



**BUILDING FOR THE  
NEW ECONOMY**

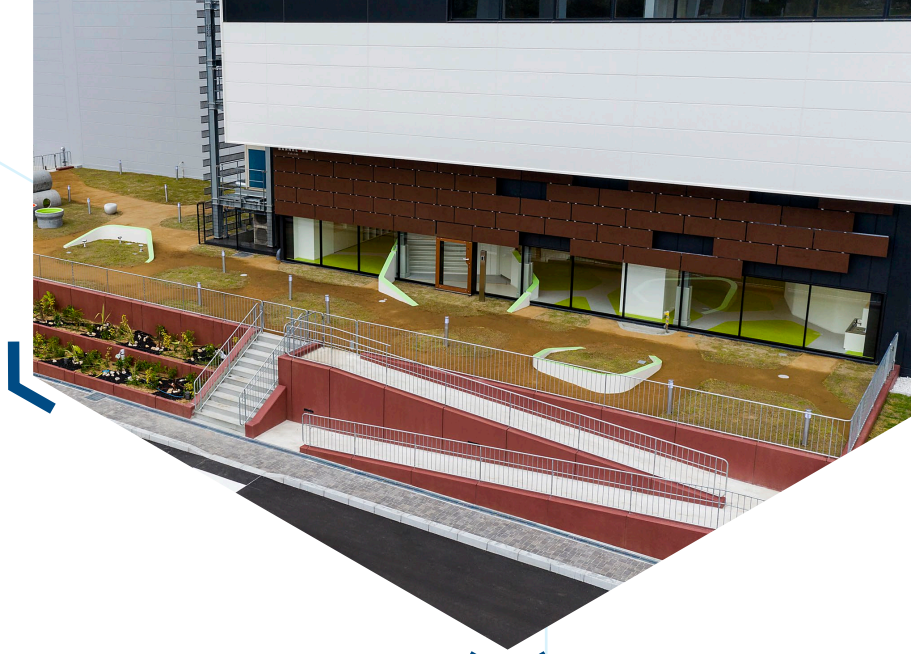
**Environmental,  
Social and Governance  
Report 2020**

**ESR Cayman Limited**

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1821





Welcome to our first standalone  
Environmental, Social and Governance  
Report for ESR Cayman Limited  
together with its subsidiaries  
("ESR" or the "Group").







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## Our Vision for Sustainable Development



**ESR's vision for sustainable development is to enhance shareholder value while contributing positively to society and the environment. »**

### MESSAGE FROM OUR CHAIRMAN Jeffrey David Perlman

Welcome to ESR's second Environmental, Social and Governance (ESG) report covering our first full year of operations post-IPO.

When COVID-19 emerged with force around the world, we all made adjustments in the way we work and engage with one another. Many of us gained new-found insight and respect for what is really most important in our personal and professional lives. Climate change and other environmental and sustainability issues are clearly becoming defining factors for future prosperity of businesses, communities and economies.

New economy infrastructure is more important today than ever before as a

result of transformational behaviour changes associated with the global pandemic. As Asia Pacific's leading logistics real estate platform, we are excited to play our part in creating advanced, modern facilities that will support our global and domestic customers to respond to the rapidly evolving demands and expectations of Asian consumers in the era of e-commerce.

ESG principles have long been at the heart of our business. ESR's vision for sustainable development is to enhance shareholder value while contributing positively to society and the environment through a responsible investment approach and culture of strong corporate governance. In November 2020, we

were proud to launch our five-year ESG Roadmap, which outlines the strategic elements of our approach to realising this vision.

The roadmap sets out our focus areas and targets across three ESG pillars — Human Centric, Property Portfolio and Corporate Performance — and outlines our strategies for achieving better gender equality, enhancing workplace safety and reducing energy consumption, while continuing to invest in local communities. On behalf of the Board, I encourage you to read on to learn more in this report. We welcome your feedback and continued support.



## Our Vision for Sustainable Development

**We believe the new economy can and will be built back by purpose-led and responsible businesses such as our own, which are committed to 'doing the right things in the right way'. >>**



### MESSAGE FROM OUR CO-FOUNDERS and CO-CEOs Jinchu Shen and Stuart Gibson

ESR aspires to be the leading logistics real estate platform in Asia that sets the standard for sustainable development of our industry.

ESR's ESG framework reflects our purpose to provide customers with sustainable and innovative solutions. Without downplaying the seriousness of unprecedented challenges that have impacted lives and livelihoods around the world, there is a silver lining to the global COVID-19 pandemic: We believe the new economy can and will be built back by purpose-led and responsible businesses such as our own, which are committed to 'doing the right things in the right way' in order to transform the future for the better.

In these tumultuous times, logistics infrastructure plays a vital role in keeping supply chains – and the economies and communities that depend on them – running. Because we perceive sustainability to be a critical driver of our future growth, here at ESR we are working hard to achieve greater transparency and accountability for the environmental, social and governance impacts of our business.

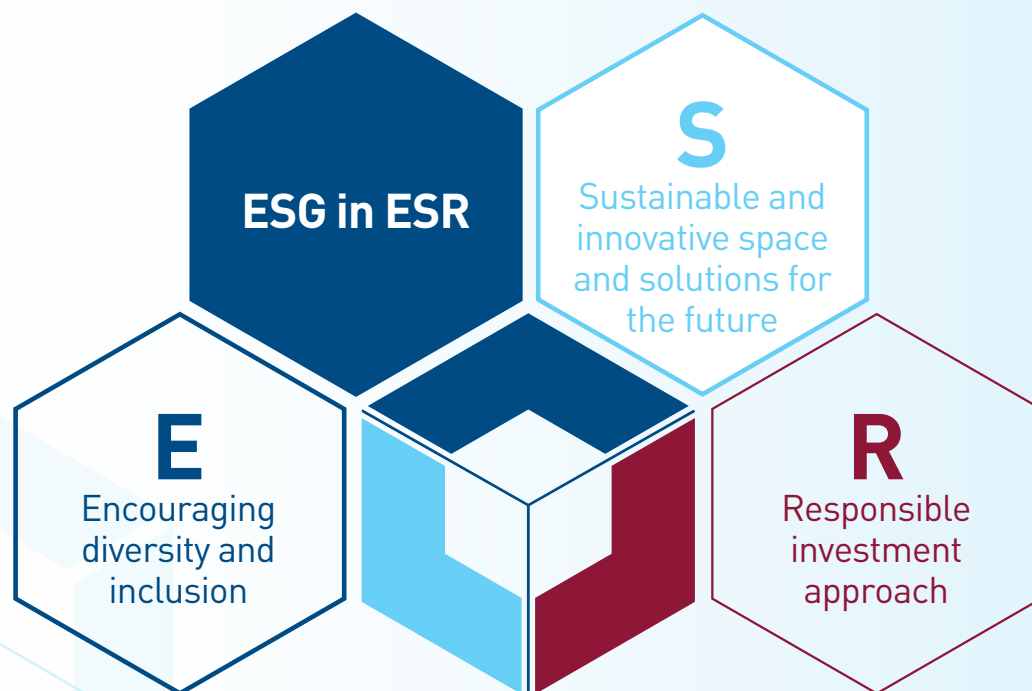
Not that long ago, logistics real estate was considered pretty standard; delivering big basic sheds for clients. This is no longer the case and we are using innovative technology to get, and stay ahead of the pack. For ESR, technological innovations are a way of improving our customers'

operations, creating more sustainable and efficient businesses, while also providing a human-centric environment for our customers.

Looking forwards, we recognise there is a long way to go on our journey and the next five years will be instrumental. We are excited about embracing opportunities for continuous improvement.

## Our Vision for Sustainable Development

### Our Sustainability Commitments



Provide best in class logistics facilities for the new economy



Embrace smarter ways to reduce our environmental impact aligned with recognised sustainable design and construction standards



Create inclusive, safe and healthy working environments; promote the well-being of people in our supply chain



Enhance gender balance by empowering women in our workforce



Engage proactively with stakeholders, in particular our employees, tenants and suppliers in the areas of health and safety, sustainable procurement and resilience



Contribute positively to our local communities



## Our Vision for Sustainable Development

### HIGHLIGHTS FOR 2020

The content of this report aligns with ESR's ESG Roadmap, which was launched in November 2020.

#### Human Centric

**20%**

Hire Rate – 118 new hires in 2020

**36%**

Female participation rate  
(share of women among all employees)

**+10.9**

Net Promotor Score – indicates our people are happy  
here at ESR

#### Property Portfolio

**35 MW**

Installed rooftop solar power capacity

**58**

Certified sustainable buildings in our portfolio

**70%**

of GFA completed in 2020 has been certified by  
recognised sustainable building standards or the  
certification process is underway

#### Corporate Performance

##### New corporate policies formally endorsed by the Board

- ESR Group ESG Policy
- ESR Group Supplier Code of Conduct
- ESR Conflict of Interest Policy

Focus on Third-Party Compliance  
ESR ComplianceDesktop® Automated Third-Party Due  
Diligence Workflow — fully implemented across all  
markets

### ABOUT ESR

We are a leading Asia Pacific-focused integrated logistics real estate platform headquartered in Hong Kong SAR with operations spanning the People's Republic of China (PRC), Japan, South Korea, Singapore, Australia and India.

### Our activities encompass three core business areas



#### Investment

Completed properties, co-investments, REITs managed  
by teams in Singapore, South Korea and Japan, and  
other investments.



#### Fund Management

Single interface for capital partners to invest in  
premium logistics properties at all stages of the  
property life cycle.



#### Development

Integrated end-to-end technical services spanning the  
full development cycle from land sourcing through to  
design, construction and leasing.

