



ESR Cayman Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1821

ESG Policy

1.1. Introduction and Purpose

ESR Cayman Limited (“ESR” or the “Company”, together with its subsidiaries as the “Group”) has developed this Environmental, Social and Governance (ESG) Policy to serve as a statement of our commitment to managing our business in a sustainable manner through integrating ESG considerations across our activities.

This ESG Policy is complemented by ESR’s ESG Framework and our suite of corporate codes and policies, including Code of Conduct and Business Ethics, Conflict of Interest Policy, Board Diversity Policy and Supplier Code of Conduct, to form ESR’s full commitment and approach to ESG.

This ESG Policy aims at providing direction and consensus across our Company on how to implement our ESG commitments in accordance with our vision, mission and values.

1.2. Coverage

We integrate ESG considerations in our business activities with the view to manage scarce natural resources, to minimise our environmental footprint, our greenhouse gas emissions and potential impacts on biodiversity and land use change, to look after the health, safety and well-being of our people, be they employees, workers, contractors or the community, and to adopt effective corporate governance while striving to maintain positive financial returns. This ESG Policy is applicable to ESR and its related entities.

1.3. Application, Responsibility and Authority

This ESG Policy applies to ESR’s property investment, development and fund management as well as ESR’s funds and investment vehicles in all its countries of operation. Its implementation is the responsibility of all ESR employees and directors and will enable the continuous improvement of our ESG performance through the enhancement of skills, knowledge and commitment of all ESR employees at all levels of the organisation.

This ESG Policy is endorsed by ESR’s Group Co-CEOs and will be reviewed every two years, at a minimum, by ESR’s ESG Committee.

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

1.4. Our Vision for Sustainable Development

At ESR, we recognise that the new economy must be built back by purpose-led and responsible businesses. We aspire to play an integral role in creating the backbone for 21st century commerce across the Asia Pacific region.

1.5. Our Mission Integrates ESG Considerations

We are committed to integrating ESG considerations across the logistics real estate development cycle of our activities and in our diligence, transparency and accountability processes.

We are committed to working in compliance with local regulations and good international standards and in continuous collaboration with our internal and external stakeholders with the view to contribute to a sustainable and successful business.

We aim to achieve high standards of corporate governance which are crucial to our development and safeguarding the interests of our shareholders. At ESR we believe a culture of strong corporate governance provides the foundation for sustained and balanced growth over the long term. We recognise the importance of our environmental, social, transparency and accountability responsibilities to our tenants and customers, communities and stakeholders, investment partners and shareholders to manage risks, make effective decisions and create value.

1.5.1. Environmental Considerations

We acknowledge that climate change poses significant risks for sustainable development of our business throughout the Asia Pacific region due to the impact of global warming and acute effects from extreme weather events. ESR supports the Paris Agreement, which aims to decarbonise the global economy by promoting clean technologies and less carbon-intensive products and services. ESR will proactively incorporate the undertaking of comprehensive risk assessments to identify potential natural hazards for our properties, including threats of geological risks (such as volcanic eruptions, earthquakes, tsunamis and landslides) as well as climatic or meteorological risks (such as floods, draught, typhoons or wild fires). We also aim to conduct regular ESG risk assessments in building safety, energy efficiency, indoor environmental quality and waste and water management. We are embarking on a climate impact study and are taking the steps toward aligning with the four core elements of the Task Force on Climate-related Financial Disclosures (TCFD) framework.

We strive to mitigate the environmental impact our business generates while providing sustainable and innovative space and solutions for the future. ESR optimises, to the extent commercially reasonable, the ESG features of our new or existing developments through site selection, green design initiatives or by positioning our properties to minimise their environmental impact in terms of land use change, biodiversity protection, and proximity to transport systems, while providing cost benefits to our customers and long-term social considerations to the local community.

1.5.2. Social Considerations

We believe creating a positive environment that encourages diversity and inclusion is our social responsibility to the communities in which we operate, and to our employees, our tenants and our suppliers. We believe this will create long-term benefits to society as well as to our company. To our employees, we commit not only to providing safe workplaces but also to promoting the holistic well-being of our people with due consideration for the importance of a healthy work-life balance. We are committed to fostering workplaces that embrace diversity and are free from discrimination on the basis of gender, race, religion, disability, marital status, sexual orientation, family status or any other personal characteristics. Across the Group, we aspire to be an Employer of Choice to facilitate talent attraction, retention and training. To our tenants, we engage our customers through regular surveys to better understand their needs and preferences. To our suppliers, we work closely with our supply chain to ensure that the employees of our contractors enjoy the same standards of protection as we

expect for our own people. An important element of our corporate culture is giving back to the communities in which we operate.

We care for the health and safety of our project workers, building users and community. We adopt a sustainable approach at the design stage of new construction and refurbishments by integrating building material attributes and occupant well-being assessments. We aim to include, to the extent possible, natural lighting, active design features and indoor air quality monitoring in our facilities, and to select sustainable sites that facilitate active transport, such as walking, cycling or using public transportation.

1.5.3. Governance Considerations

ESR believes that effective corporate governance is critical to our success, providing the foundation of sustained growth over the long term. ESR has established robust processes and operating procedures to manage risks, make effective decisions and create value during our due diligence, development and asset management processes, while remaining transparent and accountable to our investment partners and stakeholders, recognising fiduciary duties. Wherever possible within our control, we mitigate the risk of conflicts of interest and fraud through the use of independent third parties such as fund administrators and the use of technology available to us. We believe that our information technology platform improves our operational efficiency and provides high quality internal governance controls.

