



**ESR Cayman Limited**

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1821

# BUILDING MOMENTUM FOR A SUSTAINABLE FUTURE

ENVIRONMENTAL, SOCIAL AND  
GOVERNANCE REPORT 2021



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# **VISION FOR SUSTAINABLE DEVELOPMENT**





## VISION FOR SUSTAINABLE DEVELOPMENT

## MESSAGE FROM CHAIRMAN



**“Being APAC’s largest real asset manager powered by the New Economy, ESR recognises the importance of effective sustainability practices and places ESG at the heart of our business practices as we actively integrate ESG factors into our business decisions.”**

2021 has again been a challenging year for the world. The global COVID-19 pandemic has fuelled an economic downturn that has affected individuals and businesses, causing losses and suffering for people, families and communities. Nevertheless, new work patterns and the accompanying changes in market demand have created a new era of opportunity in the real estate industry. Although there are adverse effects on the global supply chain caused by COVID-19, we have utilised the resources at our disposal in such a manner that minimises disruptions. Under new patterns of life after the pandemic, the ability of companies to manage and respond to changes is to be tested. As our attention moves towards normalcy, we must continue to stay focused on our sustainability goals and ESG 2025 Roadmap ahead.

Our sustainability strategy seeks to address social and environmental challenges but also to create profound business opportunities. Stakeholders’ expectations continue to evolve. As investors, businesses and public institutions have more expectations of our investment, fund management and development businesses, they also want to partner with us and share common values and interests.

Being APAC’s largest real asset manager powered by the New Economy, ESR recognises the importance of effective sustainability practices and places ESG at the heart of our business practices as we actively integrate ESG factors into our business decisions. Our Board of Directors has the overall stewardship and responsibility for ESG strategies and direction. By maintaining our responsible investment approach with a strong focus

on ESG, we seek to enhance shareholder value and deliver positive impacts on society and the environment.

We are thrilled to have successfully acquired ARA Asset Management Limited (“ARA”), including its subsidiary LOGOS, in January 2022. This enabled us to transform the Group’s growth trajectory and bring together the best-in-class sustainability practices to drive initiatives and synergies going forward. ARA and LOGOS’ pioneering efforts in sustainability will help us strengthen our foothold and commitment to ESG.

As we move into the next chapter of ESR’s journey, we will continue to expand our ESG efforts across the enlarged Group. For one, we will ramp up the generation of renewable energy from solar as ESR controls more roof space than anyone in APAC and this is a crucial part of our

long-term goal to reach net zero carbon. In the areas of responsible investing, ESR will officially become a signatory of UN-PRI over the coming months. On the environmental front, we are committed to achieving more green building certifications and sustainable financing as part of our holistic approach to embracing a sustainable future.

Moving forward, we will continue to advance our ambitious plans and stay ahead of the changing ESG landscape. With a clear sustainable purpose, we will continue to build on our momentum as a responsible manager and good corporate citizen. On behalf of the Board of Directors, we encourage you to read the details of this report. We appreciate your feedback and continued support.

**Jeffrey David Perlman**  
Chairman  
31 May 2022



## VISION FOR SUSTAINABLE DEVELOPMENT

## MESSAGE FROM CEOs



**“ESR will continue to leverage on our existing resources to ensure our communities’ sustainable development and protect the safety and well-being of our stakeholders.”**

ESR believes that a successful enterprise should not maximise profits at all costs but should endeavour to strike a balance between stakeholders’ interests and our social responsibility for maintaining an enterprise’s sustainable development. As the leading New Economy real estate platform, we aspire to lead and set the standard for sustainable development of our industry.

ESR’s ESG Framework reflects how we put our sustainability goals into action. Our team looks for new and better answers to transform our world while making us stronger and more resilient. After all, we cannot simply prosper as a company unless our colleagues, our community and our planet thrive. Our ESG Framework is focused on three main pillars: Human Centric, Property Portfolio and Corporate

Performance. A total of 14 Focus Areas were identified as part of our ESG 2025 Roadmap and actions are taken to address each of these aspects. Our attention to these areas has helped to guide our planning and responses to make our operational footprint more sustainable and socially impactful. To-date, we are pleased to report that our ESG performance for 2021 is on track to achieve our focus areas.

In 2021, there are several highlights added to our ESG credentials. We closed our inaugural US\$1 billion Sustainability-Linked Loan, which incorporates the ESG focus areas into our business strategies and aligns our funding to these commitments. Notably, ESR notched up another year of outstanding scores and accolades, topping the lists across multiple categories in the 2021 GRESB

Assessment and attaining its MSCI ESG Rating of A. On the environmental front, energy sustainability continues to be our priority as we added more rooftop panels to further increase solar power generation in all markets and work towards a 50% increase in our solar power generation capacity by 2025. We have also utilised MSCI’s Real Estate VaR model to create solutions for addressing climate risks.

Technological innovation is the way forward to improve our operations, build a more sustainable and efficient business, and at the same time create a people-centric environment for our customers. ESR will continue to leverage on our existing resources to ensure our communities’ sustainable development and protect the safety and well-being of our stakeholders.

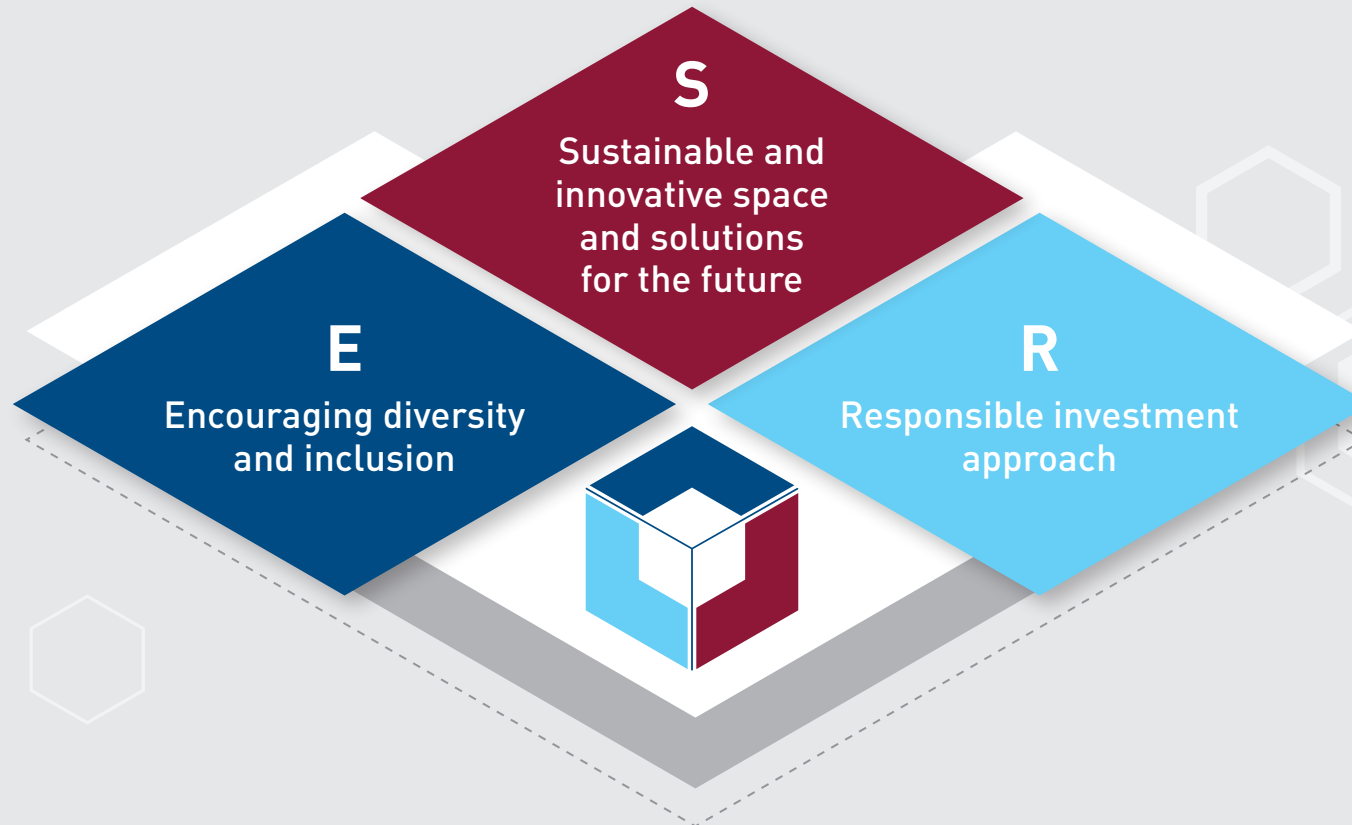
Over the past year, ESR has made progress in lowering its carbon footprint and digitalising its operations. Looking to the future, we understand that much remains to be done and that the years ahead are essential to our enlarged Group. We are excited about embracing opportunities for continuous improvement in the next phase of sustainability for ESR.

Lastly, we would like to thank our Board of Directors for its strategic direction and guidance on ESG, and also express our gratitude to our management teams, staff, investors, business partners, customers and communities for their invaluable support for our ESG journey.

**Jinchu Shen and Stuart Gibson**

Co-founders & Co-CEOs  
31 May 2022

## OUR SUSTAINABILITY COMMITMENTS



Provide best-in-class logistics facilities for the New Economy.



Meet recognised sustainable design and construction standards to embrace smarter ways to reduce our environmental impact.



Provide an inclusive, safe and healthy working environment and promote the well-being of our people across our entire supply chain.



Enhance gender balance and empowerment of women in our workforce.



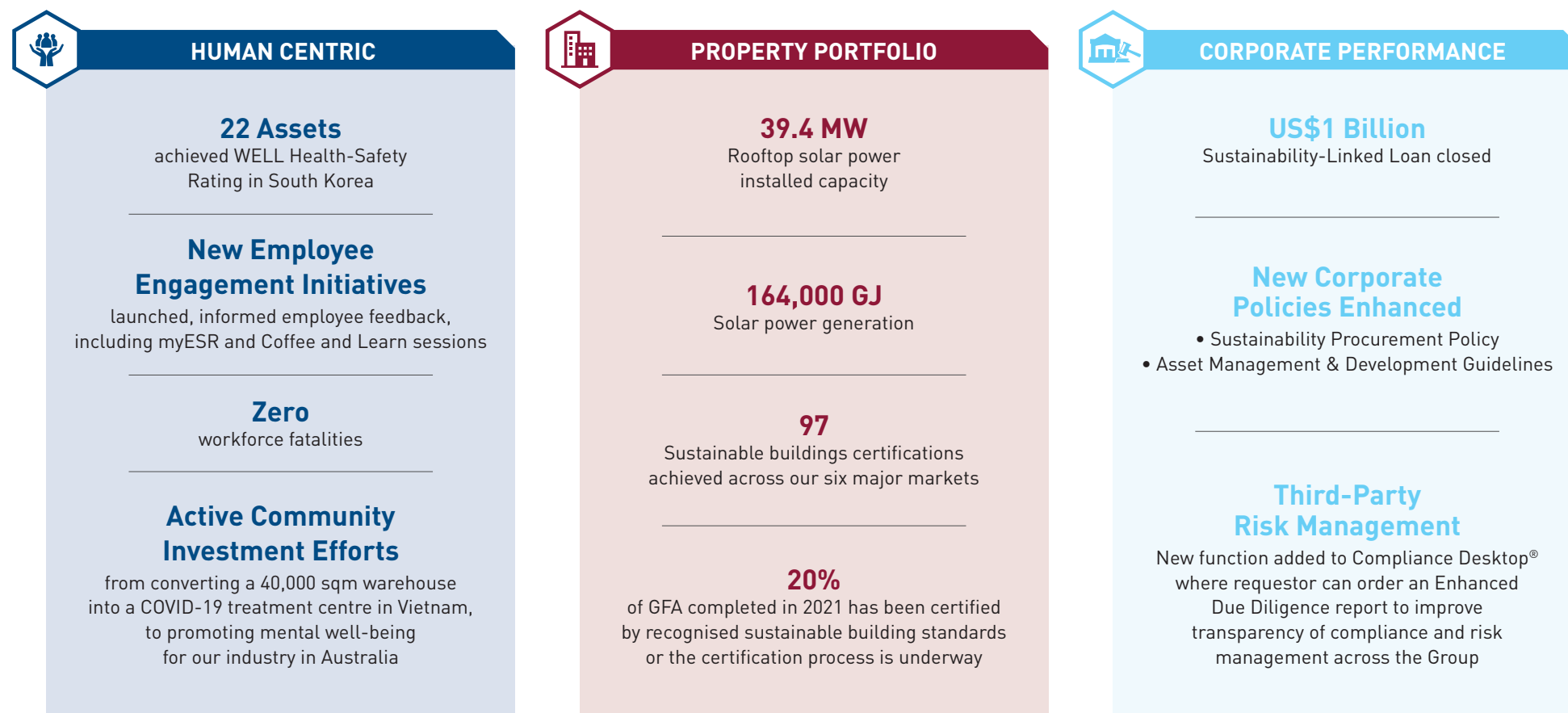
Engage proactively with our stakeholders, in particular our employees, tenants and suppliers in the areas of health and safety, sustainable procurement and resilience.



Facilitate opportunities to contribute positively to our local communities.

## HIGHLIGHTS FOR 2021

The content of this report aligns with ESR's Environmental, Social and Governance (ESG) 2025 Roadmap. Below are some key highlights for 2021:





## VISION FOR SUSTAINABLE DEVELOPMENT

## ABOUT ESR

ESR is APAC's largest real asset manager powered by the New Economy and the third largest listed real estate investment manager globally. Our fully integrated development and investment management platform extends across key APAC markets, including China, Japan, South Korea, Australia, Singapore, India, New Zealand and Southeast Asia, representing over 95% of GDP in APAC, and also includes an expanding presence in Europe and the U.S.. We provide a diverse range of real asset investment solutions and New Economy real estate development opportunities across our private funds business, which allows capital partners and customers to capitalise on the most significant secular trends in APAC. ESR aspires to operate sustainably and impactfully, and we consider the environment and the communities in which we operate as key stakeholders of our business.

Our activities encompass three core business areas:

### INVESTMENT

Our investment platform includes completed properties held on our balance sheet, our co-investments in the funds and investment vehicles and the public REITs we manage, as well as other investments.

### FUND MANAGEMENT

We manage a broad range of funds and investment vehicles that invest in a portfolio of premium real assets in various stages of the property life cycle, providing a single interface with multiple investment opportunities for our capital partners.