## Our Vision for Sustainable Development

Our Pan-Asian network continues to expand

**20.1 million sqm<sup>1</sup>**

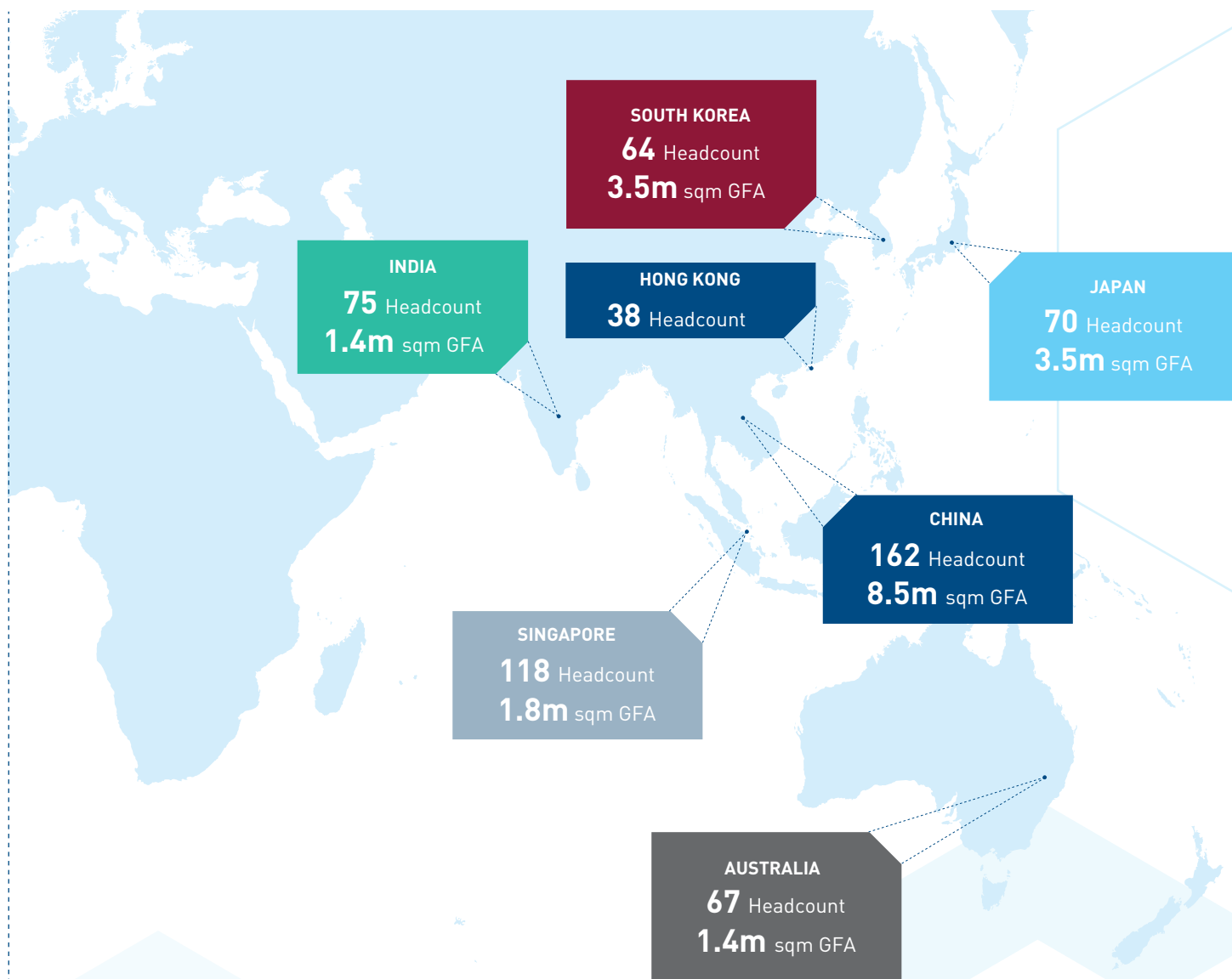
Gross Floor Area (GFA)

**594**

Headcount of industry-leading experts

**336**

Properties across six regions in Asia Pacific



Note:

1 Consisting of approximately 11.8 million sqm of GFA of completed properties, approximately 4.6 million sqm of GFA of properties under construction and approximately 3.7 million sqm of GFA to be built on land held for future development as of 31 December 2020.



## Our Vision for Sustainable Development

### COMBATING COVID-19 TOGETHER

2020 was a year of unexpected challenges arising from the global COVID-19 pandemic. With thanks to the dedication of our workforce and support from our stakeholders, ESR has demonstrated extraordinary resilience; maintaining continuous operations while safeguarding our people and assets.

During the year, we implemented enhanced safety measures in facilities under our management, including regular cleaning of common areas and staff training, especially for security personnel.



Increased frequency of sanitising high contact public areas



Temperature screening of all visitors

On construction sites for our development assets, we worked with contractors to implement temperature screening and enhanced hygiene protocols. These include hand-washing and compulsory wearing of facemasks in accordance with local guidelines and regulations.

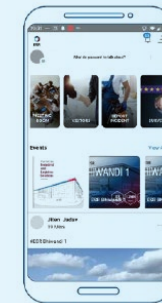
We continue to work closely with our tenants to ensure effective communication about COVID-19 prevention and control. Recognising adverse effects of business disruption on some tenants, our local teams evaluate and approve rent-relief requests on a case by case basis.

### WE ARE EMBRACING TECHNOLOGY TO KEEP PEOPLE SAFE

In some ways, digital transformation has emerged as a silver lining of the COVID-19 crisis. In 2020, ESR India launched a mobile application developed by Smarten Spaces to help combat spread of the disease by facilitating contactless entry and exit for workers and visitors at our facilities.

The launch of this app is a remarkable step towards digitally managed spaces, contactless facilities, and better tenant experiences. In addition to digital submission of mandatory health declarations and thermal temperature scans, AI technology

helps to detect anomalies and monitor social distancing. Users of the app also receive regular updates on schedules for deep cleaning, government guidelines, and other information about COVID-19 prevention from credible sources.



#### Responsive features for Covid-19 prevention

- Contact less visitor entry with health declaration.
- Covid-19 hotline for emergencies.
- SOP's & FAQ's for safer parks.
- Manage social distancing.
- Digital tracking & management of service requests.



### SUPPORTING LOCAL COMMUNITIES THROUGH CHALLENGING TIMES

While ESR has been fortunate to experience limited disruption to our business from the COVID-19 pandemic, colleagues in our offices around the region have been deeply impacted by the human cost of this disease on local communities. We are reaching out to support local communities through these challenging times.



ESR India donated 15,000 kg of rice to local communities in Chennai whose livelihoods were severely disrupted by the national lockdown. Amid widespread concern about shortage of medical supplies, we also donated a multi-functional emergency ventilator to the M W Desai Hospital in Mumbai.

In Japan, ESR is playing a supportive role in the logistics chain for COVID-19 vaccines. Under license from local authorities, vaccines are being stored at an ESR facility in the Osaka/Kansai region. The first batch of 35,000 vaccines was delivered in early March 2021.

## Our Vision for Sustainable Development

### ESG @ ESR

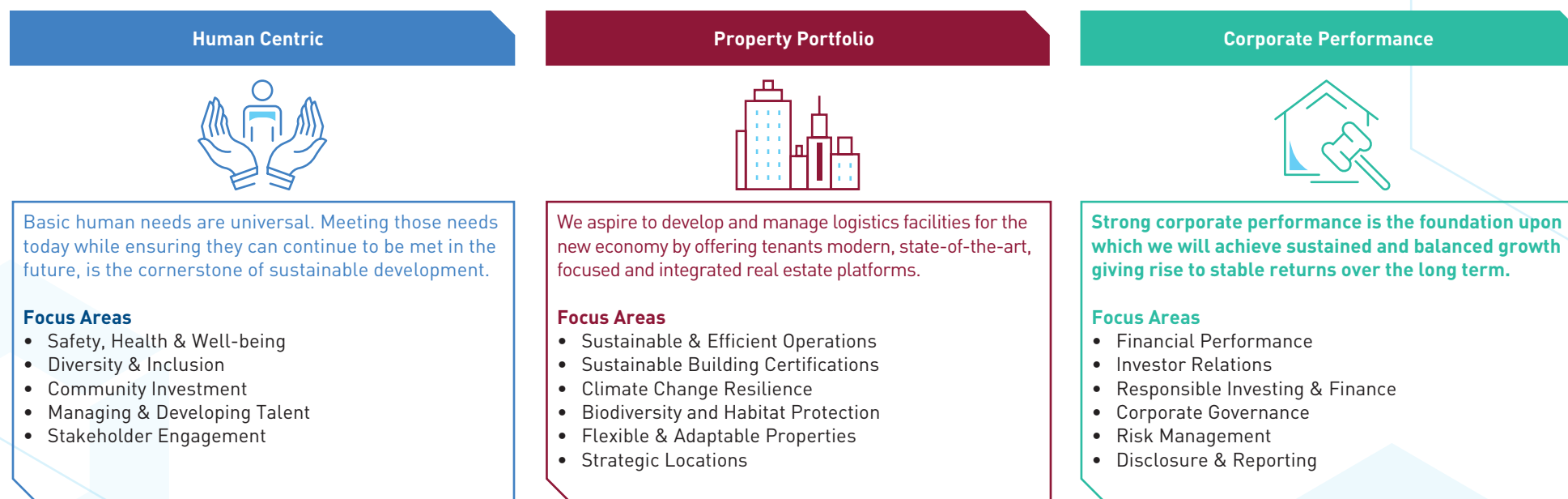
**'Sustainable business' means integrating ESG considerations into every aspect of decision making.**

ESG is integrated into the key processes of ESR's daily operations and decision making. Our leadership teams are studying best practices, setting goals and monitoring performance to facilitate continuous improvement across every market in which we operate.



### ESG FRAMEWORK

Our ESG Framework organises material ESG topics for our business into 17 Focus Areas under three pillars. Strategic initiatives and targets are in place for each focus area. This report provides an overview of our management approaches, as well as a status update on our performance.



ESR's vision for sustainable development and ESG Framework aligns with the United Nations 2030 Agenda. We've identified six United Nations goals toward which we feel we can make the most meaningful contribution.







### ESG IN ACTION

ESR Amagasaki DC is a landmark logistics warehousing project with a GFA of 388,570 sqm located in the Greater Osaka Metropolitan area. Completed in June 2020, it exemplifies many aspects of ESR's ESG Framework in action.



#### Stakeholder Engagement

28-month build project in collaboration with leading local partners.

- Taisei Corporation (Architect)
- Taisei Joint Venture (Contractor)
- Takato Tamagami Architectural Design, Ltd. (Amenity Space Designer)
- Mio Watanabe Design Office, LLC. (Landscape Designer)



#### Sustainable & Efficient Operations

Full array of sustainable elements mitigate environmental impacts.

- Energy-saving features
- Onsite solar power generation
- Green spaces
- EV charging facilities



#### Green Buildings

Sustainability credentials certified by leading industry bodies.

- Comprehensive Assessment System for Built Environment Efficiency
- Association for Business Innovation in Harmony with Nature and Community



#### Flexible & Adaptable

Six-storey distribution centre epitomising the highest specifications for modern logistics.

- 5.5m clear height
- 1.5 ton/sqm floor loading
- 418 truck berths
- Cargo elevators and vertical lifters



#### Strategic Location

Exceptional access to Osaka CBD, large national ports and international airports.



#### Reporting & Disclosure

Part of ESR's Redwood Japan Logistics Fund II Limited Partnership (RJLF II) portfolio, which scored 4 out of 5 green stars in GRESB's 2020 Development category.



## “We built ESR Amagasaki DC with a human-centric design concept to promote the well-being of our customers and their workforce while making positive changes in the broader community.” >>

### Human-centric features exemplify our design philosophy

ESR Amagasaki won the Gold Award for “Best Infrastructure, Community & Civic Building” at the MIPIM Asia Awards 2020. This category encompasses all facilities and services that stimulate economic growth and improve quality of life, including airports, hospitals, cultural centres and stadiums, as well as logistic centres.



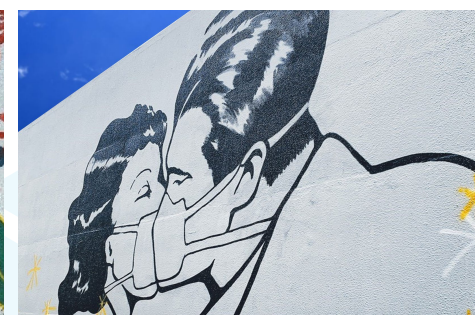
It is therefore unsurprising that at opening, 70% of ESR Amagasaki was pre-leased to some of ESR's largest global tenants. Employees of our tenants can enjoy a wide range of amenities, including BARNKLÜBB day-care centre for children of on-site workers and KLÜBB leisure facilities, including KLÜBB lounge and KLÜBB shop.



