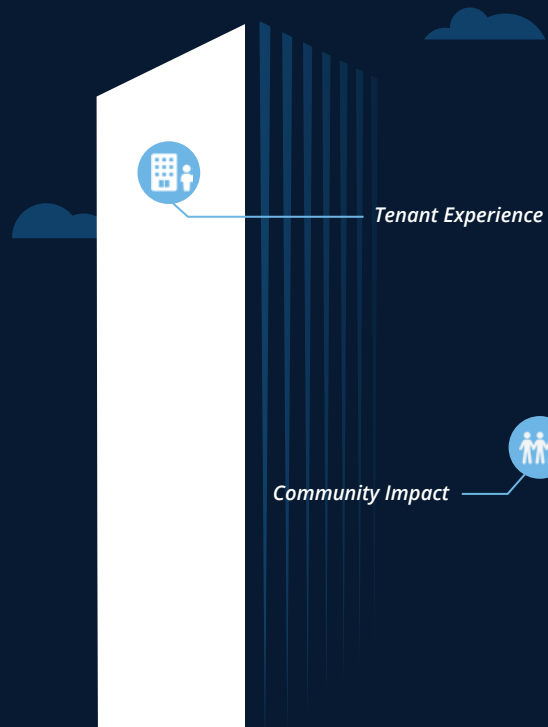
### INDOOR ENVIRONMENTAL QUALITY

Our property management teams work to ensure that the indoor environment of our buildings is compatible with good health through proper ventilation, natural light, and use of nontoxic products. Additional approaches include indoor integrated pest management programs that emphasize prevention above treatment. When necessary, only pest control treatments demonstrated to have minimal impact on human health and comfort are used. We also contract with janitorial service providers that use nontoxic, environmentally responsible cleaning products.

### SAFETY AND EMERGENCY PREPAREDNESS

We have standard policies relating to general safety precautions and augment these with additional training geared toward specific types of incidents, such as power outages.

Communication is key during emergency situations. An increasing number of our properties have automated communications systems that enable occupants to receive emergency notifications directly from the building manager. The rollout of the h<sup>3</sup> experiences app (page 19) has opened an important direct line of communication with tenant employees for day-to-day messaging as well as time-sensitive notifications and emergency updates.



## Key Impact Areas

The Swig Company, our properties, and the amenities we offer can positively influence our tenants and the surrounding communities. Our strategies for promoting social impacts are focused in two main areas: Tenant Experience and Community Impact.

# THRIVING COMMUNITIES

## OUR COMMITMENT

**The Swig Company is committed to promoting positive social impacts for people and communities.**

## Our Approach

We recognize that our long-term success depends on thriving communities, both within our buildings and in the areas in which we invest. In addition to being a supportive neighbor, we strive to make our buildings “vertical villages” where tenants gather to collaborate, socialize, celebrate, and give back.

Creating personalized experiences, offering elevated amenities, and encouraging shared action are some of the ways we help make a positive impact. In this way, we position our properties for maximum benefit to our tenants, communities, and stakeholders.

## OUR COMMITMENT

**We are committed  
to enhancing wellness  
and helping people  
achieve their best.**



## *Tenant Experience*

### **Our Approach**

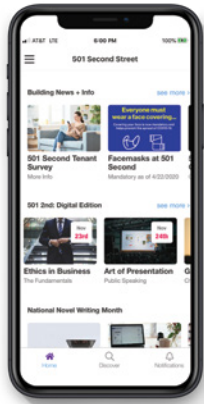
Our sustainable environments and social and wellness amenities have the power to create inspired experiences with multiple positive impacts. That's why we continue to implement innovative thinking and approaches to deliver greater value to our tenants.

In addition to designing flexible workspaces to encourage great work, we provide amenities that make it easier for our tenants to maintain a healthy, balanced lifestyle:

- Fitness centers equipped with showers and lockers
- Healthy building features and environmentally responsible practices
- Outdoor plazas and cafes for downtime and focusing
- Public area lounges and hubs to socialize, connect, and collaborate
- Indoor greenery and rooftop gardens to connect with nature

We are integrating the WELL Building Standard principles and practices into our projects, beginning with our renovation of 633 Folsom Street (see highlight on page 20). The standard explores how design, operations, and behaviors within the built environment can be optimized to advance human health and well-being.