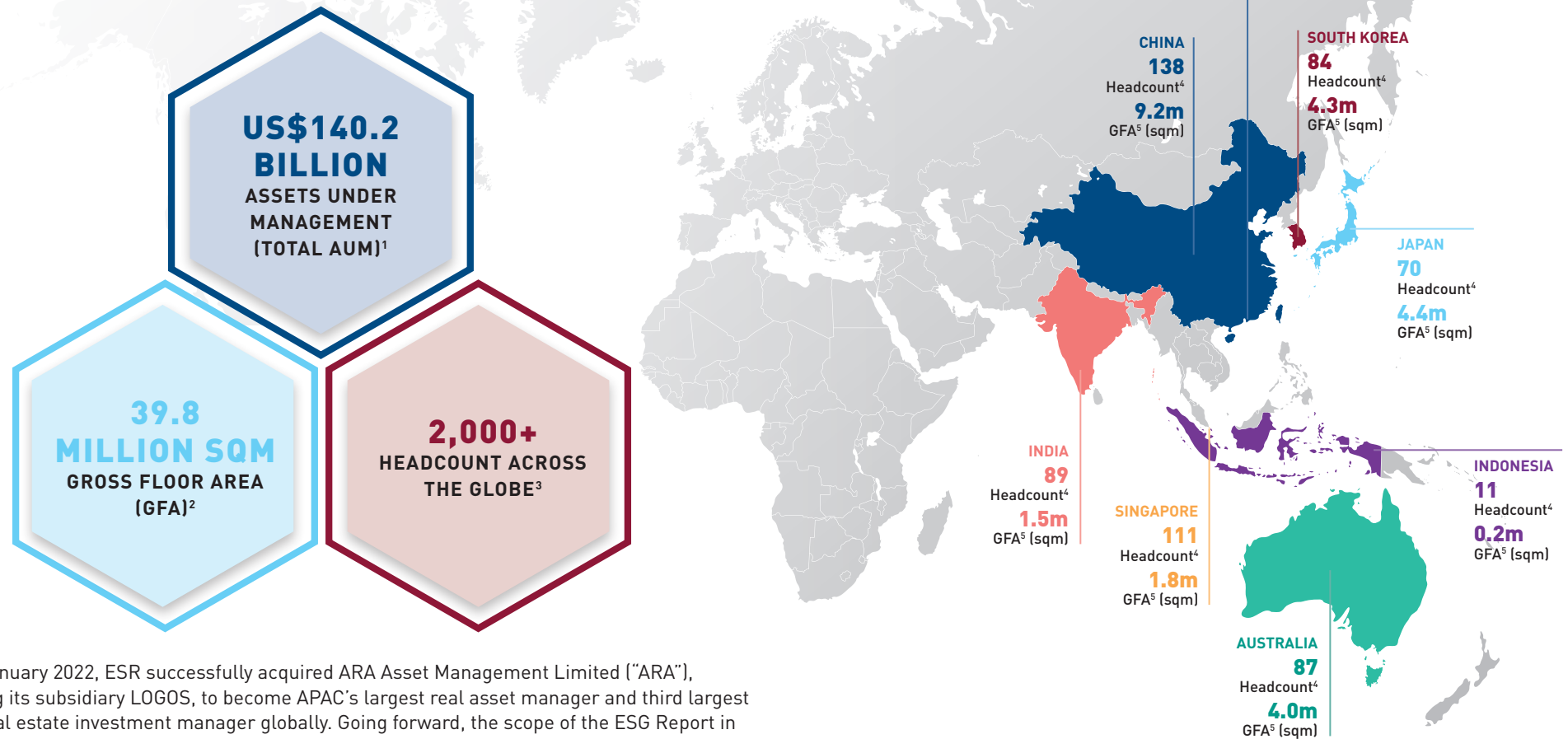
### DEVELOPMENT

Our development platform with an end-to-end integrated suite of technical capabilities and services covers every stage of the development cycle including land sourcing, design, construction and leasing.



## ABOUT ESR

### OUR EXPANDED NETWORK FOLLOWING THE ARA ACQUISITION



On 20 January 2022, ESR successfully acquired ARA Asset Management Limited ("ARA"), including its subsidiary LOGOS, to become APAC's largest real asset manager and third largest listed real estate investment manager globally. Going forward, the scope of the ESG Report in the following year will include ARA as part of the enlarged Group.

#### Notes

- 1 Pro forma Total AUM for the enlarged Group, including AUM of associates (Cromwell and Kenedix) as of 31 December 2021.
- 2 Pro forma GFA of the enlarged Group, excluding assets managed by associates as of 31 December 2021.
- 3 Headcount for the enlarged Group as of 31 December 2021.
- 4 ESR standalone headcount as of 31 December 2021.
- 5 ESR standalone GFA comprising completed properties, properties under construction and land, as of 31 December 2021.

## VISION FOR SUSTAINABLE DEVELOPMENT

## ESG @ ESR

Sustainable business means incorporating ESG into every aspect of our business and decision-making. As we pursue our ESG objectives, we are mindful of our stakeholders' expectations to deliver performance and integrate ESG factors into our operations.

Throughout various stages of our whole asset life cycle, we incorporate sustainability considerations in investments, asset management and development, putting in place best practices, setting goals and monitoring performance to facilitate continuous improvement across every market in which we operate.

INVESTMENT  
IDENTIFICATION

DUE DILIGENCE

PERMIT APPROVALS

ASSET  
DEVELOPMENTASSET  
MANAGEMENTMONITORING &  
REPORTING

## ESG FRAMEWORK

Our ESG Framework organises material ESG topics for our business into 14 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.

HUMAN  
CENTRIC

Basic human needs are universal. Meeting those needs today while ensuring they can continue to be met in the future is the cornerstone of sustainable development.

## Focus Areas

- Stakeholder Engagement
- Safety, Health & Well-being
- Managing & Developing Talent
- Diversity & Inclusion
- Community Investment

PROPERTY  
PORTFOLIO

Our vision is to develop and manage logistics facilities for the New Economy. We offer our tenants modern, state-of-the-art, focused and integrated real estate platforms.

## Focus Areas

- Sustainable & Efficient Operations
- Sustainable Building Certifications
- Climate Change Resilience
- Flexible & Adaptable Properties
- Strategic Locations

CORPORATE  
PERFORMANCE

Strong corporate performance is the foundation upon which we will achieve sustained and balanced growth giving rise to stable returns over the long-term.

## Focus Areas

- Corporate Governance
- Risk Management
- Responsible Investment
- Disclosure & Reporting

**SUSTAINABLE  
DEVELOPMENT  
GOALS**



ESR'S VISION FOR SUSTAINABLE DEVELOPMENT AND ESG FRAMEWORK ALIGNS WITH THE UNITED NATIONS 2030 AGENDA, WHICH IDENTIFIES 17 INTERLINKED SUSTAINABLE DEVELOPMENT GOALS (SDGS) TO HELP CREATE A BETTER AND MORE SUSTAINABLE FUTURE FOR ALL. OUR ESG FRAMEWORK ALIGNS WITH SIX SDGS WHERE WE FEEL WE CAN MAKE THE BIGGEST CONTRIBUTION IN THE ASIA PACIFIC REGION.



## VISION FOR SUSTAINABLE DEVELOPMENT

## ESG IN ACTION

ESR has emphasised on four attributes being greenhouse gas emissions reduction, water conservation, sustainable materials and built to last. Various initiatives have been undertaken to ensure these factors are considered in the structure and design of our properties.

To highlight, we have completed our ESR Yokohama Sachiura Distribution Centre 1 located in Kanagawa, Japan that is over 195,000 sqm GFA in January 2022. This is one of our many properties that illustrates how it addresses the focus areas in our ESG Framework and involves multiple stakeholders.



### STAKEHOLDER ENGAGEMENT

19-month build project in collaboration with leading local partners:

- Shiohama Industry Corporation (Architect and Contractor)
- Takato Tamagami Architectural Design, Ltd. (Amenity Space Designer)
- Mio Watanabe Design Office, LLC. (Landscape Designer)



### SUSTAINABLE & EFFICIENT OPERATIONS

Full array of sustainable elements to mitigate environmental impacts including:

- Energy-saving features
- Onsite solar power generation
- 7,000 sqm green spaces
- Forest conservation
- Bioswale system



### GREEN BUILDINGS

Received the following sustainability credentials certified by leading industry bodies:

- Comprehensive Assessment System for Built Environment Efficiency (CASBEE A Rank)
- Association for Business Innovation in Harmony with Nature and Community (ABINC)
- BELS 5 stars



### FLEXIBLE & ADAPTABLE

Four-story distribution centre epitomising the highest specifications for modern logistics:

- 5.5m clear height
- 2.0/1.5 ton/sqm floor loading
- Seismic base isolation structured facility
- Robust pre-cast pre-stressed concrete beam and column made in Turkey
- Logo and decoration as local symbol on external wall



### STRATEGIC LOCATION

Exceptional access to Yokohama, which has large national ports and easy access from highway.



### REPORTING & DISCLOSURE

Part of ESR's Redwood Japan Logistics Fund II Limited Partnership and RJLF 3 Co-Investment Platform, which both scored 5 out of 5 Green Stars in GRESB's 2021 Development category. They are ranked second out of 20 peers within Industrial Asia.





PILLAR 1

# HUMAN CENTRIC

**22 ASSETS**

ACHIEVED WELL  
HEALTH-SAFETY  
RATING IN  
SOUTH KOREA

**ZERO**

WORKFORCE  
FATALITIES



## PILLAR 1: HUMAN CENTRIC



## PILLAR 1 HUMAN CENTRIC

The first pillar of our ESG Framework focuses on the social aspect of our operations; especially areas relating to tenants, people and the community.



Focus Areas	Targets	Status
<b>Stakeholder Engagement</b>	Develop and launch Tenant Engagement initiatives with monitoring and follow up actions from the Tenant Engagement Surveys	Baseline surveys have been completed for our operations in Australia, China, India and Japan. In particular, ESR Australia has provided training to tenants on utilising the online portal to convey their feedback and address indoor air quality and wellness related questions to improve green building certifications.
<b>Safety, Health &amp; Well-being</b>	Zero workforce fatalities	This target was achieved in 2021.
<b>Managing &amp; Developing Talent</b>	Develop and launch employee engagement initiatives with monitoring and follow up actions from the Group-wide Employee Engagement Survey	Priority areas were identified from the Group-wide Employee Engagement Survey. Employee engagement initiatives, including myESR and Coffee and Learn sessions, were developed and launched.
<b>Diversity &amp; Inclusion</b>	40% overall female participation in our workforce by 2025	In 2021, the gender ratio of women among all employees was 37.8%, up from 35.8% in 2020.
<b>Community Investment</b>	Launch ESR Community Engagement Programme	Work in progress.



## PILLAR 1: HUMAN CENTRIC

## ENGAGING WITH OUR STAKEHOLDERS

STAKEHOLDER ENGAGEMENT IS  
INTEGRAL TO THE WAY WE DO BUSINESS

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 and long-term relationships are integral to our daily business. To strive for continuous improvement, we must listen to 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.

## EMPLOYEES

Times like these reinforce the fact that people are our most important asset. Our people have been and continue to be fundamental to the Group's resilience and agility. Attracting and retaining the right talent is key to our continued success. Three out of five focus areas in the Human Centric pillar of our ESG Framework address various aspects of human resource management, including Safety, Health & Well-being, Diversity & Inclusion and Managing & Developing Talent. We engage our employees through various surveys and dialogues – including our 2020 Group-wide Employee Engagement Survey, myESR Intranet, Townhall sessions, Coffee and Learn sessions, In-Conversation sessions with our Co-CEOs and CSR initiatives with our Co-CEOs.

## TENANTS

3PL and e-Commerce businesses account for approximately 62% of our tenant base across the enlarged Group. 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. Our role is to provide sustainable and innovative solutions. ESR's property managers are responsible for upholding the highest 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. In addition to these meetings, we also engage tenants through surveys, a 24/7 call centre to address tenants' needs and community events.

## SHAREHOLDERS, CAPITAL PARTNERS AND INVESTORS

ESR is fortunate to receive backing from some of the world's preeminent investors such as APG, 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. In addition to regular updates, our other engagement channels include investor meetings, quarterly reporting updates and Annual General Meetings.

## COMMUNITY

Contributing positively to sustainable development of the 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.

## PILLAR 1: HUMAN CENTRIC

## PEOPLE ARE OUR GREATEST ASSET

One highlight of how we prioritise our people can be seen from our response to staff feedback in the inaugural Group-wide Employee Engagement Survey. We listened and acted on staff feedback, including organising five Townhall sessions and putting in place structured performance review (see Managing & Developing Talent section for details).

We will continue to grow our diverse and professional workforce and increase our efforts to achieve greater cross-function integration. ESR's local offices ensure full compliance with the relevant employment and occupational health and safety laws and regulations in all jurisdictions.

## SAFETY, HEALTH &amp; WELL-BEING

We recognise that health and well-being are core enablers of organisational performance. We commit to providing safe workplaces and promoting a holistic well-being, including facilitating a healthy work-life balance. We also involve our employees across multiple levels to reinforce that health and safety are a shared responsibility.

At the Group level, we promote health and safety through company operating standards and procedures that increase our employees' work safety awareness, create a safe workplace where no threats or acts of violence are tolerated, and especially in light of the ongoing pandemic – pursuance of a clean and hygienic work environment.

There are established policies at the Group level available on our Intranet relating to these areas, such as the "Employee Health and Safety" section and our "No Violence Workplace" policy under the Group HR Policy, as well as, the Discrimination and Harassment section from our Code of Conduct and Business Ethics. To cater to the local contexts, there are company level policies and operating practices which are put in place. All employees must follow company policies and guidelines from the Group Risk Management Department. If an employee identifies a potential hazard, they are required to raise the issue to their manager or local HR without delay.

At the regional level, all property and project managers are required to attend occupational first aid, CPR, AED and the Company Emergency Response Team (CERT) training courses to equip themselves with the skills to be in-house first responders, to better manage and respond to any building emergencies.

More specific to our property development teams, worksite safety programmes are put in place including the prevailing COVID-19 safety management measures and regular participation in fire drills. Our project managers set up measures on the oversight of the general contractor and related service providers which take responsibility for the entire site in compliance with local building and safety regulations, conduct periodic meetings to discuss related risks and ensure that emergency preparedness training are being conducted. We also work closely with our supply chain to ensure that employees of our contractors have acceptable standards of safety and health protection as specified in our [Supplier Code of Conduct](#).



In our South Korea portfolio, we are pleased to share that 22 assets have achieved the WELL Health-Safety Rating certification, representing over 22 million square feet. We are committed to prioritising our people's health and our spaces for safe re-entry in a post-COVID-19 environment, where occupants can work with peace of mind. The WELL Health-Safety Rating entails a third-party review process, including evaluation of cleaning and sanitisation procedures, emergency preparedness programmes, air and water quality management, stakeholder engagement and communication and innovation.

This certification demonstrates our commitment to the health and well-being of our tenants. We believe in the sharing of best practices across our regions and are looking into the WELL Health-Safety Rating certification for other regions as well. We also seek to comply with all local health and safety regulations and safety training requirements.



Goyang Logistics Park

## PILLAR 1: HUMAN CENTRIC

## PEOPLE ARE OUR GREATEST ASSET

**Combatting COVID-19 together**

As a Group, we continue to take active measures to effectively respond to the pandemic, including enforcement of consistent cleaning and implementation of safe distancing measures in our assets and offices, adoption of flexible working arrangements, provision of mental well-being webinars, and supporting individuals especially hard hit by the pandemic in our communities.

