



SPACE AND INVESTMENT SOLUTIONS FOR A SUSTAINABLE FUTURE

Environmental, Social and
Governance Report 2022

ESR Group Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1821

SPACE AND INVESTMENT SOLUTIONS FOR A SUSTAINABLE FUTURE

ESG is deeply embedded within our corporate culture. As APAC's leading New Economy real asset manager, we aspire to be thought leaders who proactively set the standard and lay the foundation for a sustainable future.

Sustainability considerations are built into our core business activities, including investments, fund management and New Economy development through implementing best practices, setting up goals and monitoring performance. We seek to facilitate continuous improvement across each market where we operate and throughout each stage of the whole asset life cycle.

Contents

VISION FOR SUSTAINABLE DEVELOPMENT

- 4 About ESR
- 6 Letter from our Chairman
- 7 Letter from our Group
Co-founders & Co-CEOs
- 8 Our Sustainability Commitments
- 9 2022 ESG Achievements
- 10 ESG @ ESR
- 13 ESG in Action

PILLAR 1: HUMAN CENTRIC

- 18 Stakeholder Engagement
- 19 People are Our Greatest Asset
 - 19 Safety, Health & Well-being
 - 21 Managing & Developing
Talent
 - 23 Diversity, Equity & Inclusion
- 24 Community Investment
 - 27 Designed with Occupants in
Mind

PILLAR 2: PROPERTY PORTFOLIO

- 31 Sustainable & Efficient Operations
- 35 Sustainable Building
Certifications
- 37 Climate Change Resilience
- 40 Flexible & Adaptable Properties
- 41 Strategic Locations

PILLAR 3: CORPORATE PERFORMANCE

- 45 Corporate Governance
- 51 Risk Management & Compliance
- 56 Responsible Investment
- 58 Disclosure & Reporting
- 60 Supply Chain Management

ABOUT THIS REPORT

- 62 ESG Data Summary
- 74 Independent Assurance
- 76 HKEX and GRI Indices

VISION FOR SUSTAINABLE DEVELOPMENT



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. With US\$156 billion in total assets under management (AUM), 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 allow capital partners and customers to capitalise on the most significant secular trends in APAC. ESR is the largest sponsor and manager of REITs in APAC with a total AUM of US\$46 billion. Our purpose — *Space and Investment Solutions for a Sustainable Future* — drives us to manage sustainably and impactfully and we consider the environment and the communities in which we operate as key stakeholders of our business. Listed on the Main Board of The Stock Exchange of Hong Kong, ESR is a constituent of the FTSE Global Equity Index Series (Large Cap), Hang Seng Composite Index and MSCI Hong Kong Index. More information is available at www.esr.com.

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.



NEW ECONOMY DEVELOPMENT

Our New Economy 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.

