



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”) has developed this ESG Policy to serve as a statement of our commitment to managing our business in a sustainable manner through integrating Environmental, Social and Governance (ESG) considerations across our activities.

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

This ESG Policy aims at providing direction and consensus across our Company on how to implement our sustainability 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 wellbeing of our people, be they employees, workers or contractors, and to adopt effective corporate governance while striving to maintain positive financial returns.

1.3 Application, Responsibility and Authority

This ESG Policy applies to ESR’s property investment, development and 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 sustainability 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.

1.4 Our Vision is to sustain a long-term business for the benefits of all our stakeholders

We aim to develop and manage modern logistics facilities for the new economy and help create the backbone for 21st century commerce across the Asia Pacific Region (APAC). We want to offer tenants modern, state-of-the-art, focused and integrated logistics real estate platforms, and provide investors with exposure to what we see as the most dynamic sector in the fastest growing region.

1.5 Our Mission Integrates ESG Considerations

We are committed to integrating Environmental, Social and Governance 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. 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 strive to mitigate our environment footprint. ESR optimises, to the extent possible, the sustainability features of our new or existing developments through green design initiatives or by positioning our properties to minimise their environmental impact in terms of land use change, biodiversity protection, proximity to transport systems, while providing cost benefits to our customers and long-term social consideration to the local community.

We seek to design new construction and refurbishment by integrating green building material attributes, available green building standards, renewable energy sources (onsite, off-site) as applicable and relevant to the geographies in which we operate.

Examples

ESR makes every effort to build new logistics and industrial infrastructure and facilities in compliance with the relevant local environmental certification: LEED requirements in China and South Korea, GBCA Green Star in Australia, CASBEE in Japan and BCA Green Mark requirements in Singapore. ESR endeavours to equip its new warehouses with energy-efficient technology, such as energy LED lighting, comprehensive waste water and waste management systems, expansive green areas, and, wherever possible to provide rooftops with solar panels.

1.5.2 Social Considerations

We believe that creating a positive and supporting environment 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.

In addition to responding to the traditional demands of our logistics clients, we believe we can and must act as a bridge between the local society and the environment. For instance, we have centred our recent initiatives in Japan through innovative human-centric design and on-site child-care facilities. Our BARNKLÜBB are on-site children's day care centres that help ESR's tenants retain and attract employees, encourage workforce participation of women and address the shortage of nursery space in the country. Our KLÜBBLOUNGE are private lounges with complimentary TV, WiFi and retail shops, to provide employees with a space to relax and take a break.

We care for the health and safety of our project workers and building users. 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, daylight access, 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, we minimize 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 enforce strict control and accountability policies and manuals at an individual employee level and conduct ongoing on-site training. Our policies and manuals are updated regularly based on our operational needs. We seek to maintain a corporate culture with a high level of responsibility, integrity and reliability to manage our operational and market risks.

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, modernize 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' wellbeing;
- 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.

In Australia and Japan, we design these sustainable features further, by building holistic state-of-the-art distribution centres with a “human-centric” approach that not only focuses 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 APAC. When managing these entities, we integrate Environmental, Social and Governance 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 ESR Sustainable Commitments

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

1. 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;
2. Protect the biodiversity and high-ecological value habitat of our development sites and properties, through conservation, enhancement or offsets;
3. 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;
4. Create safe and quality work places 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;
5. Ensure a high standard of health and safety in our offices and properties and provide employment conditions that supports good employee wellbeing;
6. Support the market-uptake of new sustainability-related technologies and practices where appropriate;
7. Implement good responsible investment practices to mitigate environmental and social risks and leverage opportunities where available in the interest of stakeholders and investment performance;

We are setting internal processes to implement this ESG Policy. These processes will include measuring, monitoring and reporting on Environmental, Social and Governance 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 improve continuously 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.

15 April 2020