In Singapore, ESR-LOGOS REIT (formerly known as ESR-REIT) launched the COVID-19 Care Initiative in support of its F&B tenants, frontline heroes, senior citizens and low-income families in the community. F&B tenants had taken a hard hit with social restrictions, and we responded by purchasing cash vouchers to help provide a boost in sales. The vouchers were distributed to individuals affected by the pandemic with the help of Kembangan Chai Chee Community Centre.



Group photo of Mr Tan Chuan-Jin (Speaker of the Parliament of Singapore), Voucher recipients (frontline workers), ESR-LOGOS REIT - Ms Lyn Ong and Mr Adrian Chui

**Managing Stress and Work-life Balance**

To help promote our colleagues' health in mind and in body during a time when working from home sustained as a pattern, we delivered mental well-being webinars, including on the topics of mental wellness for parents who are working from home and learning to self-manage and stay recharged to avoid workplace burnout. Besides flexible working arrangements, we promote work-life balance in other areas such as family care leave, recreational facilities in the office, off-site staff bonding activities and official rest days. Two Employee Assistance Programmes (EAP) were also launched in Australia and South Korea in 2021 and we are looking at implementing this in additional markets.

**MANAGING & DEVELOPING TALENT****ESR cares. We act on the thoughts of our people.**

In last year's report, we shared the launch and findings from our inaugural Group-wide Employee Engagement Survey. 517 respondents took part and overall findings revealed a +10.9 Net Promoter Score and high levels of confidence in ESR's business strategy and leadership.

We have also reviewed findings from the survey to help guide our talent management approach going forward.

ESR appointed employee liaison representatives to identify priorities and recommend response actions. These employee liaison representatives then partnered with Country Heads and the Group HR team to put in place recommended actions in response to priority areas identified from the survey. The table below gives an overview of response actions implemented in 2021, with further details in the paragraphs that follow.

Priority area identified from survey	Response actions implemented in 2021
<b>Communications</b>	<ul style="list-style-type: none"> <li>Launched Group-wide intranet, myESR</li> <li>Organised 5 Townhall sessions</li> </ul>
<b>Inclusion &amp; Respect / Teamwork</b>	<ul style="list-style-type: none"> <li>Organised a webinar on Collaborating Across Culture on 21 May 2021</li> </ul>
<b>Career Development</b>	<ul style="list-style-type: none"> <li>Put in place structured performance review with target setting and formal annual review with focus on development areas</li> </ul>



## PILLAR 1: HUMAN CENTRIC

## PEOPLE ARE OUR GREATEST ASSET

**Communications – Our Response Actions**

In line with feedback from our inaugural Employee Engagement Survey in 2020, we received feedback to improve internal communication and we have launched the ESR Intranet, myESR. myESR helps foster timely communication of employee news internally, in addition to serving as a one-stop platform for staff to access resources including firm policies, HR information and industry insights. This is a collaborative effort amongst teams in the firm and an important milestone for our employee engagement journey.

We organised 5 Townhall sessions in 2021, where updates relating to ESR's latest business were communicated to our staff. Townhalls also serve as a platform to promote communication between employees and senior management. For example, at these Townhall sessions, senior leaders shared the ESG 2025 Roadmap ahead on the integration of ESR and ARA and addressed questions from staff on the integration.

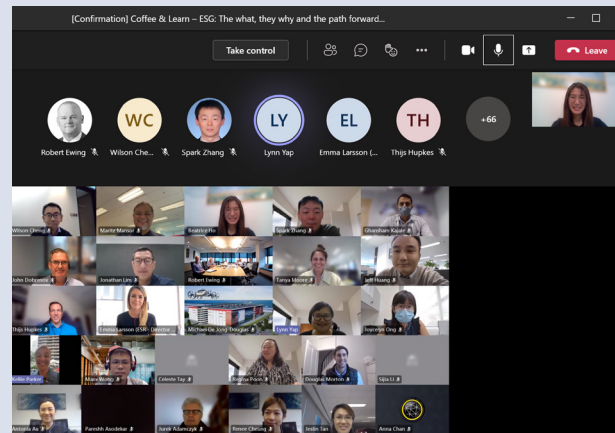
**Launch of "Coffee and Learn" series**

In 2021, we also launched an organisation-wide "Coffee and Learn" series. In the spirit of sharing best practices across our Group, we adapted the "Lunch and Learn" initiative from the Australia office to expand a learning series across various time zones of the markets we operate in. Information on the topic background, speaker qualifications and outcomes of what participants can expect to learn are communicated to all our staff ahead of each Coffee and Learn session.

Fittingly on the topic of collaboration, we kicked off the Coffee and Learn series with sharing from an external expert on culture, leadership and inclusion on "Collaborating Across Cultures", followed by a series on cyber security also from an external expert, where participating staff gained deeper understanding on

how to better safeguard themselves and the company against cyber security threats.

Responding to feedback on an eagerness to hear from in-house subject matter experts, we then pivoted to hold Coffee and Learn sessions where our very own staff spoke on topics of their expertise – "Our Future Warehouse – The Impact of New Technology" and "ESG: The what, the why and the path forward". We view these are important topics for our staff to familiarise with and we look forward to using these initial conversations to spur further exchange across our Group. Through hearing from our own staff, we are also responding to survey feedback to promote internal knowledge sharing and increase learning opportunities.



See you in an hour!

## Thursday, 11 Nov

13:00 -14:00 (SIN/HKG/CHN)

**Coffee and Learn series:**

Environmental, Social and Governance ("ESG") -

The what, the why and the path forward...

Via Microsoft Teams

**Emma Larsson**  
Director, Operations & ESG Officer

## PILLAR 1: HUMAN CENTRIC

## PEOPLE ARE OUR GREATEST ASSET

**Co-CEOs engagement with staff**

Employee engagement and communication are core priorities for our Co-CEOs.

**In-Conversation with Stuart Gibson, Co-CEO**

Our Co-CEO, Stuart Gibson, hosted two In-Conversation sessions, one with colleagues from South Korea and another one with our Singapore colleagues. These sessions provide the opportunity for open communication between our employees and senior leaders, and in a more casual setting where they can get to know one another better through mingling and networking time. Through this platform, senior leaders also share insights on the logistics real estate industry and ESR's business strategies. Equally if not more important, employees are invited to share their views and ask questions.

**China CSR effort led by Jeffrey Shen, Co-CEO**

Employee Engagement through our work in Corporate Social Responsibility ("CSR") is another channel that promotes connection between senior leaders and our employees, where our people have the opportunity to work on a community initiative together and get to know each other better outside of the work context.

Aligned with our vision for sustainable development, we are committed to supporting admirable causes that drive positive change. Co-CEO Jeffrey Shen led members of our China team to participate in a CSR initiative to support the teachers and students of Jin Niu Elementary School in the Yangbi Autonomous County of Yunnan Province in their efforts to resume normal classes following the impact of an earthquake. Our team engaged in extracurricular activities and small class teaching as part of the ESR Future Classrooms programme. Senior leaders and employees who took part in the event shared that it was a meaningful experience to contribute to a community in the market we operate in.

**Career Development**

We have put in place structured performance review with target setting and formal annual review with focus on development areas. Employees receive feedback from their managers on performance and areas for improvement during this annual exercise, which aims to support our employees in achieving their performance goals and continuously developing their competencies. Our approach to leadership development combines formal training with mentoring and career coaching.

On the other end with recruitment, we have partnered with National University of Singapore and Nanyang Technological University to offer internship programmes to students. Through students' internships with ESR, we hope to provide insight into the real estate industry and develop potential future talents.

**Culture of Active Learning**

We value a culture of active learning and support our employees through access to different types of training. Training activities in our regional offices entailed online training and learning forums on topics including risk management, cyber security, soft skills and ESG awareness. In China, we arranged a 7-day AutoCAD certificate training programme to upskill project and property staff. In Australia, we obtained corporate membership to the Property Council of Australia, which provides our staff access to its comprehensive learning academy and professional development events. Compulsory training for all our directors and staff includes periodic anti-corruption and compliance training. In December 2021, there was a regulatory update by the external legal counsels to the directors on topic relating to corporate governance standards, including anti-corruption. For the staff, they are required to complete the assigned compliance e-learning courses annually.

Regional offices regularly promote training opportunities, including job-related training, such as those relating to new regulations and external certification courses. Regional offices also 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 evaluate individual performance. We also assess remuneration to be competitively aligned to the market to reinforce a pay for performance culture. 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.

## PILLAR 1: HUMAN CENTRIC

## PEOPLE ARE OUR GREATEST ASSET

## DIVERSITY &amp; INCLUSION

**Diverse workplaces free from discrimination**

We value diversity and believe all employees have the right to work in a supportive and professional environment. Employees at all levels have an obligation to ensure that the Company's Diversity and Inclusion goals are fully carried out in their areas of responsibilities. It is the responsibility of each supervisor to promptly address any questions or complaints about diversity or equal treatment and, if necessary, refer them to the Human Resources Department for additional assistance.

In terms of our recruiting process, we provide equal opportunities to employees, candidates and suppliers where no applicant will be treated less favourably than another based on grounds including race, gender, disability, sexual orientation, religion, family status, membership in trade unions and political affiliations.

**Women in our workforce**

At 37.8%, women are represented in our workforce with room for improvement, particularly at senior management levels, reflecting social and cultural norms for our industry in the APAC region. ESR strives to redress the gender balance through policies and procedures for attracting, encouraging and supporting female candidates and employees.

ESR once again embraced International Women's Day in 2021 as an opportunity to celebrate the women who work at ESR. We took part in a virtual event hosted by the Asia Pacific Real Estate Association (APREA) on the theme 'Choose to Challenge', where our Group CCO, Lilian Lee, alongside other accomplished women leaders, shared words of inspiration and together promoted gender inclusivity in Asia's real estate sector.

We also launched the ESG Webinar Series: Celebrating the Women of ESR in 2021, where we heard from two

speakers - Anne LeBourgeois (Hamilton Advisors) and Pat Dwyer (The Purpose Business), as well as our own colleagues, around the theme of the value and challenges of women at work.

In Australia, we hosted an International Women's Day lunch with external guest speaker Josephine Sukkar, who was appointed the first female Chair of Sport Australia. The event saw high participation from our female employees, many of whom were inspired by the event and found it helpful through the sharing of practical tips on optimising career progression.

To uphold the Group's commitment to diversity and inclusion, the Company (in conjunction with the nomination committee) has appointed two new female independent non-executive directors to the Board on 19 April 2022 and 25 May 2022 (i.e. total of three female directors currently).





## PILLAR 1: HUMAN CENTRIC

## SEEDING POSITIVE CHANGE IN OUR COMMUNITIES

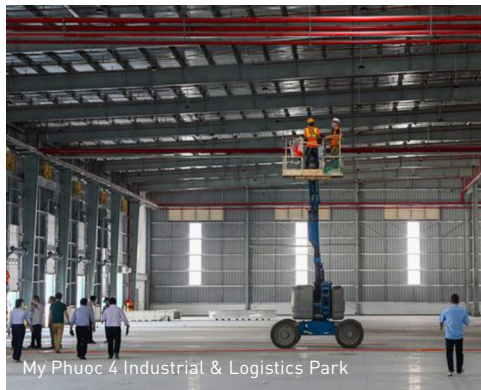
**AN ESSENTIAL ASPECT OF OUR CULTURE IS CONTRIBUTING POSITIVELY TO THE COMMUNITIES IN WHICH WE OPERATE**

Our regional offices participate in a range of community investment activities in partnership with local organisations. 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 teams.

**CONVERTING A 40,000 SQM WAREHOUSE INTO COVID-19 FIELD TREATMENT CENTRE**

Together with BW Industrial, our joint venture partner on My Phuoc 4, ESR accelerated completion of the 40,000 sqm facility in Binh Duong, Vietnam to serve as a COVID-19 treatment centre in response to the challenges posed by the pandemic.

In close alliance with the People's Committee of Binh Duong, where the facility is located, we installed electricity, water and toilet facilities to prepare the space to be operational ready as a treatment centre.

**SUPPORTING LOCAL DISASTER PREPAREDNESS EFFORTS IN KANAGAWA, JAPAN**

In December 2021, we announced an agreement with the government of Kanagawa Prefecture in Japan, a prefecture of over 9 million residents, to offer our facilities to support the smooth and speedy implementation of disaster response in the area susceptible to natural disaster.

Under the "Agreement on the establishment of a disaster relief emergency supplies transport hub", ESR will work closely with authorities and emergency personnel in Kanagawa Prefecture to maintain a stable delivery hub. This safeguards the continuation of goods transportation when supply lines are disrupted by providing space in its primely-located modern distribution centres.

The seven facilities included in the agreement are: ESR Namamugi Distribution Centre, ESR Kawasaki Yako Distribution Centre, ESR Chigasaki Distribution Centre, ESR Yokohama Sachiura Distribution Centres 1&2, ESR Kawasaki Ukishima Distribution Centre and ESR Higashi Ogishima Distribution Centre. They are amongst ESR's very best logistics facilities – built with the highest degree of human-centric features and the latest technology. ESR remains committed to leveraging its resources to nurture the sustainable development of communities and ensure the safety and well-being of stakeholders.



## PILLAR 1: HUMAN CENTRIC

## SEEDING POSITIVE CHANGE IN OUR COMMUNITIES

**SUPPORTING STUDENT ARTISTS IN OUR HONG KONG COMMUNITY**

To mark the holiday season in a meaningful way, ESR and ARA came together to support student artists from Hong Chi Association, a Hong Kong-based NGO dedicated to empowering people with intellectual disabilities. Four talented students from Hong Chi Winifred Mary Cheung Morninghope School – Chan Ching Lok, Ho Yiu Hei Sammon, Kwok Yu Hing YoYo and Wang Xue Ying Elsa – created artwork depicting landmark ESR and ARA assets, which were commemorated in our special Christmas e-card in 2021. ESR further made a donation to Hong Chi Association to support their work.

**SUPPORTING MENTAL HEALTH FOR OUR INDUSTRY – ESR AUSTRALIA AND HEALTHY HEADS IN TRUCKS & SHEDS**

ESR Australia began supporting a new partner in 2021, Healthy Heads in Trucks & Sheds, a non-profit foundation that champions mental health and well-being for workers in road transport, warehousing and logistics industries across Australia. Prior to this partnership, ESR Australia engaged with staff members through a survey to understand charity partnership preferences, which facilitated our choice to ultimately support Healthy Heads in Trucks & Sheds.

In addition to our US\$35,500 National Highway sponsorship, we are active in supporting Healthy Heads in Trucks & Sheds to promote their key messages and pillars, including increased mental health training, standardisation of policies, and wellness through our digital channels to our teams. We are also working on a broader initiative together to assist Healthy Heads in Trucks & Sheds in achieving their membership targets through sharing about this industry-for-industry initiative with our customers and their employees, with the larger goal of creating thriving workplaces across Australia.

**SPONSORING AMATEUR FOOTBALL LEAGUE TO PROMOTE SPORTSMANSHIP**

We began our partnership with one of Japan's premier amateur football associations, Footy Japan Competitions, in 2021 with a multi-year sponsorship agreement involving two of the biggest brands in the country's multinational sporting community.