VISION FOR SUSTAINABLE DEVELOPMENT

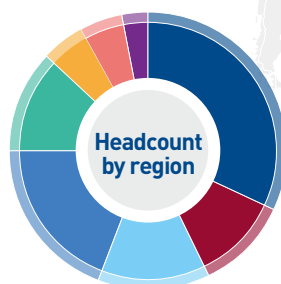
About ESR

OUR PAN-ASIAN NETWORK CONTINUES TO EXPAND

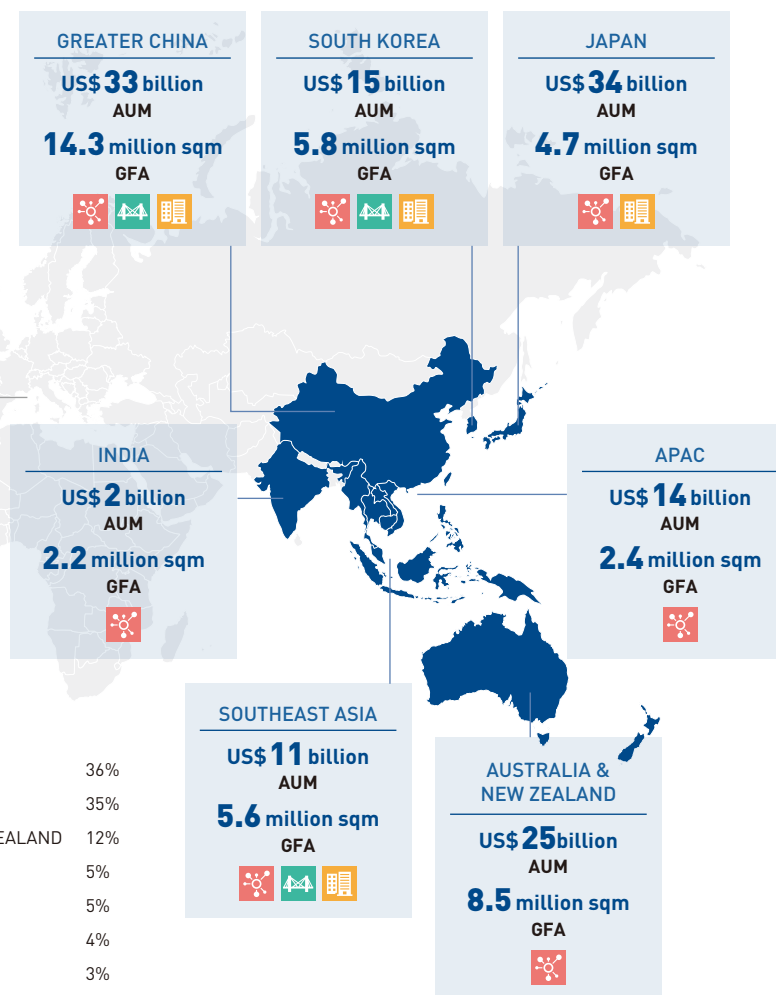
US\$156 billion
Total Assets Under
Management (Total AUM) ^{Note 1}

45 million sqm
Gross Floor Area (GFA) ^{Note 2}

2,000+
Headcount
across the globe ^{Note 3}

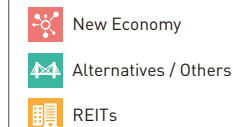


SOUTHEAST ASIA	36%
GREATER CHINA	35%
AUSTRALIA / NEW ZEALAND	12%
SOUTH KOREA	5%
INDIA	5%
US / EUROPE	4%
JAPAN	3%



Notes

- Based on constant FX translation as of 31 December 2021 for a like-for-like comparison. Based on FX translation as of 31 December 2022, total AUM would be US\$145 billion (US\$11 billion FX translation impact), New Economy AUM would be US\$68 billion (US\$5 billion FX translation impact) and public REITs AUM would be US\$45 billion (US\$1 billion FX translation impact).
- GFA of the enlarged Group, for assets in operations and under development across our portfolio, including land, as at 31 December 2022.
- Headcount for the enlarged Group as at 31 December 2022, including both employees with direct and indirect employment relationship with the Group.



VISION FOR SUSTAINABLE DEVELOPMENT

Letter from our Chairman



“At ESR Group, we believe that all aspects of the Environmental, Social and Governance areas are pivotal to the long-term success of our company and a key enabler to pre-empt and mitigate enterprise risk.”

JEFFREY DAVID PERLMAN

Chairman

Doing what is right for the environment and the communities begins with each of us and the choices we make every day.

At ESR Group, we believe that all aspects of the Environmental, Social and Governance areas are pivotal to the long-term success of our company and a key enabler to pre-empt and mitigate enterprise risk. As APAC's largest real asset manager powered by the New Economy with US\$156 billion of assets under management and APAC's largest development workbook of US\$11.9 billion, we see tremendous potential in our scale to drive sustainable returns for our investors, make a positive impact on the environment and build stronger communities where we operate.

Driven by ESR's core values to achieve long-term sustainable growth, our ESG strategy strives to address social and environmental challenges and create profound business opportunities. We do this by keeping abreast of evolving and changing expectations surrounding our investments, fund management and New

Economy development businesses from our stakeholders, including shareholders, investors, business partners and tenants. We are proud to have a committed Board of Directors to drive overall stewardship and strategic direction to deliver on the Group's ESG strategy.