### 1,000-metre long sea wall provides protection from tsunami

Japan has a long history of overcoming devastating natural disasters, giving rise to some of the world's most effective approaches to operational resilience.

The sea wall at ESR Amagasaki wall has been designed not only to safeguard the lives and property of our employees, tenants and local community, it also gives expression to their creativity. Many have contributed to decorating the wall with stunning images in bright colours.







## HUMAN CENTRIC

The first pillar of our ESG framework focuses on social impacts of our operations; specifically those associated with employment, engaging our tenants and investing in local communities.

### Focus Area

**Safety, Health & Well-being**

**Diversity & Inclusion**

**Community Investment**

**Managing & Developing Talent**

**Stakeholder Engagement**

### Target

Zero workforce fatalities

40% overall female participation in our workforce by 2025

Launch ESR Community Engagement Programme

Launch ESR Employee Engagement Programme

Launch ESR Tenant Engagement Programme

### Status

This target was achieved in 2020.

In 2020, the share of women among all employees was 36%, up from 35% in 2019.

Work in progress

Baseline surveys have been completed; we are now working on the development of an action plan.

Baseline surveys have been completed for our operations in Australia, China, India and Japan.





## STAKEHOLDER ENGAGEMENT IS INTEGRAL TO THE WAY WE DO BUSINESS

COVID-19 has highlighted the vulnerability of businesses and communities worldwide. We need resilient organisations with clear vision and purpose to take the lead on building back better.

At ESR, we work closely with our stakeholders, both internal and external, to achieve shared business goals that align with our core values. Constructive engagement is integral to our daily business. In order to strive for continuous improvement, we must hear and reflect upon the views of key stakeholder groups, consider the performance of our peers and keep up to date on the latest developments and technologies relevant to our industry.

### Community

Contributing positively to sustainable development of local communities is integral to our corporate vision. As part of our ESG framework, we have set ourselves the goal of creating a coordinated, Group-wide Community Engagement Programme that will tie various initiatives from our local offices together into a coherent approach.

### Shareholders, capital partners and investors

ESR is fortunate to receive backing from some of the world's preeminent investors such as APG, SK Holdings, JD.com, CPP Investments, Oxford Properties, PGGM and Ping An. We cultivate strong and sustainable relationships with our capital partners, including shareholders, investors, analysts and fund managers, by providing regular and relevant information on corporate and business developments.

We also recognise increasing demands from this stakeholder group for comprehensive disclosure around ESG-related risks and opportunities, particularly those related to climate change.



### Employees

Times like these reinforce the fact that people are our most important asset. Our people have been fundamental to the Group's resilience and agility during the pandemic. Attracting and retaining the right talent is key to our continued success.

Three out of five focus areas in this pillar of our ESG framework address various aspects of human resource management, including Safety, Health & Well-being, Diversity & Inclusion and Managing & Developing Talent.

### Tenants

3PL and e-commerce businesses account for 64% of our tenant base. The remainder comprises brick-and-mortar retailers, manufacturers, cold-chain logistics and others. What all these highly-valued tenants have in common is the need to be closely connected to their customers in order to operate highly efficient supply chains.

ESR's role is to provide sustainable and innovative solutions. Our property managers are responsible for upholding the high standards expected of our facilities throughout the region. They engage with tenants and liaise closely with vendors in our managed properties to oversee security, cleaning, repairs and other maintenance.

## PEOPLE ARE OUR GREATEST ASSET

We will continue to grow our diverse and professional workforce through recruitment, hiring, retention and talent development. As our platform expands, we are increasing our efforts to achieve greater cross-function integration and continuous development. ESR's local offices ensure full compliance with relevant employment and occupational health and safety laws and regulations in all relevant jurisdictions.

### Safety, Health & Well-being

We recognise that health and well-being is a core enabler of organisational performance. We commit to providing safe workplaces and promoting holistic well-being, including facilitating good work-life balance. We also work closely with our supply chain to ensure that employees of our contractors enjoy acceptable standards of safety and health protection as specified in our [Supplier Code of Conduct](#).

In November 2020, 93% of ESR's employees participated in our first Health & Well-being Survey to help us gain insight into workers' perceptions of working conditions, culture and environment in our local offices and headquarters. 49% of respondents overall scored the company "very high" on support for safety, health and well-being. 72% agreed that their jobs facilitate work-life balance and 83% are satisfied with their physical working conditions.

### Managing Stress and Working from Home

When we surveyed our employees in November 2020, 83% of respondents expressed satisfaction with ESR's work from home arrangements during the pandemic.

To help keep our colleagues healthy in mind and body during this challenging period, we delivered a series of virtual learning sessions to explore how meditation and relaxation exercises can be woven into daily work/life routines and to address the impact of working from home on nutrition, including tips on maintaining muscle mass and avoiding unwanted weight gain.

### Diverse workplaces free from discrimination

At 36%, women are under-represented in our workforce, particularly at senior management levels, reflecting social and cultural norms for our industry in the Asia Pacific region. ESR strives to redress the gender balance through policies and procedures for attracting, encouraging and supporting female candidates and employees.

We are leading the way at our Hong Kong Headquarters and ESR-REIT in Singapore, where women comprise 63% and 67% of our workforce, respectively.



## Women in our workforce

**28%**

Senior Management  
up from 23% in 2019

**33%**

Middle Management  
decline from 41% in 2019

**53%**

General and operational staff  
up from 40% in 2019

## #ChoosetoChallenge

Celebrating the Women of ESR | Empower • Support • Respect



International Women's Day 2021

#IWD2021 #ChooseToChallenge

On 8 March 2021, ESR embraced International Women's Day as an opportunity to promote gender inclusivity in the real estate sector in Asia by celebrating the women who work at ESR.

We also participated in a virtual event hosted by the Asia Pacific Real Estate Association (APREA) on the theme #ChooseToChallenge.

## AN EMPLOYER OF CHOICE

### Career Progression

We support and encourage our employees to fulfil their career potential. Performance management processes are in place to facilitate timely and constructive dialogue between managers and their team members. In 2020, we made a number of promotions and new hires for key senior executive positions. Our approach to leadership development combines formal training with mentoring and career coaching.

### Culture of Active Learning

We encourage our employees to participate in formal training related to their roles complemented by on-the-job experience. Regional offices cover employee training expenses for professional membership and examination fees, as well as participation in external training programmes and industry conferences.

### Total Rewards Strategy

We review remuneration annually to reflect individual performance and the market value of relevant skills and experience. Beyond mandatory requirements in local employment law, our local offices offer a range of benefits from paid vacation, medical and family leave, to insurance and retirement saving schemes.

## ESR CARES. WE WANT TO KNOW ABOUT WHAT OUR PEOPLE THINK AND HOW THEY FEEL.

In November 2020, we engaged an independent consultant to conduct our inaugural Group-wide Employee Engagement survey in order to help us benchmark the level of employee engagement across our organisation and to inform our approach going forwards.

### Key drivers



### Key Outcomes

**517**  
Respondents

**89%**  
Response Rate

**75.7** out of 100  
Overall Satisfaction Score

**+10.9**  
Net Promoter Score

Overall, the findings reveal that ESR provides a conducive environment for people to fulfill both personal and professional goals. Survey respondents expressed high levels of confidence in ESR's well formulated and executed business strategy as well as in our leadership's capability to respond to business challenges.

However, we recognise there is room to improve communication within the workplace. We are responding to this feedback by introducing more regular team meetings and local or regional office conferences to update our employees in a more timely and comprehensive way about business developments. We will also explore more training and learning opportunities to promote internal knowledge sharing.



### SEEDING POSITIVE CHANGE IN OUR COMMUNITIES

**An essential aspect of our corporate culture is contributing positively to the communities in which we operate.**

Our regional offices participate in a range of community investment activities in partnership with local organisations to support environmental and social causes. In accordance with our Code of Conduct, all charitable donations and sponsorships provided by the Group must be compatible with our commitment to operating in an ethical manner, and prior approval must be obtained from our Legal and Compliance team.

ESR India aspires to promote health, hygiene and education in order to uplift the livelihoods of local community members and migrant workers living in the vicinity of our logistics parks. In addition to building sanitation facilities in nearby villages and schools as part of the Prime Minister's Swachh Bharat ('Clean India Mission'), we also help to operate small dispensaries that stock basic medical provisions.

ESR India has also pledged to plant 3,000 trees in order to contribute to greener surroundings and at our ESR Sohna site south of Gurugram, we have dedicated an acre of land for organic farming.

In Japan, we operate children's day-care centres known as BARNKLÜBBS in our distribution centres that exceed 100,000 sqm. These facilities are run by licensed child-care providers in order to improve access to vital services for employees of our tenants and other families in the local community. This not only helps our customers to attract and retain the talent they need – particularly working mothers – but also helps to provide a boost to the local economy by facilitating higher female participation in the workforce and enhancing the productivity of working parents.



Tree planting at ESR Sohna in support of ESR India's Green Movement.



Beautiful family-friendly facilities available for employees of our tenants and the local community at BARNKLÜBB of ESR Kuki Distribution Centre.

## DESIGNED WITH OCCUPANTS IN MIND

**Human-centric design and amenities differentiate the working environment in modern logistics facilities compared with traditional warehouses.**

Technology, coupled with superior design and good understanding of the needs of our tenants and their workers, helps us to improve the usability of our modern logistics centres. We strive to achieve optimal temperature, air quality and lighting while at the same time incorporating modern amenities, such as canteens and recreation areas.

Optimal space	Efficient loading and parking	Secure storage	Customisability	Active design	Active transit
<ul style="list-style-type: none"> <li>large floor plates</li> <li>high ceilings</li> </ul>	<ul style="list-style-type: none"> <li>comprehensive safety designs</li> </ul>	<ul style="list-style-type: none"> <li>surveillance systems</li> <li>proper ventilation</li> <li>fire-fighting features</li> </ul>	<ul style="list-style-type: none"> <li>office space</li> <li>air-conditioning</li> <li>refrigeration/freezing</li> </ul>	<ul style="list-style-type: none"> <li>staircases that are easily accessible and aesthetic</li> </ul>	<ul style="list-style-type: none"> <li>bicycle storage</li> <li>shower and locker facilities</li> </ul>

### It's the small things that make a big difference

In 2020, we implemented various improvements in follow up to a survey of our tenants at eight Distribution Centres across Japan specifically targeting the views and expectations of warehouse workers. We wanted to know what additional facilities or services we can offer to improve their experience of commuting, working, resting and eating in our properties on a daily basis. The results have provided invaluable insight into small things that can make a big difference.



A food truck expands the selection of lunch and snack-time options for hungry workers at ESR Toda Distribution Centre.



Bicycle tyre pumps give a boost to commuters at Amagasaki, Fujiidera, Kuki, Ichikawa and Namamugi Distribution Centres.



Special dispensers installed in the KLÜBB lounge at ESR Kuki Distribution Centre provide convenient and hygienic access to hot water for making instant noodles.