We are pleased to see the alignment between ESR's core values and that of Footy Japan Competitions, among them commitment, sportsmanship and teamwork. We look forward to collaborating on initiatives to promote greater inclusion among Japan's international community – within Footy Japan Competitions are team members from a multitude of nationalities, business backgrounds and ages.

In line with our vision for sustainable development, we will continue to leverage our resources to support admirable causes like this - to drive positive community changes.



## PILLAR 1: HUMAN CENTRIC

## DESIGNED WITH OCCUPANTS IN MIND

**DIFFERENTIATORS OF OUR MODERN LOGISTICS FACILITIES INCLUDE OUR HUMAN-CENTRIC DESIGN AND AMENITIES**

We continually work towards improving the usability and working environments of our modern logistics centres through understanding the needs of our tenants and their workers, technology and intentional design.

Elements in the table below are examples of those we have already incorporated to enhance the working environments of our logistics centres.

**Optimal space**

- large floor plates
- high ceilings

**Efficient loading and parking**

- comprehensive safety designs

**Secure storage**

- surveillance systems
- fire-fighting features
- proper ventilation

**Customisability**

- office space
- refrigeration/freezing
- air-conditioning

**Active design**

- staircases that are easily accessible and aesthetically pleasing

**Active transit**

- bicycle storage
- shower and locker facilities

With ESR Yokohama Sachiura Distribution Centre 1 as an example – we listened to tenants' feedback and implemented several improvement measures in response. This included provision of a climbing wall for tenants and increasing the aesthetics of the working environment by adding more art work.



ESR Yokohama Sachiura Distribution Centre 1





PILLAR 2

PROPERTY PORTFOLIO

**39.4 MW**  
ROOFTOP SOLAR  
INSTALLED  
CAPACITY

**97**  
SUSTAINABLE  
BUILDING  
CERTIFICATIONS  
IN OUR PORTFOLIO



## PILLAR 2: PROPERTY PORTFOLIO



## PILLAR 2 PROPERTY PORTFOLIO

Environmental considerations are integrated into the Group's properties during their design, construction and maintenance which cover the daily operations of these assets. We strive to continuously improve our properties by working closely with our customers, investors, contractors and local authorities throughout the entire process.

When selecting sites for our development, a number of factors are considered including avoiding environmentally sensitive areas to limit adverse effects on wildlife and ecosystems, enhancing the connectivity of people and accessibility to the area and remediating actions of brownfield sites. Property design is another crucial step as we emphasise on the use of sustainable materials and resource-efficient innovative technologies to ensure that resilient and sustainable assets are built. Where applicable, we take advantage of the elements of the surrounding environment such as utilising natural ventilation and solar energy in particularly sunny regions to power our properties.

During construction, we have implemented erosion and sediment control as well as responsible waste management to minimise the environmental impact. All of the assets in our portfolio have been developed in accordance with the applicable governing codes and construction standards. We have established an ESR Future Solutions Group (FSG) to perform in-depth analysis on improving our assets and undertake sustainable asset enhancement initiatives.

We have established five key areas in developing our diverse property portfolio to better meet the expectations of our various stakeholders and to adhere to regulations set out by governments in the markets which we operate in. The five focus areas that will be further detailed in this section of the report are as follows:

- Sustainable & Efficient Operations
- Sustainable Building Certifications
- Climate Change Resilience
- Flexible & Adaptable Properties
- Strategic Locations

For each of these focus areas, we have created environmental targets that align with our commitments and actions of our operations to achieve a green and sustainable future. The table below illustrates the goals that are expected to be attained by 2025.

Focus Areas	2025 Targets	Status
<b>Sustainable &amp; Efficient Operations</b>	50% increase in solar power generation capacity	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.  We were able to achieve our annual goal at the end of 2021, as the total installed roof-top solar capacity across all markets was 39.4MW, an increase of 4.4MW.
	20% reduction in energy consumption intensity	During the past year, several assets were selected to undergo asset enhancement initiatives in consideration to improve energy intensity. In addition, the Group began the study of a decarbonisation plan which will provide the long-term path to achieve further reduction measures.
<b>Sustainable Building Certifications</b>	50% of our portfolio to obtain Sustainable Building Certifications	20% of GFA completed in 2021 has been either certified by recognised sustainable building standards or the certification process is underway.  The details of all green certifications obtained in 2021 can be found in the ESG data summary.
<b>Climate Change Resilience</b>	Alignment with Recommendations from the Taskforce on Climate-related Financial Disclosures (TCFD)	MSCI's Real Estate VaR has been utilised by ESR in identifying climate related risks and opportunities by measuring current and future costs of climate change and the global warming impact on the asset portfolio. The asset management process will strategically be adapted to address the risks most relevant to ESR.
<b>Flexible &amp; Adaptable Properties</b>	Design, construction and maintenance approaches to reduce material degradation	ESR has continued to design and build properties with accessibility and adaptability in mind. Included in our assets is the Bucheon Logistics Park under our South Korea portfolio that has excellent connectivity to Greater Seoul and major transport infrastructures as well as state-of-the-art design and employee amenity roof space. For our Japan assets, we have the ESR Yokohama Sachiura Distribution Centre 1 located in Yokohama City with relaxing lounges, retail shops, sky decks and children's day care centres known as BARNKLÜBBS provided to our tenants.
<b>Strategic Locations</b>	Building and expanding modern logistics facilities in key locations	

## PILLAR 2: PROPERTY PORTFOLIO

## SUSTAINABLE & EFFICIENT OPERATIONS

ESR strongly believes that elevating environmental performance and improving efficiency is critical to the preservation of natural resources and success of the business. Therefore, our focus on investment and implementation of resource-efficient technologies such as mechanical, electrical and plumbing systems and equipment will optimise our buildings' energy and water use efficiencies. For those managed assets for which ESR is not the original developer, we also take actions to develop or enhance sustainable features to make the buildings greener.

There are four significant attributes that we emphasise in our property portfolio as follows:

### GREENHOUSE GAS EMISSIONS REDUCTION

- Replacing traditional lighting with energy saving alternatives (i.e. LEDs)
- Setting lighting control functions in 90% or more of the individual occupant spaces
- Using renewable grids with low carbon emissions, if available
- Enabling thermal temperature tailoring in 50% or more of individual occupant spaces
- Using onsite renewable energy sources such as biofuels, geothermal, hydro, solar/ photovoltaic or wind
- Using self-contained hot water systems that achieve 85% or more efficiency
- Using natural sunlight to illuminate the building space (achieve 75% or more lighting in regularly occupied floor area)

### WATER CONSERVATION

- Installing smart subsurface irrigation systems with soil moisture sensors that drip feed native plants
- Managing cooling tower water to optimise recirculation cycles and reduce water consumption
- Using recycled water like treated wastewater and stormwater for non-potable applications
- Obtaining green ratings for our amenities such as the WaterSense label (US EPA) and LEEDv4 (fixture and fitting code requirements)

### SUSTAINABLE MATERIALS

- Partnering with local suppliers to minimise carbon footprint and support local businesses
- Using recycled content in our construction sites and office spaces
- Acquiring materials with green certifications such as Carpet and Rug Institute Green Label, FloorScore and legally harvested timber
- Reducing the use of ambient concentrations of chemical contaminants



### BUILT TO LAST

- Creating kerbs for protection of external walls in delivery and vehicle drop-off areas
- Applying impact protection features on doors and corridors to reduce wear and tear
- Installing hard-wearing floors to allow for easy maintenance and washing
- Constructing robust external walls that apply to up to two metres from the ground

## PILLAR 2: PROPERTY PORTFOLIO

## SUSTAINABLE &amp; EFFICIENT OPERATIONS

ESR increased its rooftop solar power generation across all markets and continues to explore other renewable energy sources. Rooftop solar power generation reached more than 164,000 GJ in the current year, which is a 12% increase compared to 2020. In addition, 2,877 GJ of grid purchased geothermal energy was consumed by our properties in India. Investment in rooftop solar power in our major markets are shown below as follows:

	 Rooftop solar installed capacity*	 Solar power generated
	In MW	In GJ
China	9.7	33,763
Singapore	2.2	5,527
Japan	23.8	121,601
South Korea	0.2	3,328
Australia <sup>^</sup>	3.5	—
<b>Total</b>	<b>39.4</b>	<b>164,219</b>

\* One of our targets under the Sustainable & Efficient Operations focus area is to increase our solar capacity by 3.5MW on average each year over the next four years to exceed 52MW of solar power generation capacity (a 50% increase) by 2025.

<sup>^</sup> Australia is in the progress of compiling the solar power generated relating to the newly acquired assets during 2021 over the next few months.

Ambitious energy targets have been set out for our properties in various regions in accordance with the local operating environment. For instance, we seek to meet 100% of our energy needs from renewables by sourcing wind and hydro generated power to supplement the current rooftop solar supply for our Australian properties. In addition, ESR Australia has joined the NABERS Accelerate program to develop a rating tool for warehouses and cold stores to measure energy and water consumption.

To highlight, the Bringelly Road Business Hub in Australia has reached its practical completion in 2021 and will be receiving a 5 Green Star rating for installing rooftop solar equipment with a 1MW capacity. This is a testament to its commitment to attaining

operational carbon neutrality through participating in the Climate Active Program. The state-of-the-art facility expands over 36,237 sqm where 34,700 sqm of the building area is a temperature-controlled warehouse for pharmaceutical storage. Other sustainability features include individually sensor-controlled LED lighting, daylight roof panels over staging areas, insulated walls and roof with rapid insulated shutter doors, air curtains and truck seals at doorways, 75,000L rainwater tank serving irrigation and toilets as well as low water landscaping.



In Japan, there are self-consumption solar operations at ESR Fujiidera Distribution Centre and ESR Kuki Distribution Centre under our properties portfolio, which we could issue Green Energy Certificates to offer wholesale of green energy generated.





## PILLAR 2: PROPERTY PORTFOLIO

## SUSTAINABLE &amp; EFFICIENT OPERATIONS

Meanwhile for Singapore, our goals are to reduce energy intensity by 1% per year, lower total energy consumption by 5% between 2019 to 2023 and achieve Green Mark Certification for all the buildings undergoing our Asset Enhancement Initiative from 2019 onwards. This represents 69% of total GFA of ESR-LOGOS REIT's (formerly known as ESR-REIT) portfolio and is in line with the Singapore's pledge to peak emissions at 65 MtCO<sub>2</sub>e by 2030.



In South Korea, we have begun construction on Incheon Geodan during the current year and target to obtain the LEED Gold certification by installing and consuming energy generated from rooftop solar panels. It is expected that 1% of the total energy consumed will come from solar source.



With the increase in demand for electric vehicles due to less reliance on fossil fuels and improved air quality, EV charging stations are available in our assets' facilities to support tenants with such needs. Having these charging stations more widely accessible also encourages others to switch from traditional vehicles to EVs, which will reduce greenhouse gas emissions and lessen the impact on climate change. In 2021, our China portfolio has 23 EV charging stations installed. It is expected that 15 charging stations will be constructed and installed in five of our Korean properties soon. Another 10 charging stations are scheduled to be installed for the Australian properties in the upcoming year.



## PILLAR 2: PROPERTY PORTFOLIO

## SUSTAINABLE BUILDING CERTIFICATIONS

As APAC's largest real asset manager, we actively endeavour in obtaining green certifications and ratings for our new buildings under various sustainable building schemes in the regions where we operate. Apart from alleviating the effects of climate change, achieving such accreditations will also provide many advantages to the Group including increased asset valuation, decreased operational costs and health & well-being benefits to our building occupants.

We have earned multiple sustainable certifications and ratings within our property portfolio as shown in the table below.

LEADERSHIP IN ENERGY AND ENVIRONMENTAL DESIGN (LEED)	COMPREHENSIVE ASSESSMENT SYSTEM FOR BUILT ENVIRONMENT EFFICIENCY (CASBEE)	NATIONAL AUSTRALIAN BUILT ENVIRONMENT RATING SYSTEM (NABERS)	INTERNATIONAL WELL BUILDING INSTITUTE (WELL)	BUILDING & CONSTRUCTION AUTHORITY GREEN MARK (BCA)	INDIAN GREEN BUILDING COUNCIL (IGBC)	ASSOCIATION FOR BUSINESS INNOVATION IN HARMONY WITH NATURE AND COMMUNITY (ABINC)	BUILDING ENERGY LABELLING SYSTEM (BELS)
							
<b>0 ASSETS</b> under Construction	<b>5 ASSETS</b> under Construction	<b>0 ASSETS</b> under Construction	<b>0 ASSETS</b> under Construction	<b>0 ASSETS</b> under Construction	<b>6 ASSETS</b> under Construction	<b>1 ASSET</b> under Construction	<b>1 ASSET</b> under Construction
<b>1 ASSET</b> completed in 2021	<b>2 ASSETS</b> completed in 2021	<b>0 ASSETS</b> completed in 2021	<b>0 ASSETS</b> completed in 2021	<b>0 ASSETS</b> completed in 2021	<b>0 ASSETS</b> completed in 2021	<b>0 ASSETS</b> completed in 2021	<b>0 ASSETS</b> completed in 2021
<b>23</b> Other standing assets	<b>19</b> Other standing assets	<b>7</b> Other standing assets	<b>22</b> Other standing assets	<b>5</b> Other standing assets	<b>0</b> Other standing assets	<b>2</b> Other standing assets	<b>1</b> Other standing asset



## PILLAR 2: PROPERTY PORTFOLIO

## SUSTAINABLE BUILDING CERTIFICATIONS



Bucheon Logistics Park

In 2021, 3 out of 15 of our newly completed assets have either completed certification or have applied for certification, representing 218,308 sqm or 20% of our newly completed GFA this year. Across our standing portfolio in 2021, 70 completed projects (excluding those under development) are certified under one or more standards. This represents approximately 7 million sqm GFA. Total number of building certifications and ratings rose from 60 to 97, representing a 62% increase compared to prior year.

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 and WELL Health-Safety Rating from the International WELL Building Institute. It was also the first logistics facility in APAC being awarded WELL Gold.



ESR Yokohama Sachiura Distribution Centre 1

One of our newly completed assets, ESR Yokohama Sachiura Distribution Centre 1, from our Japan portfolio was awarded with the CASBEE A ranking, Association for Business Innovation in Harmony and Community (ABINC) and BELS 5 stars.





## PILLAR 2: PROPERTY PORTFOLIO

## CLIMATE CHANGE RESILIENCE

Due to the rapidly changing conditions resulting from climate change and scarcity of resources from overconsumption, it is in the best interests of everyone including businesses to work together and resolve this global crisis. ESR has formally supported the Paris Agreement since 2020 to address these issues, which was ratified by 187 nations with the objective of keeping global warming within 1.5 degrees Celsius of pre-industrial levels. By transitioning to low carbon solutions to meet the Paris Agreement, we plan to align our climate risk assessments and disclosures of the Group with the Recommendations from the Taskforce for Climate-related Financial Disclosures (TCFD) by 2025.