## Highlight



**Members access the benefits of the h<sup>3</sup> experiences program through an app with a building-specific interface.**

## Introducing h<sup>3</sup> experiences

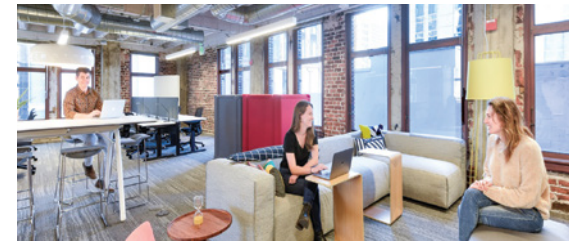
We are driven to make each Swig building feel different and better than any other experience tenants and visitors have ever had. We're constantly evolving our offerings by engaging with our clients to understand what would make life better, and that's why we created h<sup>3</sup> experiences.

h<sup>3</sup> experiences seeks to deliver elevated experiences for work and life, including flexible workspaces, new technology, wellness offerings, sustainable environments, and community programs — all designed to inspire great work and connect people. h<sup>3</sup> experiences members enjoy access to our amenities, events, and services across our entire California property portfolio.

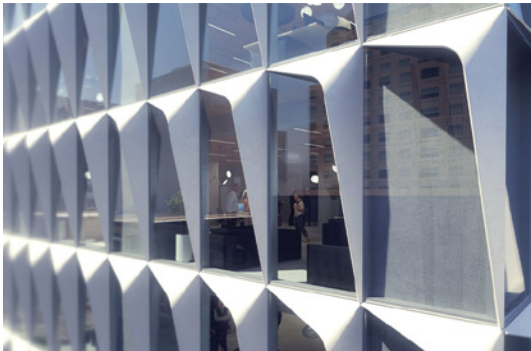
Powered by ever-advancing technology and workspace innovation, all our buildings are designed to anticipate the demands of the evolving workforce and enhance productivity. h<sup>3</sup> experiences creates personalized environments that help individuals be their best through its three pillars: h<sup>3</sup> work, h<sup>3</sup> wellness, and h<sup>3</sup> community:

- With h<sup>3</sup> work, we provide more choice and flexibility with spaces and services to enhance productivity.
- The goal of h<sup>3</sup> wellness is to enliven our tenants with fitness centers, healthy building features and environmentally sustainable management practices, outdoor plazas and cafes for downtime and focusing, and public area lounges and hubs for connecting and networking.
- Through our h<sup>3</sup> community efforts, we create spaces for celebrating and organizing special events, with access to amenities and services throughout our California properties. We also invite our tenants to participate in community service projects with us.

While the h<sup>3</sup> experiences program has been launched throughout California, we initiated a rolling launch of the h<sup>3</sup> experiences app in 2019, starting with 501 Second Street and 444 Castro Street. In 2020, we will continue to introduce the h<sup>3</sup> experiences app one building at a time, beginning with The Mills Building.



## Highlight



## All's WELL at 633 Folsom Street

The WELL Building Standard is the premier standard for buildings, interior spaces, and communities seeking to implement, validate, and measure features that support and advance human health and wellness. In keeping with our goal of designing sustainable environments that encourage great work, we are exploring WELL Building practices and certification for buildings in our portfolio, starting with the renovation of our 633 Folsom Street property in San Francisco.

The building is undergoing a complete redevelopment, which began in 2018. The goal of the project was to achieve both LEED Gold and WELL Building Silver certifications. Originally developed by The Swig Company in 1967, the newly redesigned building will encourage a healthy workday so people can do their best work with better light, better air, and more opportunities to be outdoors.