Within our ESG Framework, we focus on the areas where our business can have the greatest impact: operating within a Human Centric environment, creating space and investment solutions for a sustainable future within our Property Portfolio, and delivering outstanding Corporate Performance. With these in mind, we established our ESG 2025 Roadmap which has helped to navigate social and environmental challenges during and post-COVID era, and we are on track to achieve our targets as we continue to integrate ESG considerations in our business operations.

In 2022, with the support of multiple stakeholders, we achieved great progress on our ESG initiatives, including

the appointment of two new female independent non-executive directors, Serene Nah and Wei-Lin Kwee, while maintaining a diverse Board composition with the appropriate mix of gender, background and experience. As a result, 60% of our independent non-executive directors are women at the Board level. ESR also became a signatory of the United Nations-supported Principles for Responsible Investment (UN PRI). This reinforces our commitment to adopting and promoting responsible investment and asset management practices as part of the Group's ongoing ESG efforts.

With the successful acquisition of ARA Asset Management Limited (ARA), including its subsidiary LOGOS, in January 2022, we harnessed the expertise and synergies as a unified platform to drive business growth and amplify the impact of our best-in-class sustainability practices to create sustained value for our stakeholders.

In response to the global challenges

of climate change, we will continue to reduce our carbon footprint, increase renewable energy adoption, and pursue green building certifications. As part of the transition to a low carbon future, we will develop a Group-wide strategy to reach net zero across all asset classes with a clear path to achieve milestone targets in the medium and long-term. We will continue to emphasise accountability and transparency in our disclosures in alignment with global standards and I am proud that we are making a choice to raise the bar for ESG integration and deliver on our ESG 2025 Roadmap.

This report demonstrates our continued ESG efforts that require collaboration, innovation and partnerships and I thank you for your interest to learn more about our approach to leading the way forward for a greener and more inclusive world.

Jeffrey David Perlman

Chairman

28 April 2023

VISION FOR SUSTAINABLE DEVELOPMENT

Letter from our Group Co-founders & Co-CEOs



“Throughout the year, we focused on driving strategic initiatives to realise our environmental commitments, advance our social agenda, and strengthen our corporate performance.”

STUART GIBSON AND JINCHU SHEN

Group Co-founders & Co-CEOs

ESG is deeply embedded within our corporate culture. As APAC's leading New Economy real asset manager, we aspire to be thought leaders who proactively set the standard and lay the foundation for a sustainable future.

Reflecting our commitment to the United Nations Sustainable Development Goals (SDGs), we identified 15 focus areas as part of our ESG Framework and Roadmap, to highlight the strategic importance and enhance the ESG value we deliver to our stakeholders. We are pleased to share that our first year as an enlarged Group has yielded commendable achievements in the pursuit of our ambitious ESG targets.

Throughout the year, we focused on driving strategic initiatives to realise our environmental commitments, advance our social agenda, and strengthen our corporate performance. This report highlights our ESG performance and case studies on our approach to fulfil these commitments. Listed below are a few notable achievements during the year:

- Testament to our ESG credentials, we secured approximately US\$3 billion

in Sustainability-Linked Loans across the enlarged Group, as we continued to integrate ESG considerations into our investment and asset management practices.

- Recognition of our ESG performance in various leading global sustainability benchmarks and rankings — attaining outstanding results in the 2022 GRESB Assessment and achieving “A” in MSCI ESG Ratings and “Low Risk” in Sustainalytics ESG Risk Ratings.
- As part of our decarbonisation efforts in the transition to a low-carbon future, we exceeded our target to increase solar power generation capacity, with the installation of approximately 100 MW of rooftop solar panels across our global portfolio of assets.
- We pushed the boundaries of innovation to provide best-in-class real assets and solutions for our stakeholders, by leveraging state-of-the-art technologies to increase efficiency and reduce carbon footprint. Some of these innovations include our first domestic rooftop solar project in China,

the development of South Korea's first hydrogen powered fulfilment centre, and our partnership with Enerbank to provide renewable energy certificates in Japan. Across the enlarged Group, 39% of our portfolio of completed directly managed assets were awarded sustainable building certifications and ratings.