For Australia in particular, a climate risk assessment framework was developed using weather data, climate modelling and online mapping tools that have been incorporated into the existing Environmental Management System (EMS). Day-to-day asset and property management decisions and reporting are made accordingly based on the assessments performed.

In the current year, we have engaged MSCI, an investment research firm providing stock indexes, portfolio risk and performance analytics to conduct forward-looking and return-based valuation assessment that will measure climate related risks and opportunities in our portfolio. Through this assessment, the associated transitional risks relating to regulatory and technological developments and physical risks can be identified and evaluated across various scenarios at the portfolio and asset level. An appropriate comprehensive risk management framework is then formulated to address those risks accordingly.

MSCI has performed the Climate Value-at-Risk Real Estate Portfolio Analysis for the major regions of ESR being Australia, China, India, Japan and South Korea. Assets categorised as riskiest by overall physical risk and overall policy risk were identified. The table below illustrates the types of climate risks relevant to ESR as follows:

Type of Climate Risk	Specific Risk	Description
<b>Physical</b>	Extreme weather events (coastal flooding, fluvial flooding, extreme cold, extreme heat and tropical cyclones)	Properties located in regions with frequent extreme weather events are subject to more damage and higher risk of human endangerment. As such, ESR shall have appropriate safety measures to address this risk and minimise harm to its tenants.

Type of Climate Risk	Specific Risk	Description
<b>Transitional</b>	Policy risk Reputational risk	Extensive regulatory and policy changes are required to achieve a low-carbon economy, which affects the overall operations of the business. Non-compliance will adversely affect the reputation and reliability of any real asset manager. It is vital for ESR to continually transition to renewable energy sources (i.e. solar, wind and hydro), reduce carbon emissions and incorporate innovative, sustainable designs in its properties to maintain our competitiveness in the industry.



Biodiversity is also a crucial element in maintaining the overall health of the earth. As such, ESR prioritises in reducing the impact of its operational activities on biodiversity and the environment through various means including sustainability development and practices on brownfield sites. Enhancement of biodiversity is being considered when designing our properties by incorporating wetlands and parks and preserving a variety of fauna in the surroundings.

## PILLAR 2: PROPERTY PORTFOLIO

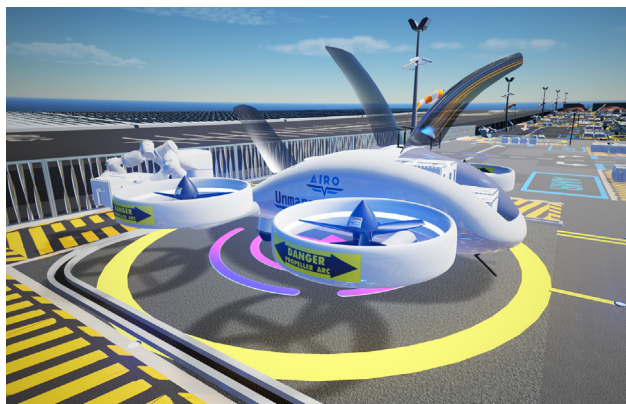
## FLEXIBLE &amp; ADAPTABLE PROPERTIES

Quality, comfort and durability are attributes highly valued by our customers. We design, construct and maintain our properties utilising advanced technologies and top-grade materials to ensure they are safe and built to last. With these priorities in mind, we also limit material degradation in our asset portfolio, which reduces operational costs and contributes to our stellar performance in the long run.

Within ESR, there is a specific team, the Future Solutions Group (FSG), that is responsible for identifying and evaluating technological, economic and societal changes so that we can better address the needs of our customers and improve the logistics infrastructure. We plan to adopt new technologies such as 5G and robotics to increase efficiency and automation of our processes in the near future. We have collaborated with VRCO, a UK Aerospace

company, to design the world's first cargo drone logistics facility at ESR Higashi Ogishima Distribution Centre. Other companies such as Autostore, ESRI, GEEK+, Signify, SSI Schaefer and TMX have also presented to FSG during the year to obtain a better understanding on how their respective expertise (cube storage automation, GIS mapping systems, robotics, smart lighting systems and logistics solutions) can assist ESR's daily operations. Furthermore, big data analytics will be conducted to enable us to streamline stock management and deliveries.

We have included a number of features for the majority of our properties to maximise the level of flexibility, customisation and well-being of our occupants. For example, space utilisation has been optimised (large floor plates, high ceilings and wide column spacing) to provide a spacious and comfortable environment. Parking and loading areas have been designed to be especially efficient to reduce traffic congestion. Facilities provided to occupants in our properties include secure storage space with 24/7 surveillance, bike storage for cyclists and resting areas with showers.



ESR Nagoyaminami Distribution Centre



## STRATEGIC LOCATIONS



In the ever-changing world where we need to frequently adapt to remain competitive, selecting the right location is of utmost importance when expanding our property portfolio. Securing assets in key strategic locations such as in established transportation networks will enable us to enhance import and export logistics and domestic market distribution for our customers. Not only does this benefit our customers, but this helps to minimise the environmental footprint from transportation channels.

We hope to build around our customers' desire for efficiency, faster speed to market and greater resilience in their supply chains in the long run. The logistics and warehousing sectors globally are essential infrastructure for the digital economy, enabling the time sensitive distribution of products to consumers. Our strategy is to concentrate our assets close to urban infill locations in markets where barriers to entry are high, supply is limited and demand is robust. By utilising existing infrastructure, and lowering transport-related emissions, this approach is also more sustainable. Our customers include some of the world's largest companies who demand the right assets in the right locations. Strategic site selection with a preference for infill locations close to infrastructure, consumers and transport is key to our success in the industry.





PILLAR 3

# CORPORATE PERFORMANCE

**US\$1  
BILLION**  
SUSTAINABILITY-  
LINKED LOAN CLOSED

**ESR  
COMPLIANCE  
DESKTOP®**  
AUTOMATED  
THIRD-PARTY DUE  
DILIGENCE WORKFLOW  
- enhanced function  
implemented



## PILLAR 3: CORPORATE PERFORMANCE



## PILLAR 3

## CORPORATE PERFORMANCE

To ESR, it is at the heart of sustainable development to enhance shareholders' value through a responsible investment approach, with a strong corporate governance and risk management culture. This pillar focuses on governance impacts arising from our business operations.

Focus Areas	Targets	Status
<b>Corporate Governance</b>	Maintain a strong Corporate Governance culture	<ul style="list-style-type: none"> <li>100% employee endorsement of ESR Group Code of Conduct.</li> <li>100% employee trained with "Anti-Bribery and Corruption, Third-party Due Diligence and Supply Chain Risk Management" by ComplySci® in 2021.</li> <li>100% director trained on corporate governance standards, including topics on anti-corruption.</li> </ul>
<b>Risk Management</b>	100% of employees receive annual training	<ul style="list-style-type: none"> <li>Enhanced Third-Party Due Diligence workflow has been fully implemented.</li> <li>One new function added to Compliance Desktop where requestor can order an Enhanced Due Diligence report.</li> </ul>
<b>Responsible Investment</b>	US\$15 million Social Investment Programme by 2030	<ul style="list-style-type: none"> <li>In early November, 2021, ESR successfully closed the Group's first Sustainability-Linked Loan ("SLL") of US\$700 million, which was subsequently upsized to US\$1 billion within the same month.</li> <li>On track to become a signatory to the UN-PRI in the coming year.</li> </ul>
<b>Disclosure &amp; Reporting</b>	3-Star average rating from GRESB — The Global ESG Benchmark for Real Assets	<ul style="list-style-type: none"> <li>ESR tops the lists of 2021 GRESB Assessment for the second consecutive year.</li> <li>ESR achieved outstanding results with the Group's funds in South Korea, Japan and China in particular, topping multiple <a href="#">GRESB ranking lists</a>.</li> </ul>



## CORPORATE EXCELLENCE HIGHLIGHTS

## 2021 PERE GLOBAL AWARDS

- Deal of the Year: Asia  
Acquisition of ARA Asset Management
- Industry Figure of the Year: Asia  
Jeffrey Perlman, Chairman, ESR / Managing Director,  
Head of Asia Pacific Real Estate and Southeast Asia, Warburg Pincus

## EY ENTREPRENEUR OF THE YEAR™ 2021 – REAL ESTATE CATEGORY

- Jinchu Shen and Stuart Gibson, Co-founders & Co-CEOs, ESR

AUSTRALIA'S TOP FIVE PROPERTY PLAYERS IN 2021,  
THE AUSTRALIAN FINANCIAL REVIEW MAGAZINE

- Philip Pearce, CEO, ESR Australia

## PERE 2021 APAC FUND MANAGER GUIDE

- 5<sup>th</sup> of "Asia's Top Fundraisers"

IREI GLOBAL INVESTMENT MANAGERS 2021  
SPECIAL REPORT

## Largest Investment Managers by Region:

- 3<sup>rd</sup> of "Top 10 Managers Based on Asia Assets (US\$ million)"

## Total Assets Rankings:

- 44<sup>th</sup> of "Total Gross Value of Real Estate Assets Under Management (US\$ million, as of 31 Dec 2020)"
- 48<sup>th</sup> of "Advisory Separate Accounts by Investor Domicile (gross, US\$ million, as of 31 Dec 2020)"
- 36<sup>th</sup> of "Value and Number of Vehicles Under Management (gross, US\$ million, as of 31 Dec 2020)"

## Indices Inclusions

- Constituent of Hang Seng Composite Index from 15 March 2021
- Constituent of Shanghai-Hong Kong and Shenzhen-Hong Kong Stock Connect programmes from 15 March 2021

## PILLAR 3: CORPORATE PERFORMANCE

## CORPORATE GOVERNANCE

### CORPORATE GOVERNANCE

The Group follows the Corporate Governance Code referencing Appendix 14 of the Hong Kong Stock Exchange Listing Rules and contains principles of good corporate governance as well as pertinent provisions. Our commitments to sustainable development are underpinned by robust governance by management and the Board of Directors, our highest governing authority.

### ESG GOVERNANCE

The ESG Committee is in charge of putting our ESG Framework into action. It is chaired by the Group ESG Officer who reports to the Group Head, Governance & Sustainability and Executive Management Board. The ESG Committee is made up of senior representatives from cross-functional departments and regions, with dedicated sustainability responsibilities.

The Board of Directors provides the overall stewardship and strategic direction on sustainability management. Working closely with the Group Head, Governance & Sustainability and Executive Management Board, the ESG Committee carries out the action plans relating to sustainability strategies, policies, business practices and performance targets and integrates ESG factors within the Group's operations. The Board of Directors reviews progress made against ESG related targets from the ESG 2025 Roadmap (i.e. Human Centric, Property Portfolio and Corporate Performance pillars under the ESG Framework) as disclosed in this report annually and also receives regular ESG updates from management during the board meetings.



For more information about corporate governance disclosures concerning the composition and workings, please refer to our [Annual Report 2021](#).

### ENTERPRISE RISK MANAGEMENT

The Group's Enterprise Risk Management Framework outlines a holistic and systematic strategy to identifying, assessing, managing, monitoring and reporting risks, including those related to the areas mentioned in our ESG Framework.

Our risk management culture and management approach include both top-down and bottom-up engagement from the front lines to the four lines of defense.

ESR assesses material ESG risks relating to the Group's operations to proactively identify and analyse risks and opportunities. With the help of external experts and consultants, the ESG Committee monitors and analyses the market indicators and trends during the year. As climate change and diversity concerns are growing to be more important, we have focused on solar related initiatives and employee diversity metrics in 2021. In addition, we have identified sustainability and climate change risk as one of the key risks within the risk profile with mitigations which was reported to the Audit Committee in March 2022.





## WE TAKE OUR ETHICAL RESPONSIBILITIES SERIOUSLY AT ESR, AND WE EXPECT OUR STAKEHOLDERS TO DO THE SAME

Rules governing ethical business conduct are onerous yet essential, and they are becoming more so as time goes on. Our ESR Group guidelines and policies provide the tone and direction for a unified approach to governance and integrates ESG into every aspect of our business and operations. Our regional offices adapt and update corporate governance standards in light of local conditions, laws and regulations. We provide training on all fundamental policies via an e-learning course to ensure that new employees are aware of personal responsibility relating to our ESG purpose, objectives, rules and guidelines.



## PILLAR 3: CORPORATE PERFORMANCE

## CORPORATE POLICIES

## CORE POLICIES

Code of Conduct and Business Ethics	Anti-Bribery & Anti-Corruption (ABAC) and The Handling of Gifts, Travel & Entertainment	Anti-Money Laundering (AML) & Counter-Terrorist Financing (CTF)	Conflict of Interest	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 ABAC law at each jurisdiction where ESR conducts business</li> <li>Procedural defence against prosecution (if applicable)</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>Set out the principles to manage conflicts of interests in compliance with applicable laws at each jurisdiction and the Hong Kong listing rules</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>Annual requirement for Directors and employees to declare               <ol style="list-style-type: none"> <li>Compliance with the Model Code for Directors' securities transactions &amp; disclosures of interests in share</li> <li>All employees and directors to report any outside affiliations and</li> <li>Connected transactions, if any</li> </ol> </li> </ul>	<ul style="list-style-type: none"> <li>Mechanisms for making reports</li> <li>Protection of whistleblowers</li> <li>Procedures for investigation and disciplinary action</li> </ul>



## PILLAR 3: CORPORATE PERFORMANCE

## CORPORATE POLICIES

## OTHER POLICIES

Information Security	Communications Guideline	Privacy (ESR Australia)	Modern Slavery (ESR Australia)	Sustainable Procurement Policy (ESR China, India & Japan)	Asset Development & Management Guidelines (ESR China, India & Japan)
<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>	<ul style="list-style-type: none"> <li>Comply with the leading international and local regulations and best practices relating to procurement</li> </ul>	<ul style="list-style-type: none"> <li>Provide ESG Framework throughout the business cycle of Asset Development for entities and corresponding funds</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>	<ul style="list-style-type: none"> <li>Ensure consistency with our fiduciary responsibilities to its investor clients</li> <li>Continuously seeking to design and implement sustainable procurement process that are in compliance with or exceeding these standards</li> </ul>	<ul style="list-style-type: none"> <li>Best practices for ESG in asset development which are internally followed</li> <li>Definition of ESR business cycle including "What we do", "Key processes" and "How we do it"</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** — For employees, they can refer to the in-house online system adopted by the Company to file the report by answering questions and uploading documents proof. All employees can report if any questions, concerns or observations are noticed. Any potential violation of ESR's Group Code of Conduct can be submitted anonymously. For external third parties who have business connection with the Group, they can submit the report to the designated email address at whistleblowing@esr.com and all information received will be treated with strict confidence. They can refer the Group's corporate webpage to download the "Whistleblowing Report Template" for reporting and submission purpose. All whistleblowing reports will be received and reviewed by the Group's Head of Compliance and the General Counsel in preparing the investigation report subsequently. No workplace retaliation or ethics violation was filed or recorded during the reporting period.
- **Anti-Corruption Policy** — ESR is committed to having a rigorous Anti-Bribery and Anti-Corruption ("ABAC") policy. The policy serves ESR and employees to comply with relevant laws and regulations, and also provides a procedural defence in different jurisdictions where ESR conducts business. The policy is applicable to multiple countries such as Australia, China, India, Japan, South Korea, Hong Kong, Singapore, U.K. and U.S.. It covers employees and third-party vendors, suppliers, contractors, agents, intermediaries, joint venture partners, representatives or consultants and any persons with whom the Group does or may do business with. To promote business integrity in the Group's business dealings, the following "4R Rules" shall be observed at all times: a) comply with Regulations, b) be Reasonable, c) be Responsible and d) Keep Books and Records accurately.
- **Tax Compliance** — ESR complies with the tax laws of each of the jurisdictions it operates in. In addition, we receive updates on the tax laws on a regular basis from our tax consultants and conduct further reviews and assessments accordingly.