**19th Rooftop/Wall Greening Technology Contest by the Organisation for Landscape and Urban Green Infrastructure (2020)**

Chairman's Award, ESR Ichikawa Distribution Centre, Japan







## PROPERTY PORTFOLIO

The second pillar of our ESG framework focuses on environmental impacts within ESR's control or significant influence arising from design, construction, maintenance and daily operations of our assets.

Focus Areas	2025 Targets	Status
<b>Sustainable &amp; Efficient Operations</b>	50% increase in solar power generation capacity	At the end of 2020, our total installed rooftop solar capacity across all markets was 35MW. We must add about 3.5MW on average each year over the next five years in order to exceed 52MW of solar power generation capacity (a 50% increase) by 2025.
	20% reduction in energy consumption intensity	Having established this ambitious Group-wide target, our local offices are working to identify and implement appropriate strategies in each market. In 2020, for example, ESR-REIT Singapore announced ambitious energy management targets for multi-tenanted buildings.
<b>Sustainable Building Certifications</b>	50% of our portfolio to obtain Sustainable Building Certifications	70% of GFA completed in 2020 has been certified by recognised sustainable building standards or the certification process is underway.
<b>Climate Change Resilience</b>	Alignment with Recommendations from the Taskforce on Climate-related Financial Disclosures (TCFD)	We have engaged MSCI to embark on a climate impact study that will assist us to formulate the Group's strategic approach to climate adaptation moving forwards.
<b>Flexible &amp; Adaptable Properties</b>	Design, construction and maintenance approaches to reduce material degradation	Quantitative targets to be developed.
<b>Strategic Locations</b>	Building and expanding modern logistics facilities in key locations	

### WE EMBRACE SMARTER WAYS TO REDUCE THE ENVIRONMENTAL IMPACT OF OUR PORTFOLIO.

In order to continually improve the performance of our modern logistics facilities in accordance with our ESG Policy, we work closely with our customers, investors, contractors and local authorities to proactively review and implement the latest innovations in real asset design, construction and operations, internationally recognised sustainable design and construction standards.

Site selection	Owner programme requirements	Integrative design	Sustainable construction	Continuous improvement
<ul style="list-style-type: none"> <li>Enhanced connectivity</li> <li>Remediation of brownfield sites</li> <li>Avoidance of environmentally sensitive areas</li> </ul>	<ul style="list-style-type: none"> <li>Compliance with governing codes</li> <li>Adoption of green building standards</li> </ul>	<ul style="list-style-type: none"> <li>Visual comfort &amp; natural ventilation</li> <li>Resource-efficient technologies</li> <li>Sustainable materials</li> <li>Resilience to wear and tear</li> </ul>	<ul style="list-style-type: none"> <li>Erosion and sediment control</li> <li>Responsible waste management</li> </ul>	<ul style="list-style-type: none"> <li>ESR Future Solutions Group</li> <li>Asset enhancement initiatives</li> </ul>

## SUSTAINABLE AND EFFICIENT SOLUTIONS

Investing in technologies that improve efficiency and environmental performance are good for the planet as well as our bottom line.

Mechanical, electrical and plumbing systems and equipment play a vital role in optimising our buildings' energy and water use. We implement new construction projects and refurbishments with resource-efficient technology and responsibly sourced materials that will reduce their lifetime ecological impact. Even when we are not the original developer of our managed assets, we strive to enhance their environmental performance through investment in appropriate technological solutions. In Singapore, for example, traditional light fittings have been replaced with energy-saving LEDs in 80% of directly managed properties.



### Reducing Emissions

#### Natural day light

≥75%

of regularly occupied floor area

#### Hot water

Self-contained systems

≥85% efficiency

#### LED lighting

Replacing traditional light fittings with energy saving alternatives

#### Energy metering

Individual energy end uses representing

≥10% of total building consumption

#### Lighting control

≥90% individual occupant spaces

#### Green energy

Renewable grid with lower carbon emissions, if available

#### Thermal comfort control

≥50% individual occupant spaces

#### Onsite renewable energy

Biofuels, geothermal, hydro, solar/ photovoltaic or wind



### Conserving Water

#### Native plants

Drip-fed, smart subsurface irrigation systems with soil moisture sensors

#### Cooling tower optimisation

Optimisation of recirculation cycles reduces water consumption

#### Recycled water

Treated wastewater and stormwater for non-potable applications

#### Rated amenities

WaterSense label (US EPA) and LEEDv4 (fixture and fitting code requirements)



### Sustainable Materials

#### Low-emitting materials

Reduce ambient concentrations of chemical contaminants

#### Recycled content

#### Green certifications

Carpet and Rug Institute Green Label, FloorScore and legally harvested timber

#### Locally sourced



### Built to Last

#### Raised kerbs

Protection of external walls in delivery and vehicle drop-off areas

#### Robust external wall construction

Applies to up to **2m** from the ground

#### Impact protection

Reduces wear and tear on doors and corridors

#### Hard-wearing floors

Easily washable surfaces for better hygiene

## SUSTAINABLE BUILDING STANDARDS

We recognise and actively pursue certification for our new builds under various sustainable building schemes that are available in the markets in which we operate. We believe there are numerous advantages of this approach, including increased asset valuation, decreased operational costs and health benefits for occupants.

Under each sustainable building certification scheme, projects are awarded points for implementing green building strategies across several categories in order to earn rating levels on an increasing scale. For example, there are four rating levels under the Leadership in Energy and Environmental Design (LEED) scheme: Certified, Silver, Gold and the highest level, Platinum.

## SUSTAINABLE BUILDING CERTIFICATIONS - 2020 SNAPSHOT

### Leadership in Energy and Environmental Design (LEED)



**3 Assets**  
under construction

**3 Assets**  
completed in 2020

**13 Assets**  
Other standing assets

### Comprehensive Assessment System for Built Environment Efficiency (CASBEE)



**4 Assets**  
under construction

**3 Assets**  
completed in 2020

**16 Assets**  
Other standing assets

### National Australian Built Environment Rating System (NABERS)



**0 Assets**  
under construction

**1 Assets**  
completed in 2020

**6 Assets**  
Other standing assets

### International WELL Building Institute (WELL)



**0 Assets**  
under construction

**0 Assets**  
completed in 2020

**1 Assets**  
Other standing assets

### Building & Construction Authority Green Mark (BCA)



**0 Assets**  
under construction

**0 Assets**  
completed in 2020

**6 Assets**  
Other standing assets

### Indian Green Building Council (IGBC)



**2 Assets**  
under construction

**0 Assets**  
completed in 2020

**2 Assets**  
Other standing assets



In 2020, ten out of 24 of our newly completed assets have either completed certification or have applied for certification, representing 1.6 million sqm or 70% of our newly completed GFA this year. Across our standing portfolio in 2020, 42 completed projects (excluding those completed in 2020) are certified under one or more standards. This represents close to 3 million sqm GFA.



Bucheon Logistics Park, completed in 2019, is one of two ESR assets in South Korea that have obtained LEED Gold certification. It also has WELL Gold certification from the International WELL Building Institute.



We are particularly proud to have LEED certification in place for nine of our logistics facilities in China, of which five have LEED Gold rating.

## RESPONDING TO CLIMATE CHANGE

**ESR supports the Paris Agreement ratified by 187 nations with the objective of keeping global warming to within 1.5 degrees Celsius of pre-industrial levels.**

To meet the Paris target, greenhouse gas emissions should decline to net zero around mid-century. This transition presents both significant opportunities for low-carbon solutions as well as risks for businesses and communities who are slow to adapt. As part of our ESG Framework, we have established a target to fully align climate risk assessments and disclosures for our business with the Recommendations from the Taskforce for Climate-related Financial Disclosures (TCFD) by 2025.

The G20's Financial Stability Board established the TCFD to promote informed capital allocation based on meaningful information about the financial system's exposure to climate-related risks. The TCFD released climate-related financial disclosure recommendations in 2017.

### Governance

ESR's Board and senior management is committed to addressing climate risks by gaining a better understanding of potential impacts to our business and delivering effective responses.

We will hold ourselves accountable to these objectives through our [ESG Governance structure](#) and mechanisms in accordance with our [ESG Policy](#).

### Strategy

ESR's response to climate change is reflected in our ESG Policy and all three pillars of our ESG Framework:

- Human Centric — engaging with key stakeholder groups to understand and respond to their concerns
- Property Portfolio — improving eco-efficiency, investing in renewable energy sources and building resilience to physical risks associated with the changing climate
- Corporate Performance — ESG governance, responsible investing and disclosure in accordance with international best practices.

## RISK MANAGEMENT

**We are in the process of conducting scenario analysis for our daily operations and portfolio of investments in order to better understand our exposure to physical and transitional risks from climate change.**

In 2021, we will embark on a climate impact study to shape the Group's strategic approach to climate adaptation. We have engaged MSCI, an investment research firm that provides stock indexes, portfolio risk and performance analytics, to conduct a forward-looking and return-based valuation assessment that will measure climate related risks and opportunities in our portfolio. This assessment will help us to evaluate transition risks associated with ongoing regulatory and technological developments as well as physical risks from extreme weather impacts across a range of scenarios at the portfolio and asset level.

The outcomes of this assessment will inform our next steps to develop a comprehensive risk management framework tailored to the specific needs of our business.



## STRIVING FOR CONTINUOUS IMPROVEMENT

Leaving our lightest footprint and finding opportunities to replenish the resources we consume will be imperative to achieving sustainable development.

Existing and new technologies help us to achieve our targets to reduce greenhouse gas emissions and improve energy-efficiency while enabling our tenants to run their operations as sustainably and efficiently as possible. We report environmental performance data for our managed properties i.e. those over which we exercise “operational control.”

Please refer to our [ESG Data Summary](#) for disclosures on the composition and basis of calculation of our energy use and greenhouse gas emissions, as well as water use and waste in directly managed assets.