- To build a more inclusive and equitable workplace, we increased the proportion of female representation to approximately 45% and continued to foster a human centric environment in our design philosophy for our tenants across the Group. This is exemplified by the creation of nine BARNKLÜBB day-care centres at our distribution centres in Japan, to support employees and their families with greater flexibility and inclusiveness.
- We are committed to investing in both our internal and external stakeholders, through employee training and development programmes, internship opportunities for local tertiary students, as well as offering scholarships to encourage and motivate students

to achieve greater heights. These initiatives create a social multiplier effect which uplifts the communities we believe in developing.

Going forward, we believe our enlarged Group can harness greater synergies and leverage on our expanded scale, offerings and capabilities to deliver meaningful and sustainable value for our stakeholders.

We thank our Board of Directors for their leadership and strategic direction on ESG, and our management teams, staff, investors, business partners, customers and communities for their invaluable support as we continue our ESG journey. We hope that you will find our 2022 ESG Report informative and enjoyable to read. Together, we strive to be a leading provider of **Space and Investment Solutions for a Sustainable Future**.

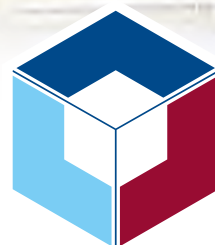
Stuart Gibson and Jinchu Shen
Group Co-founders & Co-CEOs
 28 April 2023

VISION FOR SUSTAINABLE DEVELOPMENT

Our Sustainability Commitments

SPACE AND INVESTMENT SOLUTIONS FOR A SUSTAINABLE FUTURE

EMBRACING DIVERSITY, EQUITY AND INCLUSION



RESPONSIBLE INVESTMENT APPROACH



Build assets in strategic locations, with a sustainability focus on site selection, efficient design, green construction and energy-efficient operations.



Maintain a safe working environment by achieving zero ESR workforce fatalities and promoting the holistic well-being of our people.



Commit to fostering workplaces embracing diversity that are free from discrimination, and achieve a gender ratio target as part of the overall diversity, equity & inclusion plan with monitoring actions and progress.



Conduct engagement initiatives with our stakeholders such as investors, business partners, tenants, and communities to elevate our deliverables.



Enhance community involvement and philanthropic activities through a series of planned events involving our stakeholders.



Uphold the highest standards of corporate governance throughout the enlarged Group, with strong core values and business ethics.

VISION FOR SUSTAINABLE DEVELOPMENT

2022 ESG Achievements

Significant progress has been made based on our ESG 2025 Roadmap, which was launched in November 2020. Some key achievements for 2022 (reporting period) are outlined as follows:

HUMAN CENTRIC

~ 45%

Female representation at ESR¹

60%

Independent Non-executive Directors are women (i.e., 3 female directors) at Board level

24

Assets achieved WELL Health-Safety Rating in South Korea representing approximately 1.8 million sqm in GFA

Inclusion

As part of corporate core values as an enlarged Group to strengthen diversity, equity & inclusion in the workplace

Zero

ESR workforce fatalities², with ongoing ISO 45001 Occupational Health & Safety (OHS) certification for ESR Data Centres, in addition to ISO 45001 obtained under ARA Property Management

PROPERTY PORTFOLIO

~ 100 MW

Installed rooftop solar power capacity across the enlarged Group³

> 314,000 GJ

Rooftop solar power generated⁴ during the year

39%⁵

Of the Group's portfolio of completed directly managed assets awarded sustainable building certifications and ratings, representing approx. 10.6 million sqm in GFA

631

EV charging stations installed across the Group's portfolio of assets

Hydrogen

JV with SK Plug Hyverse and Coupang Fulfilment Services to develop Mokcheon LP into South Korea's first hydrogen powered facility

Net Zero Carbon

On track to develop Net Zero strategy and decarbonisation roadmap as part of the Group's Net Zero Carbon commitment

CORPORATE PERFORMANCE

37

Private funds and REITs participated in the 2022 GRESB Assessment, with outstanding results

ESG Ratings

MSCI "A" Sustainability "Low Risk"

~ US\$3 billion

Sustainability-Linked Loans (SLLs) raised across the enlarged Group to date

UN PRI

Became a signatory to the United Nations-supported Principles for Responsible Investment (UN PRI) in June 2022

Training

Launched a series of comprehensive compliance online modules for all staff on topics relating to compliance, risk management and ESG

¹ Refers to employees with direct employment relationship with the enlarged Group as at December 2022.