## PILLAR 3: CORPORATE PERFORMANCE

## THIRD-PARTY RISK MANAGEMENT

In 2021, our Group Compliance function worked with colleagues in all local offices to ensure smooth implementation of Compliance Desktop® which is licensed by Refinitiv, an LSEG (London Stock Exchange Group) company. As part of our enhanced Third Party Due Diligence Workflow, this automated process improves compliance and risk management across the Group by providing enhanced transparency. Third-party risk includes circumstances that could expose the Group to threats and risks through engagement with third parties.

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' requiring further review
- 67 third parties underwent further assessment by ESR local offices
- 100% resolution rate

**PHASE 2: AUTOMATION**  
**(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 Compliance Desktop® across 8 markets

**PHASE 3: EXECUTION**  
**(JANUARY – DECEMBER 2021)**

- New function added to Compliance Desktop® where requestor can order an Enhanced Due Diligence report
- As of the end of this reporting period, 5,235 third parties have been screened through the platform

## 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 Refinitiv
- Initiated and overseen by Legal and Compliance teams

**Post-due diligence monitoring**

- Monitoring via Worldcheck
- Approval of Third Parties subject to renewal every 24 months

## KEY PERFORMANCE INDICATORS


**3 RISK BUCKETS CONTAINING**  
**67 SPECIFIC RISK AREAS ASSESSED**

- Official lists covering sanctions, watchlists, regulatory and enforcement lists
- Political exposure
- Structured adverse media

## RESPONSIBLE INVESTMENT

### WE RECOGNISE THAT ESG FACTORS CAN AND WILL HAVE AN IMPACT ON THE PERFORMANCE OF OUR INVESTMENTS AND THE LONG-TERM VIABILITY OF OUR COMPANY.

We recognise that ESG factors can and will have an impact on the performance of our investments and the long-term viability of our company. ESR supports the United Nations' Principles for Responsible Investment (PRI). The PRI is recognised as the leading global network for investors who are committed to integrating ESG considerations into their investment practices and ownership policies.

In the coming year, ESR plans to sign up as a signatory to PRI and will adopt the PRI principles in its investment and asset management policies, to enhance transparency in line with investors' requirements. This strengthens ESR's investment approach to create value for its investors and contribute to broader societal objectives for sustainable development, so as to preserve and promote the long-term interests of our stakeholders.

#### 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

#### ESG SYNERGY

- Synergy realised via sustainable financing achievements
- Commitment and contribution to sustainable development

## PILLAR 3: CORPORATE PERFORMANCE

## RESPONSIBLE INVESTMENT

### ESR CLOSED FIRST SUSTAINABILITY-LINKED LOAN OF US\$700 MILLION, AND UPSIZED IT TO US\$1 BILLION

Fully aligned with ESR's ESG 2025 Roadmap, we are proud to announce that ESR has secured its first SLL of US\$700 million in early November 2021, and further upsize to US\$1 billion.

This inaugural SLL comes on the heels of ESR's announcement to acquire 100% of the share capital of ARA Asset Management (the "ARA Acquisition"). The ARA Acquisition is set to create the largest real asset manager in Asia Pacific and the third largest listed real estate investment manager globally with a combined AUM of US\$140.2 billion. The enlarged ESR is powered by the leading New Economy real estate platform with over US\$59 billion of AUM and a development work-in-progress of over US\$10 billion.

Synergies of the planned ARA acquisition has already been created and realised with lower Group borrowing costs. As a leading New Economy real estate platform, ESR is committed to integrating sustainability into every facet of its business. In November 2020, the Group launched its ESG 2025 Roadmap, setting out a clear vision and targets across three key ESG pillars – "Human Centric", "Property Portfolio" and "Corporate Performance". The SLL aligns with the Group's commitment to enhance its overall sustainability practices.

Jeffrey Shen and Stuart Gibson, Co-founders and Co-CEOs of ESR, said: "We are delighted to partner with UOB, Crédit Agricole CIB, MUFG and OCBC for our inaugural corporate financing with sustainability-linked features. It is with great pleasure that we can support the development of sustainable capital markets in Asia Pacific real estate, while further strengthening our commitment to ESG. We look forward to exploring more sustainable ways to finance and operate our business in order to create long-term value for our stakeholders."





## PILLAR 3: CORPORATE PERFORMANCE

## DISCLOSURE &amp; REPORTING

Benchmarking our performance against international best practices gives us valuable feedback on our development compared to our industry counterparts.

Since 2014, ESR has been a participant in the Global Real Estate Sustainability Benchmark (GRESB), the premier global standard for evaluating real estate and infrastructure projects' ESG performance. For property firms, property funds, developers and investors, GRESB's systematic approach, objective scoring methodology and benchmarking are significant indicators of risk management and the ability to improve returns. More than 100 institutional and financial investors worldwide use the data to track their investments and make strategic decisions about how to move their portfolios toward a more sustainable future.



**In 2021, ESR was consecutively named “Regional Sector Leader” in Asia for our outstanding performance.**

**ESR achieved outstanding results with the Group's funds in South Korea, Japan and China in particular, topping multiple GRESB ranking lists.**

**Four ESR funds in Japan and Korea stand out in particular by earning the maximum 5 Green Stars.**

#### ESR'S KEY HIGHLIGHTS OF ITS GRESB LEADERSHIP IN 2021

- In South Korea, ESR Kendall Square Development JV 1 was named “Regional Sector Leader” in the Development Benchmark, industrial real estate sector. The fund received the highest possible five Green Stars rating, scoring 93 points and topped five “GRESB Development” rankings;
- In Japan, all three funds: Redwood Japan Logistics Fund II LP, RJLF 3 Co-Investment Platform and PGGM RJLC LP topped several “GRESB Development” rankings in addition to receiving five Green Stars rating, each with a score of 91 points;
- In China, Redwood China Logistics Fund LP topped the “China Industrial Distribution Warehouse Non-listed” of “GRESB Development” category with 87 points (four Green Stars rating) in addition to receiving 1<sup>st</sup> of “GRESB Score within Industrial Non-listed Opportunistic” category in the “GRESB Standing Investments” Benchmark assessment, as well as, receiving a score of 73 points (three Green Stars rating);
- On track and achieved an average three Green Stars rating across all our participating ESR funds.

## PILLAR 3: CORPORATE PERFORMANCE

## DISCLOSURE & REPORTING

### ESR IS REAFFIRMED 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. 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.

Since ESR's first year participating 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, ESR continues its pursuit in ESG excellence by dedicating its business operations to the ESG 2025 Roadmap.

In 2021 October, MSCI reaffirmed the Group's ESG Rating of A for its continued sustainability excellence. To pursue the targets set out in our ESG 2025 Roadmap, we remain committed to ESG transparency, to continue improving our overall performance and to accelerate our efforts to create sustainable value for our people, the planet and our business.



### DISCLAIMER STATEMENT

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## ABOUT THIS REPORT

## ABOUT THIS REPORT

This ESG report complies with the relevant provisions from HKEX Main Board Listing Rule 13.91 and ESG Reporting Guide. In line with international best practices, we have also referenced various sections of this report to the 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 of environmental, social data and solar power generation datasets as indicated in the [ESG data summary](#) and the [Independent Assurance](#) statement is set forth in this section. As far as reasonably practicable, consistent methodologies are adopted when calculating these KPIs or any changes that affect a meaningful comparison would be stated.

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

### 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 2021, Operational Control refers to the base building consumption for operating assets under our direct control, including assets acquired or disposed during the year up to the period of effective ownership. This definition excludes assets which are entirely managed by the tenants (e.g., single tenants or master leases) and the reported data does not cover tenants’ consumption. In 2022, we established a new local office in Vietnam that is outside the scope of this report.



## ABOUT THIS REPORT

## ESG DATA SUMMARY

## HUMAN CENTRIC

	2021, by region												
	2020	2021	Australia	China	Hong Kong	India	Indonesia	Japan REIT	Japan	Korea REIT	South Korea	Singapore REIT	Singapore
Number of Employees													
Total	594	639	87	138	49	89	11	7	63	15	69	80	31
Male	381	393	55	92	21	67	7	6	45	10	48	23	19
Female	213	246	32	46	28	22	4	1	18	5	21	57	12
Full time	587	638	86	138	49	89	11	7	63	15	69	80	31
Part time	7	1	1	0	0	0	0	0	0	0	0	0	0
Under 30 years	64	80	18	13	4	7	3	0	4	5	15	8	3
30's	279	286	31	90	22	40	1	0	11	5	32	37	17
40's	177	183	21	30	18	30	4	2	25	5	17	23	8
50 years and over	74	90	17	5	5	12	3	5	23	0	5	12	3
Senior Management <sup>Note 1</sup>	235	245	11	79	17	60	4	2	4	8	29	21	10
Middle Management	210	256	49	52	27	25	2	4	13	7	31	31	15
General & Operations	149	138	27	7	5	4	5	1	46	0	9	28	6
Number of Leavers (% Turnover rate <sup>Note 2</sup> )													
Total	83 (14%)	98 (16%)	20 (23%) <sup>Note 3</sup>	13 (9%)	6 (12%)	5 (6%)	0 (0%)	4 (57%)	8 (13%)	1 (7%)	17 (25%)	17 (21%)	7 (23%)
Male	37 (6%)	62 (10%)	13	9	3	4	0	3	3	0	12	9	6
Female	46 (8%)	36 (6%)	7	4	3	1	0	1	5	1	5	8	1
Under 30 years	18 (3%)	17 (3%)	8	2	0	0	0	0	1	0	3	3	0
30's	45 (8%)	43 (7%)	5	5	3	5	0	0	2	1	9	10	3
40's	12 (2%)	24 (4%)	4	6	2	0	0	1	1	0	4	3	3
50 years and over	8 (1%)	14 (2%)	3	0	1	0	0	3	4	0	1	1	1
Number of New Hires [% Hire rate <sup>Note 3</sup> ]													
Total	118 (20%)	164 (25%)	37 (43%)	25 (18%)	11 (22%)	20 (22%)	6 (55%)	2 (29%)	5 (8%)	7 (47%)	30 (43%)	10 (13%)	11 (35%)
Male	69 (12%)	99 (15%)	21	17	3	15	3	2	2	5	19	5	7
Female	49 (8%)	65 (10%)	16	8	8	5	3	0	3	2	11	5	4
Under 30 years	31 (5%)	50 (8%)	10	7	2	4	4	0	0	5	12	4	2
30's	52 (9%)	67 (10%)	14	14	3	9	1	0	1	0	16	2	7
40's	26 (4%)	32 (5%)	8	2	5	6	0	0	3	2	2	3	1
50 years and over	9 (2%)	15 (2%)	5	2	1	1	1	2	1	0	0	1	1
Occupational Health & Safety													
Work-related fatalities <sup>Note 4</sup>	0	0	0	0	0	0	0	0	0	0	0	0	0
Lost days due to injury	90	0	0	0	0	0	0	0	0	0	0	0	0

## Notes

- 1 Senior Management comprises of 14 headcounts which belong to the ESR Group / Business Leadership Teams (i.e., 11 Male and 3 Female).
- 2 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.
- 3 Includes four people on fixed short-term assignments.
- 4 The number of work-related fatalities since FY2019 is 0.

## ABOUT THIS REPORT

## ESG DATA SUMMARY

## DEVELOPMENT AND TRAINING

2021 Group Total	
Total number of employees trained	487
Total percentage of employees trained	76%
Percentage of employees trained by each category	
Male	73%
Female	81%
Senior Management	79%
Middle Management	68%
General & Operations	86%
Average training hours	
By employee	18
Male	15
Female	23
Senior Management	18
Middle Management	18
General & Operations	18

Employment categories	2020	2021	Male		Female		< 30 years		30's		40's		> 50 years	
			2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021
Senior Management	235 [40%]	245 [38%]	170 [45%]	175 [45%]	65 [31%]	70 [29%]	1 [1%]	2 [3%]	87 [31%]	95 [33%]	103 [58%]	101 [55%]	44 [59%]	47 [52%]
Middle Management	210 [35%]	256 [40%]	141 [37%]	167 [42%]	69 [32%]	89 [36%]	23 [36%]	31 [39%]	141 [51%]	151 [53%]	39 [22%]	51 [28%]	7 [9%]	23 [26%]
General & Operations	149 [25%]	138 [22%]	70 [18%]	51 [13%]	79 [37%]	87 [35%]	40 [63%]	47 [58%]	51 [18%]	40 [14%]	35 [20%]	31 [17%]	23 [32%]	20 [22%]
<b>Total</b>	<b>594</b>	<b>639</b>	<b>381</b>	<b>393</b>	<b>213</b>	<b>246</b>	<b>64</b>	<b>80</b>	<b>279</b>	<b>286</b>	<b>177</b>	<b>183</b>	<b>74</b>	<b>90</b>



## ABOUT THIS REPORT

## ESG DATA SUMMARY

## PROPERTY PORTFOLIO

	Units	2020	2021	2021, by region						
				Australia	China	India	Indonesia <sup>Note 5</sup>	Japan	South Korea	Singapore
Directly managed properties <sup>Note 6</sup>	# assets	183	301	104	85	4	-	22	28	58
	GFA '000 sqm	9,430	13,896	2,257	5,710	395	-	1,993	2,087	1,454
Certified sustainable buildings	# assets	58	77	7	8	6	-	27	22	7
	GFA '000 sqm	5,396	6,736	49	702	789	-	2,999	1,942	255
Certified "high sustainability rating" buildings	# assets	32	37	1	5	-	-	27	2	2
	GFA '000 sqm	3,698	4,005	7	394	-	-	2,999	505	100
<b>Energy</b>										
Directly managed properties reporting this data <sup>Note 7</sup>	# assets	151	171	21	82	4	-	20	16	28
	GFA '000 sqm	8,881	10,133	319	5,445	395	-	1,925	1,187	862
District heat	'000 GJ	4.2 <sup>Note 8</sup>	-	-	-	-	-	-	-	-
Grid purchased electricity	'000 GJ	1,655 <sup>Note 8</sup>	309	28	71	3	-	22	50	135
Fuels	'000 GJ	21	2	-	2	-	-	-	-	-
Rooftop solar power generated	# assets	28	40	16	4	-	-	14	3	3
	'000 GJ	147.4	164.2	-	33.8	-	-	121.6	3.3	5.5
Total managed energy	'000 GJ	1,827	475.2	28	106.8	3	-	143.6	53.3	140.5
Grid purchased electricity per GFA <sup>Note 9</sup>	'000 GJ/GFA '000 sqm	0.19	0.03	0.09	0.01	0.01	-	0.01	0.04	0.16
Greenhouse gas emissions <sup>Note 10</sup>	'000 TCO <sub>2</sub> e	233	49.3	6.3	16.9	0.7	-	2.7	7.4	15.3
Scope 1 emissions	'000 TCO <sub>2</sub> e	1	0.1	-	0.1	-	-	-	-	-
Scope 2 emissions	'000 TCO <sub>2</sub> e	232 <sup>Note 8</sup>	49.2	6.3	16.8	0.7	-	2.7	7.4	15.3
Total emissions intensity <sup>Note 9</sup>	'000 TCO <sub>2</sub> e/GFA '000 sqm	0.03	0.00	0.02	0.00	0.00	-	0.00	0.01	0.02
<b>Water</b>										
Directly managed properties reporting this data <sup>Note 7</sup>	# assets	175	163	12	82	4	-	20	17	28
	GFA '000 sqm	8,942	9,883	109	5,445	395	-	1,925	1,147	862
	Mega litres	2,568 <sup>Note 8</sup>	1,009	52	164	71	-	92	206	424
Water use intensity <sup>Note 9</sup>	Mega litres/GFA '000 sqm	0.29	0.10	0.48	0.03	0.18	-	0.05	0.18	0.49
<b>Non-hazardous Waste</b>										
Directly managed properties reporting this data <sup>Note 7</sup>	# assets	104	128	-	82	4	-	1	12	29
	GFA '000 sqm	6,483	7,729	-	5,445	395	-	161	818	910
	'000 Tonnes	191 <sup>Note 8</sup>	21	-	17	0	-	0	1	3
Waste intensity <sup>Note 9</sup>	'000 Tonnes/GFA '000 sqm	0.03	0.00	-	0.00	0.00	-	0.00	0.00	0.00

## Notes

5 There are two assets currently under construction in 2021 and it is expected to be completed by end of 2022 and beginning of 2023. The third asset is a piece of land. Thus, no environmental data is reported under this market.