Our Board of Directors is responsible and has general powers over the management and conduct of our business and oversees our overall risk control. Any significant business decisions involving material risks are reviewed, analysed and approved at the board level to ensure a thorough examination of the associated risks at our highest corporate governance body. We engage qualified, reputable and independent third parties to assist us in managing our operational risks and have in-house personnel that review our internal control measures on a continuing basis. We maintain a zero-tolerance approach to bribery and corruption and require all ESR employees to comply with our Code of Business Conduct at all times and provide an annual attestation which is tracked in our compliance monitoring solution ComplySci. This platform monitors governance performance across all ESR offices.

ESR strives to integrate ESG considerations into all stages of the business cycle which include establishing data management systems, streamlining ESG data collection processes and developing policies while setting annual performance targets and reviews.

1.6. Our Business Approach is Sustainable

In each country we operate, we endeavour to build logistics facilities or acquire existing logistics facilities in strategic locations, generally with a view to refurbish, expand, modernise or redevelop them, as tenants upgrade from outdated, often small and owner-occupied facilities to newer facilities in premium locations.

We seek to offer the following key sustainable business features:

- Optimal space utilisation with large floor plates, high ceilings and wide column spacing that contributes to workers' well-being;
- High operating efficiency with spacious loading and parking areas equipped with modern loading docks that includes comprehensive safety designs;

- Storage safety with security and surveillance features, proper ventilation and basic fire-fighting features such as sprinkler systems that protects the occupational health and safety of our employees, workers and contractors;
- Flexibility to provide customised features such as office space, air-conditioning and refrigeration/freezing that are energy efficient;
- Location next to transport networks to best serve both imports and exports logistics as well as domestic market distribution and to optimise the overall transport environmental footprint.

Across our operations, we incorporate sustainable features further, by designing, building and maintaining logistic facilities with a “human-centric” approach that not only focus on environmental risks but also on making a meaningful impact on society and on the health and well-being of our tenants.

We manage a broad range of funds and investment vehicles that invest in a portfolio of logistics properties in various stages of the property life cycle across Asia Pacific. When managing these entities, we integrate ESG considerations along our logistics real estate asset management cycle, through policies and procedures, dedicated and competent staff and the inclusion of environmental and social risk assessment in our overall investment management framework.

1.7. Alignment with the Principles for Responsible Investing (PRI)

ESR recognises the value of responsible investment and we are committed to act in the best long-term interests of our stakeholders. Based on our evaluation, we believe that our current level of disclosures align with the criteria of the six principles of responsible investment established by PRI. In fact, our current disclosures in our annual ESG Report, Annual Report, the ESG section of our website and disclosures to GRESB could be referred to as sources of information for the annual PRI assessment. We incorporate ESG factors into our investment and decision making processes to help us identify and avoid ESG risks.

We plan to progress in our reporting each year, with honesty and transparency. We will align our ESG report with the Global Reporting Initiative (GRI) Standard, improve our GRESB score and overtime become a signatory of the PRI.

1.8. ESR Sustainable Commitments

We have identified potential material ESG issues that can influence our operations and investments but that we believe we can mitigate. We are committed to seek to, where possible:

1. Communicate our progress of climate-related physical risk assessment across our portfolio and take steps toward aligning with the four core elements of the TCFD framework;
2. Reduce the greenhouse gas, energy, water and waste footprint, life-cycle environmental impacts of building materials, of our properties under management, at the design, development, construction and operations stages, as well as of our corporate operations;
3. Protect the biodiversity and high-ecological value habitat of our development sites and properties, through conservation, enhancement or offsets;
4. Manage natural hazards, climate and extreme weather risks at the design, development, construction and operations stages of our properties and in our asset management practices to increase our resilience;

5. Meet recognised sustainable design and construction standards to embrace smarter ways to reduce our environmental impact. Consider existing developed infrastructure, potential for multi-modal transit networks and redevelopment opportunities during the site selection stage;
6. Create safe and quality workplaces for people working in or visiting our property sites and office properties through following contractor management and occupational health and safety practices aligned with good international standards;
7. Ensure a high standard of health and safety in our offices and properties and provide employment conditions that supports good employee well-being;
8. Provide an inclusive, safe and healthy working environment and promote the well-being of our people across our entire supply chain;
9. Enhance gender balance and empowerment of women in our workforce;
10. Engage proactively with our stakeholders, in particular our employees, tenants and suppliers in the areas of health and safety, sustainable procurement and resilience;
11. Consider environmental and health impacts during material selection. Source responsible materials wherever possible within reasonable budget and allowance, including locally extracted materials, recyclable material and low-emitting VOC materials;
12. Facilitate opportunities to contribute positively to our local communities. Minimise environmental impacts, including air, light and noise impact to the surrounding community during design, development, construction and operation stages;
13. Support the market-uptake of new ESG-related technologies and practices where appropriate;
14. Implement good responsible investment practices to mitigate environmental and social risks and leverage opportunities where available in the interest of stakeholders and investment performance; and
15. Provide best-in-class logistics facilities for the new economy.

We established internal processes to implement this ESG Policy across our operations: development, fund management and investment. These processes include feasibility studies, transaction due diligence, measuring, monitoring and reporting on ESG Performance Indicators to assess how our ESG commitments come alive. We will encourage and train our internal stakeholders to adopt and implement this ESG Policy. We have established an ESR ESG Committee that oversees our progress toward achieving our ESG vision and strategy and ensures that we meet our commitments and adhere to corporate policies and practices. We aim to continuously improve and manage our properties and investments in a manner consistent with this ESG Policy.

If you have any questions, comments or concerns regarding this ESG Policy or its implementation, please contact Emma Larsson, ESG Officer, at esg@esr.com anonymously or not.

19 October 2020