² Refers to ESR Group's employees.

³ Across the enlarged Group as at December 2022, comprising completed projects in 2022 and planned projects within first half of 2023.

⁴ Solar power generation from approx. 85 MW of installed capacity that are completed and fully operational as at 31 December 2022.

⁵ Based on the GFA of certified completed directly managed assets (approx. 10.6 million sqm), divided by total GFA of completed directly managed assets (approx. 27.3 million sqm).

VISION FOR SUSTAINABLE DEVELOPMENT

ESG @ ESR

ESG considerations are integrated into every aspect of our business through proactive decision-making. We strive to achieve our ESG objectives while keeping in mind our stakeholders' expectations and incorporate ESG factors into our business operations.

Sustainability considerations are built into our core business activities, including investments, fund management and New Economy development through implementing best practices, setting up goals and monitoring performance. We seek to facilitate continuous improvement across each market where we operate and throughout each stage of the whole asset life cycle.

A comprehensive ESG investment checklist, approved by the Investment Committee, was established in January 2022. This checklist is an assessment of ESG requirements by fund investors covering: climate-related risks, building certifications, renewable energy adoption, indoor environmental quality, material sourcing and sustainable procurement, building technical assessments and environmental management systems, energy, water and waste management efficiencies and occupier considerations, amongst other factors, where applicable.

In addition, ESR utilises a proprietary database for climate risk assessments in accordance with the Taskforce on Climate-related Financial Disclosures (TCFD) Framework and appoints third-party consultants to conduct specific ESG due diligence including soil and site studies for construction and industrial waste management channels.

INVESTMENT
IDENTIFICATION

DUE DILIGENCE

PERMIT
APPROVALSASSET
DEVELOPMENTASSET
MANAGEMENTMONITORING &
REPORTING

KLÜBB Lounge, ESR Yokohama Sachiura Distribution Centre 1, Japan

VISION FOR SUSTAINABLE DEVELOPMENT

ESG @ ESR

ESG FRAMEWORK

Our ESG Framework organises material ESG topics of our business into 15 focus areas under three key pillars: Human Centric, Property Portfolio and Corporate Performance. Each focus area has accompanying strategic initiatives and targets that are monitored, measured and reported on an annual basis. This report provides an overview of our management approach, as well as an update on our performance during the year.

HUMAN CENTRIC

Basic human needs are universal. As we strive to create a safe, supportive and inclusive environment for all employees, customers, suppliers and communities, meeting those needs today while ensuring they can be met in the future is the cornerstone of sustainable development.

Focus Areas

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

PROPERTY PORTFOLIO

Sustainability is central to our mission because we aspire to improve the environmental prospects of our planet. We are committed to environmental stewardship by developing and maintaining sustainable and efficient buildings.

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 and dependable returns over the long-term. We embrace the highest standards of governance and ethics in all aspects of business conduct.

Focus Areas

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

SUPPORTING THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

Our Vision for Sustainable Development and ESG Framework are aligned to six of the Sustainable Development Goals (SDGs) from the United Nations 2030 Agenda, as well as the United Nations-supported Principles for Responsible Investment (UN PRI). Both the SDGs and UN PRI help to guide our business strategies towards sustainability and achieve our overall mission.