6 Directly managed properties refer to completed assets held under the consolidated statement of financial position of ESR, as well as, held by the funds and REITs managed by the Group.

7 Directly managed properties reporting this data refer to the base building consumption for operating assets under our direct control, including assets acquired or disposed during the year up to the period of effective ownership. This reported data does not cover tenants' consumption.

8 The change in reporting scope for 2021 is in alignment with the GHG protocol and reflects our control over the assets' operations and performance, including collection of data. For comparison with 2020, we have identified the directly managed properties which we exercise Operational Control with two years of like-for-like data. Based on our analysis, the total number of properties with two years of like-for-like data is 74, 65 and 38 for grid purchased electricity, water and waste respectively for Australia, India, Japan, South Korea and Singapore in total. Both grid purchased electricity and water have a 2% decrease and no variance is noted for waste. However, there is incomplete data for China to perform the comparison.

9 The intensity calculations for grid purchased electricity, greenhouse gas emissions, water, and waste include base building consumption for operating assets under our direct control divided by the total GFA of directly managed properties, which include the areas occupied by tenants.

10 The emission factors used in the calculations are sourced from the International Energy Agency (IEA) and local utility companies.

## ABOUT THIS REPORT

## ESG DATA SUMMARY

## NUMBER OF GREEN CERTIFICATIONS OR RATINGS UNDER VARIOUS SUSTAINABLE BUILDING SCHEMES

	LEED	CASBEE	NABERS	WELL	Green Mark	IGBC	ABINC	BELS
China	16							
India						6 <sup>Note 13</sup>		
South Korea	6 <sup>Note 11</sup>			22 <sup>Note 11</sup>				
Japan	1 <sup>Note 11</sup>	27 <sup>Note 11, 14</sup>					3	2 <sup>Note 11</sup>
Singapore	1				6 <sup>Note 12</sup>			
Australia			7					
<b>TOTAL</b>	<b>24</b>	<b>27</b>	<b>7</b>	<b>22</b>	<b>6</b>	<b>6</b>	<b>3</b>	<b>2</b>

## NUMBER OF GREEN CERTIFICATIONS OR RATINGS WITH “HIGH SUSTAINABILITY RATING”

	LEED	CASBEE	NABERS	WELL	Green Mark	IGBC	ABINC	BELS
China	Gold: 5							
India								
South Korea	Gold: 2 <sup>Note 11</sup>			Gold: 1 <sup>Note 11</sup>				
Japan	Gold: 1 <sup>Note 11</sup>	Grade S: 1 Grade A: 25 <sup>Note 11, 14</sup>						5 Stars: 1 <sup>Note 11</sup>
Singapore	Platinum: 1				Gold Plus: 1			
Australia			5 Stars: 1					
<b>TOTAL</b>	<b>9</b>	<b>26</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>1</b>

## Notes

- 11 Bucheon Logistics Park (South Korea) has the LEED Gold certification, WELL Gold certification and WELL Health-Safety rating. Yatomi Distribution Centre (Japan) has both LEED Gold certification and CASBEE Grade A certification.  
Yatomi Kisoyaki Distribution Centre (Japan) has both CASBEE A and BELS 5 Stars certification.
- 12 As at 31 December, 2021 one of these assets were undergoing re-certification for BCA.
- 13 As at 31 December, 2021 five assets with pre-certification for IGBC Gold-status and one asset with pre-certification for IGBC Platinum-status.
- 14 As at 31 December, 2021 thirteen assets (twelve for high sustainability rating) are undergoing re-certification for CASBEE.

## ABOUT THIS REPORT

## ESG DATA SUMMARY

Certification Schemes	Certification Levels	Definition of high sustainability rating (minimum requirement)
Leadership in Energy and Environmental Design ( <b>LEED</b> ) of the U.S. Green Building Council	Certified / Silver / Gold / Platinum	Gold
Comprehensive Assessment System for Built Environment Efficiency ( <b>CASBEE</b> ) in Japan	C (Poor) / B- (Fair poor) / B+ (Good) / A (Very Good) / S (Excellent)	A
National Australian Built Environment Rating System ( <b>NABERS</b> ) in Australia	1 Star (Making a Start) / 2 Stars (Below Average) / 3 Stars (Average) / 4 Stars (Good) / 5 Stars (Excellent) / 6 Stars (Market Leading)	5 Stars
<b>WELL</b> of International WELL Building Institute	Bronze / Silver / Gold / Platinum	Gold
Building & Construction Authority ( <b>BCA</b> ) Green Mark in Singapore	Certified / Gold / Gold Plus / Platinum	Gold <sup>Plus</sup>
Indian Green Building Council ( <b>IGBC</b> ) in India	Certified / Silver / Gold / Platinum / Super Platinum	Platinum
Building Energy Labelling System ( <b>BELS</b> )	1 Star / 2 Stars / 3 Stars / 4 Stars / 5 Stars	5 Stars
Association for Business Innovation in harmony with Nature and Community ( <b>ABINC</b> )	1 Certification level	N/A





## ABOUT THIS REPORT

## ESG DATA SUMMARY

## GRESB STANDING INVESTMENT ASSESSMENT 2021

	China		Japan		Singapore	Australia			
	e-Shang Star Cayman Ltd	Redwood China Logistics Fund LP	PGGM RJLC LP	ESR Japan Core Fund Limited Partnership	ESR-REIT	EALP	EOP IV	POP III	PACT I
<b>Result</b>	2-Stars	3-Stars	3-Stars	3-Stars	1-Star	2-Stars	3-Stars	4-Stars	2-Stars
<b>Overall GRESB score</b>	67	73	73	72	52	65	79	82	65
> Environment (max 62 points)	37	43	41	42	31	31	44	47	28
> Social (max 18 points)	14	14	16	14	10	15	16	16	17
> Governance (max 20 points)	16	16	16	16	12	19	19	19	19
<b>Peer group name</b>	China Industrial Distribution Warehouse		Japan Industrial Distribution Warehouse Core		Singapore Industrial Distribution Warehouse	Australia Industrial Distribution Warehouse Core	Australia Corporate Office Core		Australia Corporate High-Rise Office Core
<b>ESR peer ranking</b>	6 <sup>th</sup> / 8	3 <sup>rd</sup> / 8	4 <sup>th</sup> / 6	5 <sup>th</sup> / 6	11 <sup>th</sup> / 14	9 <sup>th</sup> / 11	25 <sup>th</sup> / 29	22 <sup>nd</sup> / 29	22 <sup>nd</sup> / 22
<b>Ranking INDUSTRIAL ASIA (out of 31)</b>	24 <sup>th</sup> / 31	19 <sup>th</sup> / 31	18 <sup>th</sup> / 31	20 <sup>th</sup> / 31	28 <sup>th</sup> / 31	n/a	n/a	n/a	n/a



## ABOUT THIS REPORT

## ESG DATA SUMMARY

## GRESB DEVELOPMENT ASSESSMENT 2021

	China		South Korea	Japan			India
	e-Shang Star Cayman Ltd	Redwood China Logistics Fund LP	Kendall Square Logistics Properties Inc.	PGGM RJLC LP	Redwood Japan Logistics Fund II LP	RJLF 3 Co-Investment Platform	ESR India Logistics Fund Pte Ltd
<b>Result</b>	3-Stars	4-Stars	5-Stars	5-Stars	5-Stars	5-Stars	4-Stars
<b>Overall GRESB score</b>	81	87	93	91	91	91	88
> Environment (max 51 points)	42	48	44	47	47	47	49
> Social (max 26 points)	20	20	26	24	24	24	20
> Governance (max 24 points)	20	20	24	20	20	20	20
<b>Peer group name</b>	China Industrial Distribution Warehouse		Eastern Asia Industrial Distribution Warehouse	Eastern Asia Industrial Opportunistic	Asia Industrial Opportunistic		
<b>Peer ranking</b>	5 <sup>th</sup> / 8	1 <sup>st</sup> / 8	1 <sup>st</sup> / 10	2 <sup>nd</sup> / 14	2 <sup>nd</sup> / 10	2 <sup>nd</sup> / 10	4 <sup>th</sup> / 14
<b>Ranking INDUSTRIAL ASIA (out of 20)</b>	16 <sup>th</sup> / 20	6 <sup>th</sup> / 20	1 <sup>st</sup> / 20	2 <sup>nd</sup> / 20	2 <sup>nd</sup> / 20	2 <sup>nd</sup> / 20	5 <sup>th</sup> / 20



## ABOUT THIS REPORT

# 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 Australia, China, Hong Kong, India, Indonesia, Japan, South Korea and Singapore for the calendar year of 2021.

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, training, turnover rate and occupational health and safety performance.

### Solar Power Generation

Solar power generation capacity of assets in Australia, 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)
- ESR-REIT (Singapore)
- ESR Kendall Square Development JV I (South Korea)
- ESR Kendall Square Development JV II (South Korea)
- Kendall Square Subsidiary REIT No.1 (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)



## ABOUT THIS REPORT

# INDEPENDENT ASSURANCE



## METHODOLOGY

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

A handwritten signature in black ink, appearing to read 'Jorine'.

**Jorine Tam**

Director, Corporate Business

31 May 2022



## ABOUT THIS REPORT

## HKEX AND GRI INDICES

### HKEX ESG CONTENT INDEX 2021

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.

Mandatory Disclosure Requirements	Location of Disclosures
Governance Structure	ESR ESG 2025 Roadmap <a href="https://www.esr.com/en/corporate-governance/overview/#">https://www.esr.com/en/corporate-governance/overview/#</a>
Reporting Principles	Appendix 27 of the HKEX ESG Guide GRI Reporting Standards ESG Data Summary
Reporting Boundary	Compliance with Appendix 27 of the HKEX ESG Guide References to GRI Reporting Standards

Provisions	Location of Disclosure	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 Operations, Climate Change Resilience <b>ESG Data Summary</b>	<p>A1 (Comply): No significant breaches or incidents related to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste were noted in 2021.</p> <p>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.</p> <p>KPI A1.3 (Explain): As there is minimal hazardous waste in our business operations, we do not report disposal data for disclosure.</p> <p>KPI A1.5 (Explain): We set energy consumption intensity targets of 20% reduction which is a proxy for emissions. Steps taken to achieve this target have been disclosed in this report.</p> <p>KPI A1.6 (Comply and Explain): During construction, we have implemented erosion and sediment control as well as responsible waste management to minimise the environmental impact. All of the assets in our portfolio have been developed in accordance with the applicable governing codes and construction standards. Most hazardous waste generated are handled by tenants according to local laws and regulations. There was no material non-compliance noted on the treatment of hazardous and non-hazardous waste. In addition, the waste generation for ESR is immaterial, and hence no reduction targets have been set on this aspect. We focus on setting targets for significant aspects like energy and emissions.</p>

## ABOUT THIS REPORT

## HKEX AND GRI INDICES

Provisions	Location of Disclosure	Additional information, as applicable
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): Our operations involve immaterial packaging materials so this data is not reported for disclosure.
Aspect A3: Environment and natural resources Policies; KPI: A3.1	<b>PILLAR 2: PROPERTY PORTFOLIO:</b> Sustainable Building Certifications <b>ESG Data Summary</b>	No additional information
Aspect A4: Climate Change; KPI: A4.1	<b>PILLAR 2: PROPERTY PORTFOLIO:</b> Climate Change Resilience	KPI A4.1 (Comply): We have identified physical and transitional risks for our business. For more details, please refer to that section.
Aspect B1: Employment  General Disclosure	<b>ABOUT ESR</b> <b>PILLAR 1: HUMAN CENTRIC:</b> People are our greatest asset	B1 (Comply): ESR complied with relevant laws and regulations that have a significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare in all material respects during the reporting period.
KPI B1.1	<b>ESG Data Summary</b>	
KPI B1.2	<b>ESG Data Summary</b>	
Aspect B2: Health and Safety  General Disclosure	<b>PILLAR 1: HUMAN CENTRIC:</b> People are our greatest asset	B2 (Comply): ESR complied with relevant laws and regulations that have a significant impact on the Group relating to providing a safe working environment and protecting employees from occupational hazards in all material respects during the reporting period.
KPI B2.1	<b>ESG Data Summary</b>	Number and rate of work-related fatalities occurred in FY2021: 0.
KPI B2.2	<b>ESG Data Summary</b>	
KPI B2.3	<b>PILLAR 1: HUMAN CENTRIC:</b> People are our greatest asset	
Aspect B3: Development and Training	<b>PILLAR 1: HUMAN CENTRIC:</b> People are our greatest asset <b>ESG Data Summary</b>  <b>PILLAR 3: CORPORATE PERFORMANCE:</b> Corporate Governance and Risk Management	B3 (Comply): For disclosure details, see “ESG Data Summary”
KPI B3.1	<b>ESG Data Summary</b>	
KPI B3.2	<b>ESG Data Summary</b>	