Perhaps the most striking feature of the renovation is a series of sculpted shades on 633 Folsom's exterior. Created through a custom analytics and engineering process, the finely tuned shades create daylight control so effective the building's windows are 22% clearer than any new building in the city. There's less glare, and blinds can stay open longer for a healthy daylit work experience.

Additional wellness features include:

- Full-height windows on all floors provide up to four extra hours of "blinds-up" time each day.
- A state-of-the-art, high-efficiency mechanical system delivers 100% fresh, outside air to office spaces.
- Daylit stairwells overlooking a garden encourage more activity and social connections.
- Extensive outdoor seating on the street connects people with a vibrant neighborhood scene.
- Bike commuters have access to a secured bike room with a private entrance and parking spots as well as a full locker room with eight showers.
- A dramatic, sustainably planted garden on the eighth floor features seasonal trees for fall color and springtime greens.

## Community Impact

### Our Approach

The Swig Company strives to foster and nurture community. In keeping with the value the Swig family places on giving back, the development and oversight of our community impact programs are top management responsibilities.

Our approach combines property-specific efforts, often in collaboration with our tenants, with companywide initiatives.

### LOCAL ACTION

Our property management teams are empowered to identify needs in their local communities and initiate ways to make a difference. They regularly organize events and activities in which both employees and tenants can give their time, money, and other donations to support local causes. By meeting people where they are with community support opportunities, the company can amplify its impact and serve as a role model.

### COLLECTIVE EFFORTS

Our active involvement in commercial real estate associations and organizations (see page 5) promotes knowledge sharing and enables us to contribute to shared objectives.

### COMPANY INITIATIVES

The Swig Company makes charitable donations to local nonprofits and develops companywide community impact initiatives, as highlighted on the following pages.

We have been working on strengthening and formalizing our community impact programs to support our employees. In 2019, we launched a company matching program for employee charitable donations to increase contributions to nonprofits Swig employees care about. Beginning in 2020, employees will have two paid days annually that they can use for volunteer activities.

In 2019, we continued to develop an internal program we call “Engaging Tomorrow’s Workforce.” The demand for premier office space depends on the availability of a talented, skilled workforce, and we want to help prepare young people for successful, productive careers. Our business model makes us uniquely positioned to offer support in this area by connecting students with opportunities to “shadow” our clients’ employees or participate in internships to learn about different types of companies and professions.

### OUR COMMITMENT

The Swig Company is dedicated to being an active, supportive neighbor in the communities in which we invest.





## Highlight



Fellows celebrate at the 2019 CREATE Gala.



## CREATE-ing a Sustainable Future

It's estimated that the approximately \$1 trillion U.S. commercial real estate (CRE) market supports more than 2 million businesses and employs more than 3.5 million workers. However, the industry, along with many that support it, is aging. The Commercial Real Estate Alliance for Tomorrow's Employees (CREATE) was founded to address the industry's growing workforce challenges throughout the San Francisco Bay Area.

The CRE industry offers a wide array of career opportunities, including building management, construction, design, transactional real estate, and many others. CREATE provides funding and support for college-level instruction, job shadowing, and internship opportunities designed to prepare candidates to meet the hiring needs of building owners, investors, operators, and service firms.

The Swig Company and personnel participate in CREATE in various ways, including board representation, intern hosts, and donors. This includes efforts to increase funding and to expand the Commercial Real Estate Fellows Program, a free, one-year program that prepares students to be job-ready in the commercial real estate market. Fully funded by donations provided by Bay Area commercial real estate companies and vendors servicing the industry, the cohort program runs for two semesters, and each semester features eight sessions, which cover commercial real estate in general and specific topics such as property management, leasing and marketing, asset management, and construction and project management.

CREATE's CRE Fellows Program offers students a chance to learn about commercial real estate principles and their real-world applications through building tours, job shadowing and mentorship opportunities, and professional development workshops and events. The program also helps strengthen professional skills, such as communication and problem-solving, that are in demand for any field. One of the most valued benefits is the network of peers, mentors, and industry leaders the fellows build.