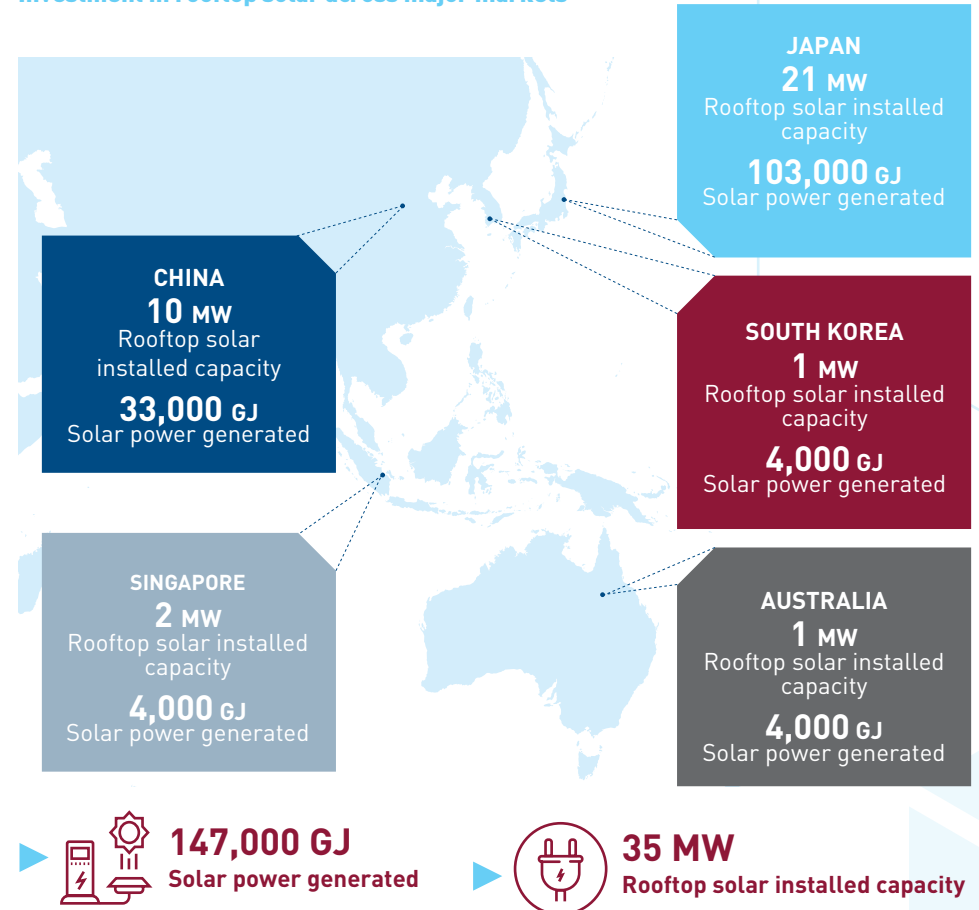
### Harnessing clean and renewable sources of energy



ESR has made energy sustainability a priority by actively developing rooftop solar plants. We are steadily overcoming barriers to further increasing rooftop solar power generation in all markets. We are also exploring other renewable energy sources. In 2020, our properties in India consumed 11,000 GJ of grid purchased geothermal energy. In Australia, we aspire to meet 100% of our energy needs from renewables by sourcing wind and hydro generated power through the grid to supplement our rooftop solar supply.

In 2020, rooftop solar power generation reached 147,000 GJ, which is a 55% increase from 2019.

### Investment in rooftop solar across major markets







#### Ambitious energy management targets for multi-tenanted assets in Singapore

ESR BizPark@Changi's Green Mark Gold Plus (Commercial) and Green Mark Gold (Hotel and Convention Centre) certifications were renewed in 2020. It is one of two assets managed by ESR-REIT that have recently commenced an Asset Enhancement Initiative.

In 2020, Singapore submitted its enhanced Nationally Determined Contribution to the United Nations Framework Convention on Climate Change (UNFCCC). In line with Singapore's pledge to peak emissions at 65 MtCO<sub>2</sub>e by 2030, ESR-REIT also announced ambitious targets for its multi-tenanted buildings, which represent 69% of its total GFA:

- Reduce energy intensity by 1% per year
- Reduce total energy consumption by 5% (2019 to 2023)
- Achieve Green Mark Certification for all buildings undergoing an Asset Enhancement Initiative from 2019 onwards

#### EV charging creates additional value for our tenants

We install EV charging stations in our facilities to support existing demand and attract new tenants. In 2020, 49 EV charging stations were available across our portfolio in China. EV charging is also available at some of our properties in Japan and Australia. By encouraging widespread adoption of EVs, we help our tenants to reduce their greenhouse gas emissions by displacing fuel consumption from traditional vehicles.

EV charging is available at Dongguan Hongmei Park Phase II, China (completed in 2020).



### THE BEST IS YET TO COME

The ESR Future Solutions Group (FSG) proactively identifies and evaluates technological, economic and societal changes in order to improve the logistics infrastructure and services we provide.

We plan to adopt new technologies and building specifications throughout our portfolio in the next few years that will help to improve operational efficiencies for our tenants, allow for the implementation of more robotics and automation, electric (and later autonomous) vehicles, and big data analytics for streamlining stock management and deliveries. We anticipate the rollout of 5G wireless technology will enable rapid adoption by our tenants of these innovations.



Robotics operating in highly-automated logistics facilities are already common in the operations of many 3PLs, e-commerce companies and other operators. This ranges from simpler robotics technology used to complement human activities to the fully-automated “dark warehouse” with little human activity.

Autonomous vehicles and drones are already being tested in various markets. We have started a collaboration with VRCO, a UK Aerospace company, to design and demonstrate the world’s first cargo drone logistics facility at ESR Higashi Ogishima Distribution Centre, located in the Greater Tokyo Metropolitan Area.







## CORPORATE PERFORMANCE

ESR's vision for sustainable development is to enhance shareholder through a responsible investment approach and culture of strong corporate governance and risk management. This pillar focuses on governance impacts arising from our business operations.

Focus Areas	Targets	Status
Corporate Governance	Maintain a strong Corporate Governance culture	100% employee endorsement of ESR Group Code of Conduct
Risk Management	100% of employees receive annual training	Enhanced Third-Party Due Diligence workflow has been fully implemented.
Responsible Investment	US\$15 million Social Investment Programme by 2030	Work in progress
Disclosure & Reporting	3-Star average rating from GRESB-The Global ESG Benchmark for Real Assets	Please see our latest <a href="#">GRESB performance update</a>



## Corporate Excellence Highlights

### IR Magazine Awards — Greater China 2020

- IR Magazine Choice Award (winner)

### 2020 Fengqi Wutong Hong Kong Stocks Financial Summit organized by Pheonixnet Finance

- Best Investor Relations — Hong Kong Listed Company

### Hermes Creative Awards 2020

- Gold Award

### Index inclusions

- Constituent of FTSE Global Equity Index Series (Large Cap) from 22 June 2020
- Constituent of the MSCI Hong Kong Index from 30 November 2020
- Constituent of Hang Seng Composite Index from 15 March 2021
- Inclusion in Shanghai-Hong Kong and Shenzhen-Hong Kong Stock Connect programmes from 15 March 2021



## CORPORATE GOVERNANCE AND RISK MANAGEMENT

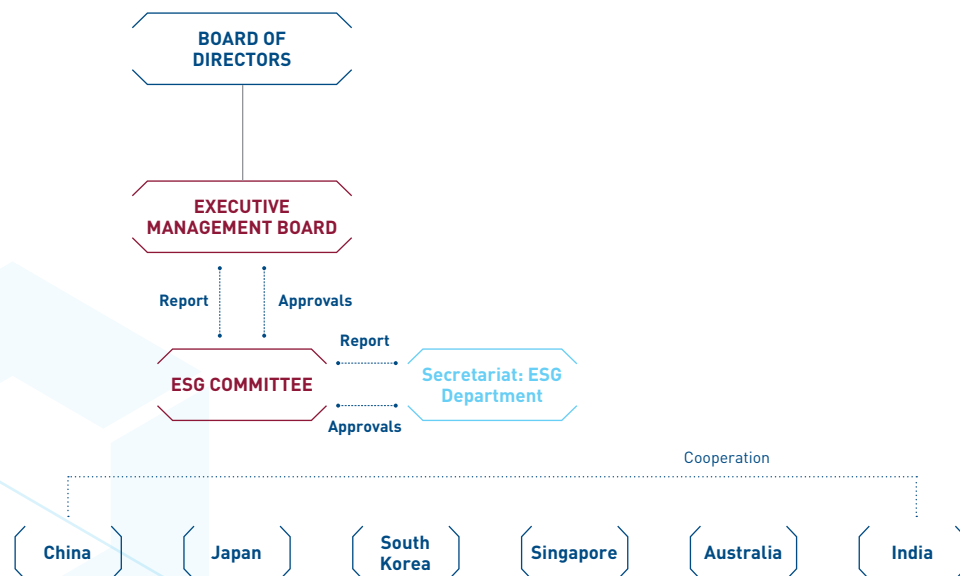
### Corporate Governance

The Group complies with the Corporate Governance Code in Appendix 14 of the Hong Kong Stock Exchange Listing Rules, which sets out principles of good corporate governance and relevant provisions.

Our commitments to sustainable development are underpinned by robust governance with oversight from our highest governance body, the Board of Directors.

### ESG Governance

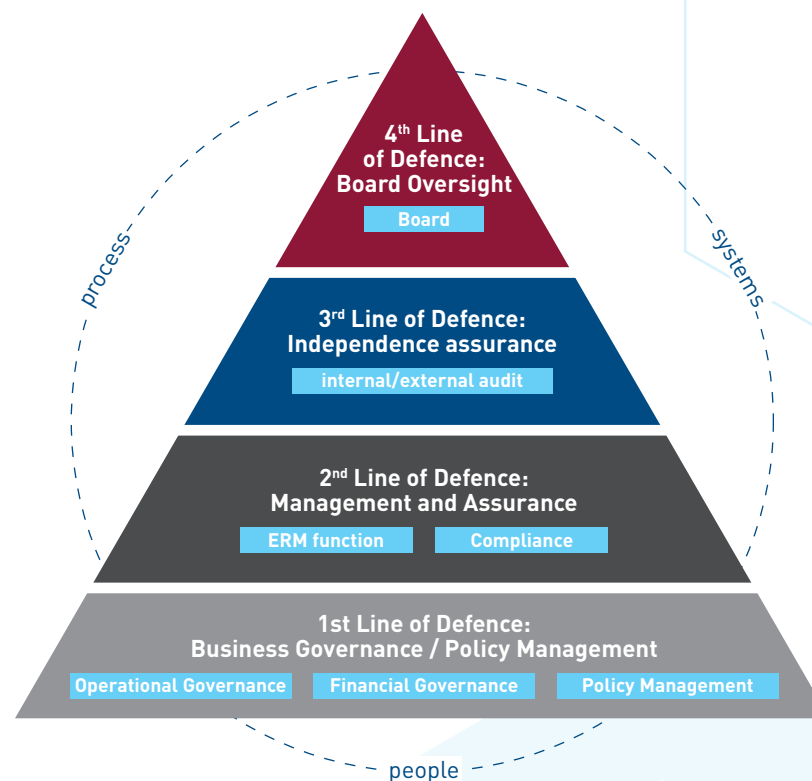
The ESG Committee oversees implementation of our ESG Framework. Comprised of senior representatives from key departments and regions, it is chaired by the ESG Officer and reports to the Executive Management Board.



### Enterprise Risk Management

The Group's Enterprise Risk Management Framework provides a holistic and systematic approach for identifying, assessing, monitoring and reporting risks, including risks associated with Environmental, Social and Governance topics identified in our ESG Framework.

Our risk management culture and management approach incorporates top-down oversight, as well as bottom-up engagement from the frontline through four lines of defense.



For more information about corporate governance disclosures concerning the composition and workings of please refer to our [FY2020 Annual Report](#).

### At ESR, we take our ethical obligations seriously and expect our stakeholders to do the same.

Rules governing ethical business conduct are complex and becoming more demanding over time. ESR Group policies and guidelines set the tone and direction for a unified approach to governance, while providing flexibility for our regional offices to adapt and amend the implementation of corporate governance standards in accordance with local circumstances, laws and regulations. We provide training on all core policies for new employees via an e-learning course to ensure that they are aware of personal obligations.