## ABOUT THIS REPORT

## HKEX AND GRI INDICES

Provisions	Location of Disclosure	Additional information, as applicable
Aspect B4: Labour Standards	<b>PILLAR 1: HUMAN CENTRIC:</b> People are our greatest asset <b>PILLAR 3: CORPORATE PERFORMANCE:</b> Third-Party Risk Management	ESR complied with relevant laws and regulations that have a significant impact on the Group relating to preventing child and forced labour in all material respects during the reporting period.
KPI B4.1	<b>PILLAR 3: CORPORATE PERFORMANCE:</b> Third-Party Risk Management	KPI A4.1 (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.
KPI B4.2	<b>PILLAR 3: CORPORATE PERFORMANCE:</b> Third-Party Risk Management	KPI A4.2 (Comply): During the reporting period, no incidences of child or forced labour were discovered.
Aspect B5: Supply Chain Management	<b>PILLAR 1: HUMAN CENTRIC:</b> People are our greatest asset <b>PILLAR 3: CORPORATE PERFORMANCE:</b> Third-Party Risk Management	B5 (Comply): ESR complied with relevant Supply Chain Management laws and regulations in all material respects during the reporting period.
KPI B5.1	<b>PILLAR 3: CORPORATE PERFORMANCE:</b> Third-Party Risk Management	KPI B5.1 (Explain): As of the end of this reporting period, 5,235 third parties have been screened through the platform. 878 out of 1,395 third parties are suppliers located in Australia (115), China (314), Hong Kong (28), India (37), Japan (252), South Korea (79), Singapore (15), Indonesia (15) and others (23). The other 3,840 third parties were screened before 2019 during Phase 1 and the previous system does not have such relevant information. Going forward, we will track all suppliers under the current system.
KPI B5.2	<b>PILLAR 1: HUMAN CENTRIC:</b> People are our greatest asset <b>PILLAR 3: CORPORATE PERFORMANCE:</b> Third-Party Risk Management	
KPI B5.3	<b>PILLAR 1: HUMAN CENTRIC:</b> People are our asset <b>PILLAR 3: CORPORATE PERFORMANCE:</b> Third-Party Risk Management	KPI B5.3 (Comply): ESR has measures for the oversight of suppliers and service providers, and conducts periodic meetings to discuss related environmental and social risks and emergency preparedness. We also ensure our contractors and suppliers follow acceptable standards of business practices specified in our Supplier Code of Conduct to establish a sound supply chain.
KPI B5.4	<b>PILLAR 1: HUMAN CENTRIC:</b> People are our greatest asset <b>PILLAR 3: CORPORATE PERFORMANCE:</b> Third-Party Risk Management	KPI B5.4 (Comply): ESR designs and implements sustainable procurement processes that comply with environmentally friendly standards relating to materials, resources, works or services. We also expect the outsourced contractors, sub-contractors, property managers, and other types of suppliers throughout the supply chain to be aware of procurement sustainability and follow the related requirements.

## ABOUT THIS REPORT

## HKEX AND GRI INDICES

Provisions	Location of Disclosure	Additional information, as applicable
Aspect B6: Product Responsibility	<b>PILLAR 3: CORPORATE PERFORMANCE:</b> Performance and Risk Management - and other policies	B6 (Comply): ESR complied with relevant laws and regulations that have a significant impact on the Group concerning product responsibility during the reporting period, including health and safety, advertising, labelling and privacy matters.
KPI B6.1, B6.2, B6.3, B6.4		These KPIs concerning product recalls, consumer complaints, intellectual property protection and quality assurance are not considered material to our business.
KPI B6.5	<b>PILLAR 3: CORPORATE PERFORMANCE:</b> Corporate Policies	KPI B6.5 (Comply): We have privacy policies in place to manage third-party data.
Aspect B7: Anti-corruption	<b>PILLAR 3: CORPORATE PERFORMANCE:</b> Corporate Performance, Risk Management, Corporate Policies	ESR complied with relevant laws and regulations that have a significant impact on the Group relating to bribery, extortion, fraud and money laundering in all material respects during the reporting period.
KPI B7.1	<b>PILLAR 3: CORPORATE PERFORMANCE:</b> Corporate Performance, Risk Management, Corporate Policies	KPI A7.1 (Comply): There were no concluded legal cases concerning corruption during the reporting period.
KPI B7.2	<b>PILLAR 3: CORPORATE PERFORMANCE:</b> Corporate Performance, Risk Management, Corporate Policies	
KPI B7.3	<b>PILLAR 3: CORPORATE PERFORMANCE:</b> Corporate Performance, Risk Management, Corporate Policies	
Aspect B8: Community Investment	<b>PILLAR 1: HUMAN CENTRIC:</b> Seeding positive change in our communities	
KPI B8.1	<b>PILLAR 1: HUMAN CENTRIC:</b> Seeding positive change in our communities	
KPI B8.2	<b>PILLAR 1: HUMAN CENTRIC:</b> Seeding positive change in our communities	



## ABOUT THIS REPORT

# HKEX AND GRI INDICES

## GRI CONTENT INDEX 2021

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

General Disclosures Content Index		
GRI 102: General Disclosures		Location of disclosure
102-1	Name of the organisation	ESR Cayman Limited
102-2	Activities, brands, products and services	ESR is APAC's largest real asset manager and the third largest listed real estate investment manager globally. We provide a diverse range of real asset investment solutions and New Economy real estate development opportunities across our private funds business, which allow capital partners and customers to capitalise on the most significant secular trends in APAC.
102-3	Location of headquarters	Suite 2905-06, Two Exchange Square, 8 Connaught Place, Central, Hong Kong
102-4	Location of operations	Hong Kong PRC Japan South Korea Singapore Australia India Indonesia Vietnam
102-5	Ownership and legal form	<a href="https://www.esr.com/en/about-us/company-overview/">https://www.esr.com/en/about-us/company-overview/</a>
102-6	Markets served	<a href="https://www.esr.com/en/about-us/company-overview/">https://www.esr.com/en/about-us/company-overview/</a>
102-7	Scale of the organisation	<a href="https://www.esr.com/en/about-us/company-overview/">https://www.esr.com/en/about-us/company-overview/</a>
102-8	Information on employees and other workers	<b>ABOUT THIS REPORT:</b> ESG Data Summary
102-9	Supply chain	<b>PILLAR 3: CORPORATE PERFORMANCE:</b> Corporate Policies
102-10	Significant changes to the organisation and its supply chain	ESR acquired ARA Asset Management Limited ("ARA"), including its subsidiary LOGOS, in January 2022 to become APAC's largest real asset manager and third largest listed real estate investment manager globally. ARA data is not included in the scope for this report.
102-11	Precautionary Principle or approach	<b>PILLAR 2: PROPERTY PORTFOLIO:</b> Climate Change Resilience <b>PILLAR 3: CORPORATE PERFORMANCE:</b> Corporate Governance and Risk Management



## ABOUT THIS REPORT

## HKEX AND GRI INDICES

General Disclosures Content Index		
102-12	External initiatives	United Nations Sustainable Development Goals, GRESB, Sustainalytics, MSCI and GRI
102-13	Membership of associations	Various global relationships including GRESB, ANREV, APREA plus various professional memberships
102-14	Statement from senior decision maker	<b>Message from Chairman</b> <b>Message from Co-Founders and Co-CEOs</b>
102-16	Values, principles, standards and norms of behaviour	<a href="https://www.esr.com/en/corporate-governance/overview/#">https://www.esr.com/en/corporate-governance/overview/#</a> <a href="https://www.esr.com/en/about-us/our-purpose/">https://www.esr.com/en/about-us/our-purpose/</a>
102-17	Mechanisms for advice and concerns about ethics	<a href="https://www.esr.com/en/corporate-governance/code-of-conduct/">https://www.esr.com/en/corporate-governance/code-of-conduct/</a>
102-18	Governance structure	<a href="https://www.esr.com/en/corporate-governance/board-of-directors/">https://www.esr.com/en/corporate-governance/board-of-directors/</a> <a href="https://www.esr.com/en/corporate-governance/board-committees/">https://www.esr.com/en/corporate-governance/board-committees/</a>
102-19	Delegating authority	<b>PILLAR 3: CORPORATE PERFORMANCE:</b> Corporate Governance
102-20	Executive-level responsibility for economic, environmental, and social topics	<b>PILLAR 3: CORPORATE PERFORMANCE:</b> Corporate Governance
102-26	Role of highest governance body in setting purpose, values and strategy	<b>PILLAR 3: CORPORATE PERFORMANCE:</b> Corporate Governance
102-29	Identifying and managing economic, environmental and social impacts	<b>PILLAR 3: CORPORATE PERFORMANCE:</b> Corporate Governance
102-32	Highest governance body's role in sustainability reporting	<b>PILLAR 3: CORPORATE PERFORMANCE:</b> Corporate Governance
102-33	Communicating critical concerns	<b>PILLAR 3: CORPORATE PERFORMANCE:</b> Corporate Governance
102-36	Process for determining remuneration	<b>PILLAR 1: HUMAN CENTRIC:</b> People are our greatest asset
102-40	List of stakeholder groups	<b>PILLAR 1: HUMAN CENTRIC:</b> Engaging with our stakeholders
102-42	Identifying and selecting stakeholders	<b>PILLAR 1: HUMAN CENTRIC:</b> Engaging with our stakeholders
102-43	Approach to stakeholder engagement	<b>PILLAR 1: HUMAN CENTRIC:</b> Engaging with our stakeholders
102-44	Key topics and concerns raised	<b>ESG@ESR</b>
102-46	Defining report content and topic Boundaries	<b>ABOUT THIS REPORT</b>
102-47	List of material topics	<b>ESG@ESR</b>
102-48	Restatements of information	There is no restatement of information.

## ABOUT THIS REPORT

## HKEX AND GRI INDICES

## General Disclosures Content Index

102-49	Changes in reporting	The scope of reporting has been changed in 2021 to reflect the new definition of operational control. The Environmental, Social and Governance Report complies with the Appendix 27 of the HKEX and references to the GRI standards.
102-50	Reporting period	The reporting period is 12 months, 1 January 2021 to 31 December 2021.
102-51	Date of most recent report	30 April 2021, ESR Cayman Limited Environmental, Social and Governance Report 2020
102-52	Reporting cycle	Annual with half-yearly financial updates
102-53	Contact point for questions regarding the report	esg@esr.com
102-55	GRI content index	Included
102-56	External assurance	External assurance is provided over financials and environmental data, social data and solar power generation.



## ABOUT THIS REPORT

## HKEX AND GRI INDICES

Topic Specific Disclosures Content Index		
GRI 201: Economic Performance		Location of disclosure
201-1	Direct economic value generated and distributed	Annual Report 2021: FY2021 Financial Highlights
GRI 205: Anti-Corruption		
205-1	Operations assessed for risks related to corruption	PILLAR 3: CORPORATE PERFORMANCE: Corporate Policies
205-2	Communication and training about anti-corruption policies and procedures	PILLAR 1: HUMAN CENTRIC: Managing & Developing Talent
205-3	Confirmed incidents of corruption and actions taken	There were no instances of corruption identified during the period.
GRI 206: Anti-Competitive behaviour		
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	No current legal actions were recorded in 2021.
Energy		
GRI 103: Management Approach		
103-1	Disclosure of management approach	ESG @ ESR; PILLAR 2: PROPERTY PORTFOLIO: Sustainable & Efficient Operations, Climate Change Resilience
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
GRI 302: Energy		
302-1	Energy consumption within the organisation	ABOUT THIS REPORT: ESG Data Summary
302-3	Energy intensity	PILLAR 2: PROPERTY PORTFOLIO: Sustainable & Efficient Operations
302-4	Reduction of energy consumption	
Emissions		
GRI 103: Management Approach		
103-1	Disclosure of management approach	PILLAR 2: PROPERTY PORTFOLIO: Sustainable & Efficient Operations, Climate Change Resilience
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
GRI 305: Emissions		
305-1	Direct (Scope 1) GHG emissions	ABOUT THIS REPORT: ESG Data Summary
305-2	Indirect (Scope 2) GHG emissions	
305-4	GHG emissions intensity	PILLAR 2: PROPERTY PORTFOLIO: Sustainable & Efficient Operations
305-5	Reduction of GHG emissions	
Water		
GRI 103: Management Approach		
103-1	Disclosure of management approach	PILLAR 2: PROPERTY PORTFOLIO: Sustainable & Efficient Operations, Climate Change Resilience
103-2	The management approach and its components	
103-3	Evaluation of the management approach	



## ABOUT THIS REPORT

## HKEX AND GRI INDICES

Topic Specific Disclosures Content Index		
GRI 303: Water		
303-1	Interactions with water as a shared resource	PILLAR 2: PROPERTY PORTFOLIO: Sustainable & Efficient Operations
303-5	Water consumption	
ABOUT THIS REPORT: ESG Data Summary		
Waste		
GRI 103: Management Approach		
103-1	Disclosure of management approach	PILLAR 2: PROPERTY PORTFOLIO: Sustainable & Efficient Operations, Climate Change Resilience
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
GRI 306: Waste		
306-3	Waste generated	ABOUT THIS REPORT: ESG Data Summary
No significant spills were identified in 2021.		
GRI 307: Environmental Compliance		
307-1	Non-compliance with environmental laws and regulations	No significant breaches of environmental laws were noted in 2021.
Employment		
GRI 103: Management Approach		
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		
401-1	New employee hires and employee turnover	ESG Data Summary
401-3	Parental leave	PILLAR 1: HUMAN CENTRIC: Managing & Developing Talent
GRI 403: Occupational Health and Safety		
403-4	Worker participation, consultation, and communication on occupational health and safety	PILLAR 1: HUMAN CENTRIC: Safety, Health & Well-being
403-5	Worker training on occupational health and safety	PILLAR 1: HUMAN CENTRIC: Safety, Health & Well-being
403-6	Promotion of worker health	PILLAR 1: HUMAN CENTRIC: Safety, Health & Well-being
403-9	Work-related injuries	ESG Data Summary
GRI 404: Training and Education		
404-1	Average hours of training per year per employee	ESG Data Summary
404-2	Programmes for upgrading employee skills and transition assistance programmes	PILLAR 1: HUMAN CENTRIC: Managing & Developing Talent
404-3	Percentage of employees receiving regular performance and career development reviews	100% of all employees

## ABOUT THIS REPORT

## HKEX AND GRI INDICES

Topic Specific Disclosures Content Index		
<b>GRI 405: Diversity and Equal Opportunity</b>		
405-1	Diversity of governance bodies and employees	<b>ESG Data Summary</b>
<b>GRI 413: Local Communities</b>		
413-1	Operations with local community engagement, impact assessments, and development programmes	<b>PILLAR 1: HUMAN CENTRIC:</b> Seeding Positive Change in Our Communities
<b>GRI: 416 Quality of Assets and Services</b>		
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	There were no reported incidents concerning the health and safety of our properties.
<b>GRI 418: Customer Privacy</b>		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	There were no reported incidents in 2021.
<b>GRI: 419 Socioeconomic Compliance</b>		
419-1	Non-compliance with laws and regulations in the social and economic area	ESR has complied with all relevant laws and regulations in the regions it operates.