The Swig Company seeks to include at least one CREATE participant in our internship program, which typically hosts two to three interns each summer. The interns rotate through property management, engineering, accounting, and asset management, and spend time with the executive team, so they gain a well-rounded understanding of the many aspects of the business. Each intern generally starts at The Mills Building and has the opportunity to spend time at one of our building management offices.

## Highlight



**Life Learning Academy students learn valuable culinary skills, which they put into practice to prepare for the pie sale.**

## Helping At-Risk Youth

For 22 years, San Francisco's Life Learning Academy (LLA) has been helping at-risk youth succeed, teaching them life skills, assisting with college readiness, ensuring students have safe transportation to school, and, as of 2019, providing on-campus housing for up to 24 students. The Swig Company's involvement with LLA began in July 2019.

As part of the culinary arts program, and under the supervision of LLA's trained chef and other staff, 10 students baked pies and then offered them for sale in the lobby of two of our buildings. Approximately 20 pies were sold at the Thanksgiving pie sale at 501 Second Street, and about 40 pies were sold at the Christmas pie sale at The Mills Building. The event provided students with the opportunity to experience working as part of a successful small business operation, from growing the apples in the school garden to budgeting for the ingredients, pricing the pies to yield a profit, working collaboratively to make the pies, and engaging with customers to sell the fruits of their labor. The proceeds from the pie sales supported LLA's organic farm and culinary academy.

***"Selling the pies was a fun experience. Making them was hard work but it paid off. I was glad to meet new people and get a chance to sell our pies. I hope everyone liked them!"***

**- Laura, age 15, a Life Learning Academy student**

### ORGANIZATIONS SUPPORTED THROUGH 2019

- Alameda Food Bank, Oakland
- Bryant Park Corporation, New York
- Children of Shelters, San Francisco
- Children Today, Los Angeles
- Commercial Real Estate Alliance for Tomorrow's Employees (CREATE)
- Girls Inc., Alameda County
- Lake Merritt-Uptown Oakland Community Benefit Districts
- Life Learning Academy
- Mountain View Art & Wine Festival
- Notre Dame Des Victoires Student Choir, San Francisco
- Oakland Metropolitan Chamber of Commerce
- Oakland Museum of California
- Simply the Basics, at multiple locations
- Toys for Tots, at multiple locations
- Unsheltered Navigation Center Structures and Services, Oakland
- Various organizations for art exhibitions and installations, at multiple locations

## ACKNOWLEDGEMENTS

We would like to extend our appreciation to all The Swig Company colleagues and partners who contributed their time and expertise to the development of this report.

Photos on pages 22 and 23 are courtesy of CREATE and Life Learning Academy, respectively.

## REFERENCES

[Page 13] U.S. Environmental Protection Agency. 2012. "Saving Water in Office Buildings." <https://www.epa.gov/sites/production/files/2017-01/documents/ws-commercial-factsheet-offices.pdf>

[Page 22] IBISWorld. 2020. "Commercial Real Estate in the US Industry Trends (2015-2020)." <https://www.ibisworld.com/united-states/market-research-reports/commercial-real-estate-industry/>

## REPORTING INFORMATION

The 2019 data reporting boundary covers managed properties owned and in operation for more than six months in the report period. It excludes two single-tenant properties under net-lease arrangements. For 2019, excluded managed properties consist of 6160 Bristol Parkway, which was sold in February 2019, and 633 Folsom Street, which was under major renovation during the full report period. Performance data for 945 Bryant Street, which was purchased in April 2019, is included.

In developing this initial report, we applied guidance from two leading sustainability frameworks: the GRI Sustainability Reporting Standards and the GRESB 2020 Real Estate Assessment Guide. The report references and partially responds to GRI 103: Management Approach 2016 for key environmental and health and safety topics and 302: Energy 2016 and 304: Emissions 2016 for performance data. GRESB informed reporting on environmental impacts and tenant engagement. We plan to increase our application of these frameworks in future reports.

## CONTACT US

We welcome your feedback on this report and our sustainability efforts. Please email us at [info@swigco.com](mailto:info@swigco.com).