### CORE POLICIES

CODE OF CONDUCT AND ETHICS	ANTI-BRIBERY & ANTI-CORRUPTION (ABAC) AND THE HANDLING OF GIFTS, TRAVEL & ENTERTAINMENT	ANTI-MONEY LAUNDERING (AML) & COUNTER-TERRORIST FINANCING (CTF)	WHISTLEBLOWING
<b>Objectives</b> <ul style="list-style-type: none"> <li>Establish fundamental principles covering all business practices</li> <li>Achieve discipline, professionalism, loyalty, integrity and cohesiveness</li> </ul>	<ul style="list-style-type: none"> <li>Comply with law, including United States Foreign Corrupt Practices Act</li> <li>Procedural defence against prosecution</li> </ul>	<ul style="list-style-type: none"> <li>Compliance with AML and CTF regulations in all jurisdictions</li> <li>Implement Recommendations from the Financial Action Task Force</li> </ul>	<ul style="list-style-type: none"> <li>Prevent and deter breach of legal requirements and violations of our Code of Conduct and Ethics and other corporate policies</li> </ul>
<b>Mechanisms</b> <ul style="list-style-type: none"> <li>Annual requirement for all employees to sign the Code of Conduct and Business Ethics Attestation Form</li> </ul>	<ul style="list-style-type: none"> <li>Clear identification of prohibited acts</li> <li>Specific requirements in applicable jurisdictions</li> </ul>	<ul style="list-style-type: none"> <li>Establishing the true and full identity of each client</li> <li>Transaction monitoring</li> <li>Screening of high-risk clients</li> </ul>	<ul style="list-style-type: none"> <li>Mechanism for making reports</li> <li>Protection of whistleblowers</li> <li>Procedures for investigation and disciplinary action</li> </ul>

### OTHER POLICIES

INFORMATION SECURITY	COMMUNICATIONS GUIDELINE	PRIVACY (ESR Australia)	MODERN SLAVERY (ESR Australia)
<b>Objectives</b> <ul style="list-style-type: none"> <li>Preserve the confidentiality, integrity and availability of information</li> </ul>	<ul style="list-style-type: none"> <li>Comply with disclosure requirements in accordance with prevailing best practices</li> </ul>	<ul style="list-style-type: none"> <li>Comply with the Privacy Act (including the Australian Privacy Principles)</li> </ul>	<ul style="list-style-type: none"> <li>Comply with applicable legislation, including the Modern Slavery Act 2018 (Commonwealth Act)</li> </ul>
<b>Mechanisms</b> <ul style="list-style-type: none"> <li>Information Security Management Committee led by the IT director</li> <li>Information security framework and management system</li> </ul>	<ul style="list-style-type: none"> <li>Procedures for critical communications, media enquiries, internal communications and use of social media</li> </ul>	<ul style="list-style-type: none"> <li>Measures to protect information from misuse, interference, loss and unauthorised access, modification and disclosure</li> </ul>	<ul style="list-style-type: none"> <li>ASO ISO 31000:2018 risk management system</li> <li>Annual public disclosure</li> </ul>

In 2020, our Board formally endorsed three corporate policies to complement the suite of core policies and other policies already in place.

ESG	CONFLICT OF INTEREST	SUPPLIER CODE OF CONDUCT
<b>Objectives</b> <ul style="list-style-type: none"> <li>Integrate ESG seamlessly throughout our business</li> </ul>	<ul style="list-style-type: none"> <li>Avoid and mitigate competing influences that may adversely affect decision-making and outcomes</li> </ul>	<ul style="list-style-type: none"> <li>Define standards we expect our suppliers to uphold when conducting business with and/or on behalf of ESR</li> </ul>
<b>Mechanisms</b> <ul style="list-style-type: none"> <li>ESR ESG Committee oversees progress towards achieving our ESG vision and strategy</li> <li>Sustainable business features for logistics facilities and ESR Sustainability Commitments</li> </ul>	<ul style="list-style-type: none"> <li>Employees are required to act with integrity and use good judgment</li> <li>Potential conflicts will be escalated and managed appropriately</li> </ul>	<ul style="list-style-type: none"> <li>Requirements on Business Ethics, Environment and Sustainability, Health &amp; Safety, Information Security &amp; Data Privacy and Labour</li> </ul>

**We are automating key components of our compliance programme to ensure strict adherence with high standards of ethical conduct throughout our business.**

- **ESR Group Code of Conduct** — We deploy a web-based compliance monitoring solution called ComplySci to track our employees' attestations and training activities in accordance with our Code of Conduct and other corporate policies such as ABAC and CTF.
- **Whistleblowing Policy** — We plan to launch a new whistleblower communication platform operated by Speeki™ in 2021. This tool is designed with security fundamentals to protect reporters' anonymity in accordance with international standard ISO27001: Information Security Management System. The new platform, which is available in all major languages used in the jurisdictions in which ESR operates, will empower case owners to engage in secure and private chats with whistleblowers.



## FOCUS ON THIRD-PARTY COMPLIANCE

In 2020, our Group Compliance function worked with colleagues in all local offices to ensure smooth implementation of a new proprietary software and third-party due diligence service platform called ComplianceDesktop® licensed by The Red Flag Group, a Refinitiv company. Third-party risk includes anything that could expose the Group to threats and risks through engagement with third parties, including bribery and corruption, modern slavery, environmental crime, wildlife trafficking and conflict minerals.

Our enhanced Third-Party Due Diligence workflow improves risk management by providing complete transparency over the compliance status of vendors, contractors and other suppliers, as well as capital partners and tenants.

### Phase 1: Remediation (completed in 2019)

- 3,716 third parties screened
- 214 'hits'
- 67 third parties underwent further investigation by ESR local offices
- 100% resolution rate

### Phase 2: Automation (achieved September — November, 2020)

- Implementation of automated Third-Party Due Diligence workflow
- Training of responsible persons, business unit managers and Legal and Compliance teams
- Successful roll-out of ESR ComplianceDesktop® across 8 markets

## Automated Third-Party Due Diligence Workflow

### Pre-due diligence screening

- Data collection and automated screening of responses from third parties
- Responsibility of Business Unit Managers

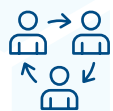
### Due Diligence Investigation

- Due Diligence reports from RedFlag Group
- Initiated and overseen by Legal and Compliance team

### Post-due diligence monitoring

- Monitoring via IntegraWatch
- Approval of third parties subject to renewal every 24 months

## Key Performance Indicators



4,025

Third parties  
by geographic location

Australia  
2,479

China  
784

Hong Kong  
69

India  
231

Japan  
293

South Korea  
71

Singapore  
91

Indonesia  
7

4 Risk Categories

23 Specific risk factors assessed

- Antitrust & corruption
- Cybersecurity & Business stability
- Employment, Safety and Reputation
- Environment and Governance

## RESPONSIBLE INVESTMENT

**“We recognise that ESG factors can and will affect the performance of our investments and determine the prosperity of our business over the long-term.” >>**

In order to protect and promote the long-term interests of our stakeholders, ESR endorses the United Nation’s Principles for Responsible Investment (PRI), which contains an aspirational set of goals for aligning investment practices with broader objectives for sustainable development.

## ESG incorporation

- Investment analysis and decision-making processes
- Asset ownership policies and practices

## ESG stewardship

- Disclosure on ESG issues and progress
- Collaboration to enhance implementation of PRI

## Foundations of our Social Investment Programme

As part of our ESG Framework, we commit to developing and implementing a Group-wide social investment programme inspired by the contributions of ESR China to promoting sustainable development through the Qin Charity Fund (QCF) since 2016. In partnership with China Red Cross and other organisations, QCF works relentlessly to expand access to modern educational opportunities for students in rural areas. Its national initiative spans 13 provinces and municipalities, raising funds and coordinating resources to equip students with essential skills for employability in the future economy.



### Qin Charity Fund KPIs

(since 2016)

**73**  
“Future classrooms”

**RMB7M**  
Invested

**>56,000**  
Student beneficiaries

**>100,000**  
Books donated

ESR volunteers help to construct modern classrooms and bring the latest learning tools and resources into rural schools. In 2020, we helped to complete the sixth “Future Classroom” for children in Shandong province. A completion ceremony took place on 11 September 2020 in Qufu city, where QCF has now supported eight different primary schools to deliver modern educational opportunities for their students.

### SUPPORTING DISADVANTAGED YOUTH IN PARTNERSHIP WITH KEMBANGAN-CHAI CHEE (KCC) YOUTH NETWORK



#### Kidzcare Tuition Centre at ESR BizPark@Chai Chee

ESR-REIT has partnered with Kidzcare@Kembangan-Chai Chee (an initiative under the Kembangan-Chai Chee Youth Network) to provide a tuition centre for disadvantaged youths. When the initiative first began, the sessions were held at an open-air pavilion located near the rental block flats using foldable tables and chairs.

ESR-REIT now hosts and provides the venue for the KCC Tuition Centre in 3 air-conditioned units at ESR BizPark@Chai Chee (formerly Viva Business Park) and sponsors certified tutors for youths taking their Primary School Leaving Exams. This way, students are better able to focus and prepare for their exams in a safe and conducive environment with a well-structured programme.



## DISCLOSURE & REPORTING

**Benchmarking our performance against international best practices provides us with important feedback on progress with reference to industry peers.**

ESR has participated in the Global Real Estate Sustainability Benchmark (GRESB), which is the leading global standard in the assessment of the ESG performance of real estate and infrastructure investments, since 2014. GRESB's systematic approach, objective scoring methodology and benchmarking are key indicators for risk management and ability to enhance returns for property companies, property funds, developers and investors. The data is used by more than 100 institutional and financial investors worldwide to monitor their investments and make strategic decisions about how to transition their investment portfolios towards a more sustainable future.

In 2020, ESR was named "Sector Leader" in Asia for our outstanding performance. Four ESR funds in Japan and South Korea stand out in particular by earning four out of five Green Stars.

In Japan, we received the highest Development Score in the "Industrial in Asia" category for Non-listed, Value-Added and Opportunistic strategy, scoring 83 points across three funds. Our Korean fund ranked first for overall GRESB Score in the "Industrial in Asia" category, scoring 84 points in addition to achieving the top position for its peer ranking group of "Eastern Asia, Industrial: Distribution Warehouse, Non-listed."

- ESR Cayman — Sector Leader in Asia
- South Korea — 1st Overall GRESB Score within Industrial in Asia category
- South Korea — 1st Developer, Eastern Asia, Industrial non-listed category
- Japan — 2nd Developer, Eastern Asia, Industrial, non-listed category
- Japan — 1st Development score Industrial/Asia category

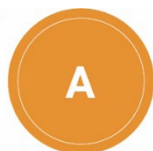


G R E S B  
★ ★ ★ ★ ★ 2020

## ESR RECEIVES INAUGURAL A RATING BY MSCI ESG RATINGS

In April 2021, we received an MSCI ESG rating of A, which places ESR among the top 20% of companies in the real estate development and diversified activities industry for ESG performance. This was ESR's first year to participate in the MSCI ESG Rating scheme, which is conducted by MSCI ESG Research based on in-depth research, ratings and analysis of the ESG-related business practices of thousands of public and private companies worldwide. The ratings are issued on a scale of AAA (leader) to CCC (laggard), according to MSCI's evaluation of each constituent's exposure to industry-specific ESG risks as well as their ability to manage those risks relative to peers.

**MSCI**  
ESG RATINGS



CCC	B	BB	BBB	<b>A</b>	AA	AAA
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## ABOUT THIS REPORT

This ESG report complies with relevant provisions from HKEX Main Board Listing Rule 13.91 and ESG Reporting Guide. In line with international best practices, we have also referenced GRI Standards from the Global Reporting Institute. Details are available in the [content indices](#).

ESR commissioned Hong Kong Quality Assurance Agency (HKQAA) to conduct an independent verification for Environmental, Social Data and Solar Power Generation datasets as indicated in the ESG data summary and [Independent Assurance Statement](#) set forth in this section.

We welcome your feedback about the content of this report and our ESG performance more generally. Please contact us at [esg@esr.com](mailto:esg@esr.com).

### ESG DATA SUMMARY

#### Note on ESG Data Scope

The scope of employment data in this report includes employees who are in a direct employment relationship with the Group or whose employment terms and conditions are under our direct management control. We report on environmental performance data for our directly managed properties i.e. those over which we exercise “operational control.” In 2020, we established a new local office in Indonesia that is outside the scope of this report.

#### Note on correction of typographical errors

Property Portfolio, Assets certified under various sustainable building schemes, Assets certified with “high sustainability rating” data in the consolidated summary has been amended to correct typographic errors that appeared in the first version of our ESG Report 2020 (published in May 2021).

## HUMAN CENTRIC

	2019	2020	2020, by region								
			Australia <sup>Note 2</sup>	China	Hong Kong	India	Japan REIT	Japan	Korea	Singapore REIT	Singapore
<b>Number of Employees</b> [% change year on year]											
<b>Total</b>	<b>621</b> <sup>Note 1</sup>	<b>594 (-4%)</b>	<b>67 (-50%)</b>	<b>162 (-8%)</b>	<b>38 (31%)</b>	<b>75 (17%)</b>	<b>7 (40%)</b>	<b>63 (11%)</b>	<b>64 (28%)</b>	<b>88 (5%)</b>	<b>30 (30%)</b>
Male	405	381	46	118	14	57	6	44	46	29	21
Female	216	213	21	44	24	18	1	19	18	59	9
Full time	613	587	62	162	38	75	7	63	63	87	30
Part time	8	7	5	0	0	0	0	0	1	1	0
Under 30 years	79	64	19	11	2	8	0	4	8	10	2
30's	304	279	19	104	20	37	0	10	29	46	14
40's	161	177	17	44	12	23	2	25	21	22	11
50 years and over	77	74	12	3	4	7	5	24	6	10	3
<b>Number of Leavers</b> [% Turnover rate <sup>Note 3</sup> ]											
<b>Total</b>	<b>96 (15%)</b>	<b>83 (14%)</b>	<b>23 (34%)</b>	<b>35 (22%)</b>	<b>1 (3%)</b>	<b>2 (3%)</b>	<b>1 (14%)</b>	<b>2 (3%)</b>	<b>11 (17%)</b>	<b>6 (7%)</b>	<b>2 (7%)</b>
Male	46 (7%)	37 (6%)	16	9	1	2	0	0	7	1	1
Female	50 (8%)	46 (8%)	7	26	0	0	1	2	4	5	1
Under 30 years	17 (3%)	18 (3%)	6	6	0	1	1	0	2	1	1
30's	48 (8%)	45 (8%)	9	23	0	1	0	1	6	4	1
40's	16 (3%)	12 (2%)	4	5	0	0	0	1	2	0	0
50 years and over	15 (2%)	8 (1%)	4	1	1	0	0	0	1	1	0
<b>Number of New Hires</b> [% Hire rate <sup>Note 3</sup> ]											
<b>Total</b>	<b>216 (35%)</b>	<b>118 (20%)</b>	<b>19 (28%)</b>	<b>21 (13%)</b>	<b>10 (26%)</b>	<b>13 (17%)</b>	<b>3 (43%)</b>	<b>8 (13%)</b>	<b>25 (39%)</b>	<b>10 (11%)</b>	<b>9 (30%)</b>
Male	131 (21%)	69 (12%)	13	13	3	9	2	3	17	3	6
Female	85 (14%)	49 (8%)	6	8	7	4	1	5	8	7	3
Under 30 years	44 (7%)	31 (5%)	8	3	2	3	0	1	9	3	2
30's	111 (18%)	52 (9%)	5	13	4	6	0	3	11	5	5
40's	39 (6%)	26 (4%)	4	5	2	4	1	1	5	2	2
50 years and over	22 (4%)	9 (2%)	2	0	2	0	2	3	0	0	0
<b>Occupational Health &amp; Safety</b>											
Work-related fatalities	0	0	0	0	0	0	0	0	0	0	0
Lost days due to injury	0	90	0	0	0	0	0	0	0	0	90

## Notes:

1. Restatement of total number of employees in 2019: Headcount reduced by five employees compared with 626 previously reported in our 2019 report. SG REIT restated from 82 to 84 employees and Singapore restated from 30 to 23 employees.
2. Exclusion of 47 headcount from Property Link construction business in Australia divested in September 2020.
3. The denominator for all rate calculations in the Total column is the Total Number of Employees. The denominator for all rate calculations by geographical region is the Total Employees in each region, respectively.

## Employment categories

	Total	by gender		by age			
		Male	Female	< 30 years	30's	40's	> 50 years
Senior Management	235	170	65	1	87	103	44
Middle Management	210	141	69	23	141	39	7
General & Operations	149	70	79	40	51	35	23
<b>Total</b>	<b>594</b>	<b>381</b>	<b>213</b>	<b>64</b>	<b>279</b>	<b>177</b>	<b>74</b>



## PROPERTY PORTFOLIO

	Units	2019	2020	2020, by region					
				Australia	China	India	Japan	South Korea	Singapore
<b>Directly managed properties</b>	# assets	271	<b>183</b>	51	56	3	17	23	33
	GFA 000 sqm	15,180	<b>9,430</b>	687	3,865	320	1,741	1,843	975
Certified sustainable buildings	# assets	47	<b>58</b>	7	9	4	23	8	7
	GFA 000 sqm	3,546	<b>5,396</b>	61	565	538	2,742	1,217	273
<b>Energy</b>									
Directly managed properties reporting this data	# assets	132	<b>151</b>	19	56	3	17	23	33
	GFA 000 sqm	7,020	<b>8,881</b>	288	3,865	320	1,591	1,843	975
District heat	000 GJ	78	<b>4.2</b>	–	–	–	–	4.2	–
Grid purchased electricity	000 GJ	1,536	<b>1,655</b>	32	392	11	157	358	706
Fuels	000 GJ	0.1	<b>21</b>	–	8	–	–	13	–
Rooftop solar power	# assets	25	<b>28</b>	4	4	0	12	3	5
	000 GJ	95	<b>147.4</b>	3.9	32.5	0	102.7	4.0	4.3
Total managed energy	000 GJ	1,709	<b>1,827</b>	35	432	11	260	379	710
Grid purchased electricity per GFA	GJ/GFA sqm	0.22	<b>0.19</b>	0.11	0.10	0.03	0.10	0.19	0.72
Greenhouse gas emissions <sup>Note 4</sup>	'000 TCO <sub>2</sub> e	Not reported	<b>233</b>	7	68.5	2.2	22.9	54.4	77.8
Scope 1 emissions	'000 TCO <sub>2</sub> e	Not reported	<b>1</b>	Unavailable	0.4	0.0	0.0	0.6	0.0
Scope 2 emissions	'000 TCO <sub>2</sub> e	246	<b>232</b>	7	68	2	23	54	78
<b>Water</b>									
Directly managed properties reporting this data	# assets	154	<b>175</b>	48	55	3	17	19	33
	GFA 000 sqm	7,286	<b>8,942</b>	667	3,582	320	1,741	1,657	975
	Mega litres	2,147	<b>2,568</b>	142	949	58	80	241	1,097
<b>Non-hazardous Waste</b>									
Directly managed properties reporting this data	# assets	88	<b>104</b>	Unavailable	56	2	2	16	28
	GFA 000 sqm	5,037	<b>6,483</b>	Unavailable	3,865	289	213	1,220	895
	000 Tonnes	14	<b>191</b>	–	168	0	1	19	3

Notes:

4. Location based emissions factors:

	Australia	China	India	Japan	South Korea	Singapore
<b>Natural gas</b> (kgCO <sub>2</sub> e/m <sup>3</sup> )			2.02266			
<b>District heating</b> (kgCO <sub>2</sub> e/kWh)			0.17261			
<b>Electricity grid</b> (kgCO <sub>2</sub> e/kWh)	0.8000	0.6260	0.7229	0.5244	0.5395	0.3966

## # Assets certified under various sustainable building schemes

	LEED	CASBEE	NABERS	WELL	Green Mark	IGBC
China	9					
India						4 <sup>Note 7</sup>
South Korea	8			1 <sup>Note 5</sup>		
Japan	1	23 <sup>Note 5</sup>				
Singapore	1				6 <sup>Note 6</sup>	
Australia			7			
<b>TOTAL</b>	<b>19</b>	<b>23</b>	<b>7</b>	<b>1</b>	<b>6</b>	<b>4</b>

## # Assets certified with “high sustainability rating”

	LEED	CASBEE	NABERS	WELL	Green Mark	IGBC
China	Gold: 5					
India						
South Korea	Gold: 2			Gold: 1 <sup>Note 5</sup>		
Japan	Gold: 1	Grade S: 1 Grade A: 21 <sup>Note 5</sup>				
Singapore	Platinum: 1				Gold Plus: 1	
Australia			5 Stars: 1			
<b>TOTAL</b>	<b>9</b>	<b>22</b>	<b>1</b>	<b>1</b>	<b>1</b>	

Certification Schemes	Certification Levels	Definition of high sustainability rating (minimum requirement)
Leadership in Energy and Environmental Design (“LEED”) of the U.S. Green Building Council	Certified/Silver/Gold/Platinum	Gold
Comprehensive Assessment System for Built Environment Efficiency (“CASBEE”) in Japan	C (Poor)/B- (Fair poor)/B+ (Good)/A (Very Good)/S (Excellent)	A
National Australian Built Environment Rating System (“NABERS”) in Australia	1 star (Making a Start)/2 stars (Below Average)/3 stars (Average)/4 stars (Good)/5 stars (Excellent)/6 stars (Marketing Leading)	5 stars
WELL of International WELL Building Institute	Bronze/Silver/Gold/Platinum	Gold
Building & Construction Authority (“BCA”) Green Mark in Singapore	Certified/Gold/Gold Plus/Platinum	Gold Plus
Indian Green Building Council (“IGBC”) in India	Certified/Silver/Gold/Platinum/Super Platinum	Platinum

## Notes:

5. Bucheon Logistics Park (Korea) has both LEED Gold certification and WELL Gold certification. Yatomi Distribution Centre (Japan) has both LEED Gold certification and CASBEE Grade A certification.
6. As at 31 December 2020, three of these assets were undergoing re-certification for BCA.
7. As at 31 December 2020, four assets with pre-certification for IGBC Gold-status.



**GRESB STANDING INVESTMENT  
ASSESSMENT 2020**

	China		Australia			
	e-Shang Star Cayman Ltd	Redwood China Logistics Fund LP	EALP	PAIP II	EOP IV	POP III
<b>Result</b>	1-Star	2-Stars	1-Star	1-Star	1-Star	1-Star
<b>Overall GRESB score</b>	56	64	50	42	52	50
> Environment (max 62 points)	29	37	23	14	23	20
> Social (max 19 points)	13	13	10	10	12	12
> Governance (max 20 points)	14	15	17	17	17	17
<b>Peer group name</b>	China Industrial Distr. Warehouse		Australia Industrial Distribution Warehouse Core		Australia Corporate Office Core	
<b>ESR peer ranking</b>	4 <sup>th</sup> /6	3 <sup>rd</sup> /6	6 <sup>th</sup> /8	7 <sup>th</sup> /8	28 <sup>th</sup> /30	29 <sup>th</sup> /30
<b>Ranking INDUSTRIAL ASIA</b> (out of 23)	17 <sup>th</sup> /23	14 <sup>th</sup> /23	n/a	n/a	n/a	n/a

GRESB DEVELOPMENT ASSESSMENT 2020	China		South Korea	Japan			India
	e-Shang Star Cayman Ltd	Redwood China Logistics Fund LP	Kendall Square Logistics Properties Inc.	PGGM RJLC LP	RJLF 3 Co-Investment Platform	Redwood Japan Logistics Fund II LP	ESR India Logistics Fund Pte Ltd
<b>Result</b>	3-Stars	2-Stars	4-Stars	4-Stars	4-Stars	4-Stars	3-Stars
<b>Overall GRESB score</b>	75	73	84	83	83	83	75
> Environment (max 51 points)	40	37	37	45	45	45	42
> Social (max 26 points)	18	18	25	20	20	20	14
> Governance (max 24 points)	18	19	22	18	18	18	18
<b>Peer group name</b>	Eastern Asia Industrial Distr. Warehouse						Asia Industrial Opportunistic
<b>Peer ranking</b>	5 <sup>th</sup> /7	6 <sup>th</sup> /7	1 <sup>st</sup> /7	2 <sup>nd</sup> /7	Note 8		4 <sup>th</sup> /7
<b>Ranking INDUSTRIAL ASIA</b>	7 <sup>th</sup> /15	10 <sup>th</sup> /15	1 <sup>st</sup> /15	2 <sup>nd</sup> /15			8 <sup>th</sup> /15

## Notes

8. RJLF II was incorrectly classified under Retail. The correct peer class is Eastern Asia Industrial Distr. Warehouse.

## INDEPENDENT ASSURANCE

### Scope and Objectives

Hong Kong Quality Assurance Agency (“HKQAA”) was commissioned by ESR Cayman Limited (“ESR”) to conduct an independent verification for its sustainability data of the operations in China, Japan, South Korea, Singapore, Australia and India for the calendar year of 2020.

The scope of sustainability data assurance covered:

Environmental data	Greenhouse gas emissions, energy consumption, water consumption, waste recycling and waste disposal.
Social Data	Human resources data on workforce profile, turnover rate and occupational health and safety performance.
Solar Power Generation	Solar power generation capacity of assets in China, Japan, South Korea and Singapore.

The aim of this verification is to provide a limited assurance on the accuracy and reliability of the aforementioned data compiled in ESR’s data management system.

The scope of sustainability data encompasses constituent assets of the following funds:

- e-Shang Star Cayman Ltd (China)
- Redwood China Logistics Fund LP (China)
- Redwood Japan Logistics Fund II LP (Japan)
- PGGM RJLC LP (Japan)
- RJLF 3 Co-Investment Platform (Japan)
- ESR Japan Core Fund Limited Partnership (Japan)
- ESR India Logistics Fund Pte Ltd (India)
- Kendall Square Logistics Properties Inc. (South Korea)
- ESR Office Partnership IV (EOP IV) (Australia)
- Propertylink Australian Commercial Trust I (PACT I) (Australia)
- Propertylink Office Partnership III (POP III) (Australia)
- ESR Australian Logistics Partnership (EALP) (Australia)



### Methodology

HKQAA's data assurance process was conducted in accordance with the International Standard on Assurance Engagement 3000 ("ISAE3000") (Revised) — "Assurance Engagement Other Than Audits or Reviews of Historical Financial Information" issued by the International Auditing and Assurance Standards Board for a reasonable level of assurance.

Data assurance procedures included:

- reviewing the consolidated data in ESR's system and analyzing the raw data provided;
- checking the supporting evidence of the selected samples; and
- communicating with responsible person for data reporting.

The reported data were sampled and tested to confirm the extent of accuracy and reliability.

### Conclusion

Based on the verification results of the selected samples, it is our opinion that:

- nothing has come to HKQAA's attention that causes us to believe that the data consolidated in ESR's system is not accurate and reliable.

**Signed on behalf of Hong Kong Quality Assurance Agency**



**Connie Sham**  
Head of Audit  
30 April 2021

**HKEX AND GRI CONTENT INDICES****HKEX ESG Content Index 2020**

This ESG report complies with the "Comply or Explain" provisions of Hong Kong Exchange Main Board Listing Rule 13.91 and ESG Reporting Guide. Some optional KPIs have also been reported.

Provisions	Location of Disclosures	Additional information, as applicable
Aspect A1: Emissions and waste Policies & compliance; KPIs: A1.2, A1.4, A1.5 & A1.6	<b>PILLAR 2: PROPERTY PORTFOLIO:</b> Sustainable & Efficient Solutions; Responding to climate change <b>ESG Data Summary</b>	A1 (Comply): In 2020, ESR China paid a fine of RMB30,000 for violation of a local regulation on urban drainage and sewage treatment in July 2019. KPI A1.1/A1.2 (Explain): We consume a negligible quantity of stationary and mobile fuels in our operations. Local air emissions and Scope 1 Greenhouse Gases from our property portfolio are negligible. KPI A1.3 (Explain): We were not able to collect data on disposal of hazardous waste during this reporting period so this data is not available for disclosure.
Aspect A2: Use of resources Policies; KPIs: A2.1, A2.2 & A2.3	<b>PILLAR 2: PROPERTY PORTFOLIO:</b> Sustainable & Efficient Operations; <b>ESG Data Summary</b>	KPI A2.4 (Comply): We did not experience issues in sourcing water that is fit for purpose during the reporting period.  KPI A2.5 (Explain): We do not collect data on packaging materials so this data is not available for disclosure.
Aspect A3: Environment and natural resources Policies; KPI: A3.1	<b>PILLAR 2: PROPERTY PORTFOLIO:</b> Sustainable Building Standards, Striving for Continuous Improvement <b>ESG Data Summary</b>	No additional information
Aspect B1: Employment Policies & compliance; <i>Optional KPIs: B1.1 and B1.2</i>	<b>ABOUT ESR; PILLAR 1: HUMAN CENTRIC:</b> People are our greatest asset <b>ESG Data Summary</b>	B1 (Comply): ESR complied with relevant employment and labour laws and regulations in all material respects during the reporting period.
Aspect B2: Health and safety Policies & compliance; <i>Optional KPIs: B2.1 and B2.3</i>	<b>PILLAR 1: HUMAN CENTRIC:</b> People are our greatest asset <b>ESG Data Summary</b>	B2 (Comply): ESR complied with relevant health and safety laws and regulations in all material respects during the reporting period.
Aspect B3: Development and training Policies; <i>Optional KPIs: B3.1 and B3.2</i>	<b>PILLAR 1: HUMAN CENTRIC:</b> An employer of choice <b>PILLAR 3: CORPORATE PERFORMANCE:</b> Corporate Governance and Risk Management	<i>Optional KPIs B3.1 and B3.2 (Explain): We did not collect comprehensive data on employee training at Group level during the reporting period</i>
Aspect B4: Labour standards Policies & compliance; <i>Optional KPIs: B4.1 and B4.2</i>	<b>PILLAR 3: CORPORATE PERFORMANCE:</b> Focus on third-party compliance	<i>Optional KPI B4.1 (Comply): Our third-party due diligence workflow incorporates screening and monitoring for risk of modern slavery i.e. bonded, forced migrant and child labour and human trafficking.</i>

Provisions	Location of Disclosures	Additional information, as applicable
		<i>Optional KPI B4.2 (Comply): During the reporting period, no incidences of child or forced labour were discovered.</i>
Aspect B5: Supply chain management Policies; <i>Optional KPIs: B5.1 and B5.2</i>	<b>PILLAR 3: CORPORATE PERFORMANCE:</b> Corporate Performance: Focus on third party compliance	
Aspect B6: Product responsibility Policies & compliance; Policies & compliance; <i>Optional KPIs: B6.1, B6.2, B6.3, B6.4 and B6.5</i>	<b>PILLAR 3: CORPORATE PERFORMANCE:</b> Corporate Performance and Risk Management - Core and other policies	<i>B6 (Comply): We complied with relevant laws and regulations concerning product responsibility during the reporting period, including advertising, labelling and privacy matters.</i> <i>Optional KPIs B6.1, B6.2, B6.3 and B6.4 (Explain): These optional KPIs concerning product recalls, consumer complaints, intellectual property protection and quality assurance are not considered material to our business.</i>
Aspect B7: Anti-corruption Policies & compliance; <i>Optional KPIs: B7.1 and B7.2</i>	<b>PILLAR 3: CORPORATE PERFORMANCE:</b> Corporate Performance and Risk Management - Core and other policies	<i>Optional KPI B7.1 (Comply): There were no concluded legal cases concerning corruption during the reporting period.</i>
Aspect B8: Community investment Policies; <i>Optional KPIs: B8.1 and B8.2</i>	<b>PILLAR 3: CORPORATE PERFORMANCE:</b> Foundations of our Social Investment Programme	



**GRI Content Index 2020**

This ESG report references the following GRI Standards from the Global Reporting Institute.

Energy		Location of disclosure
GRI 103: Management Approach 2016		
103-1	Disclosure of management approach	ESG @ ESR; PILLAR 2: PROPERTY PORTFOLIO: Sustainable & Efficient Operations, Responding to climate change, Striving for continuous improvement
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
GRI 302: Energy 2016		
302-1	Energy consumption within the organization	ABOUT THIS REPORT: ESG Data Summary
302-3	Energy intensity	
Emissions		
GRI 103: Management Approach 2016		
103-1	Disclosure of management approach	PILLAR 2: PROPERTY PORTFOLIO: Sustainable & Efficient Operations; Responding to climate change; Striving for continuous improvement
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
GRI 305: Emissions 2016		
305-1	Direct (Scope 1) GHG emissions	ABOUT THIS REPORT: ESG Data Summary
305-2	Indirect (Scope 2) GHG emissions	
Employment		
GRI 103: Management Approach 2016		
103-1	Disclosure of management approach	ESG @ ESR; ABOUT ESR; PILLAR 1: HUMAN CENTRIC: People are our greatest asset
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
GRI 401: Employment 2016		
401-1	New employee hires and employee turnover	ESG Data Summary