GOOD HEALTH AND WELL-BEING



GENDER EQUALITY



AFFORDABLE AND CLEAN ENERGY



DECENT WORK AND ECONOMIC GROWTH



INDUSTRY, INNOVATION AND INFRASTRUCTURE



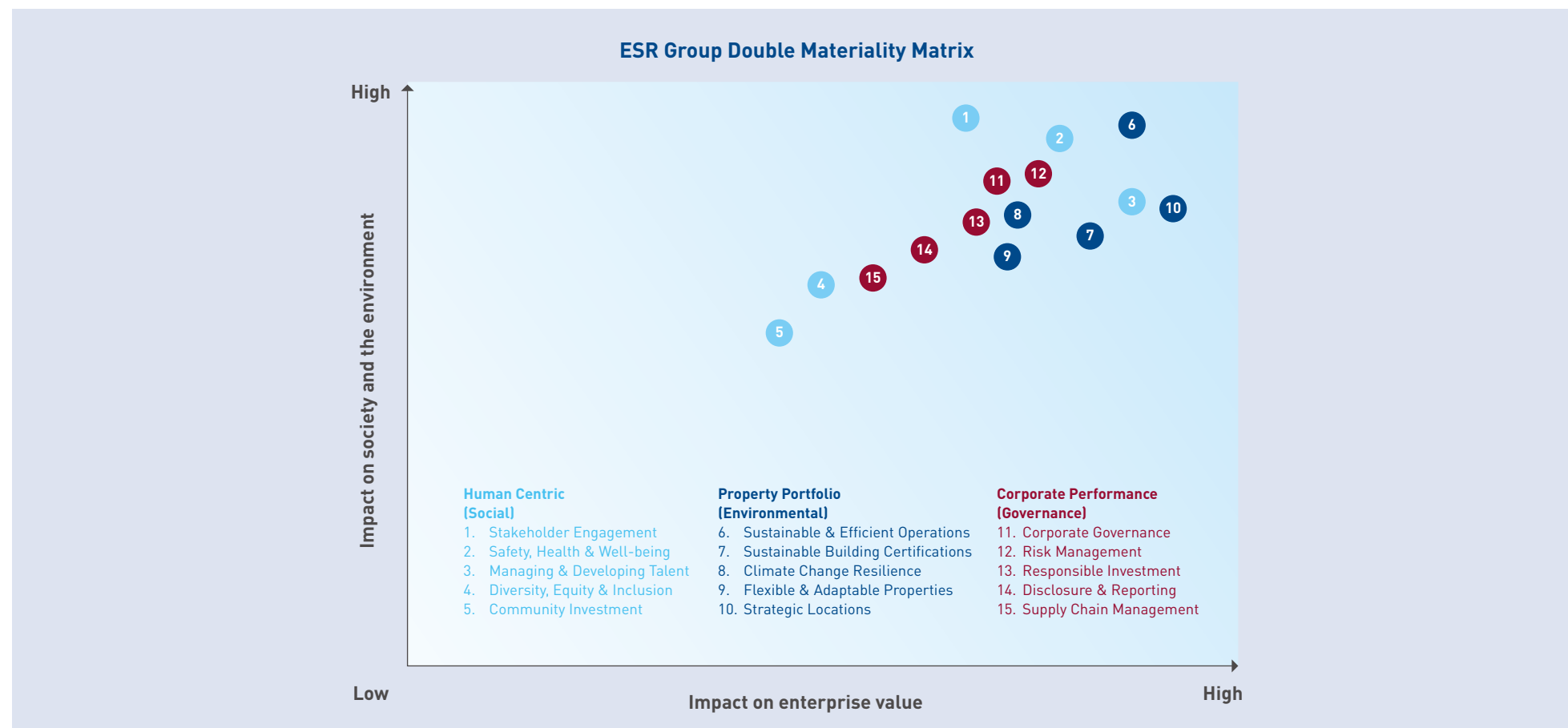
CLIMATE ACTION

VISION FOR SUSTAINABLE DEVELOPMENT

ESG @ ESR

MATERIALITY

Understanding perspectives from our key stakeholders is critical to aligning our ESG efforts with their expectations. We conducted an updated assessment of our material ESG factors to reflect the evolving trends and market practices. The comprehensive process included obtaining an understanding of global trends, performing an internal business review and applying the double materiality approach, taking into account both impact materiality and financial materiality. Around 30 senior management and ESG representatives across various functions within the Group, representing both internal and external stakeholders including employees, tenants, investors, capital partners, suppliers, contractors, communities and regulators participated in the materiality workshop which was facilitated by an external consultant. The conclusion of the workshop provided an updated set of 15 material ESG factors which were prioritised and adopted as the Group's focus areas. Recognising the relevance of suppliers to our business, "Supply Chain Management" was added as a new material factor under our ESG Framework.



VISION FOR SUSTAINABLE DEVELOPMENT

ESG in Action

At the forefront of driving change and integrating ESG into our business, we undertook numerous initiatives to reduce our impact on the environment. We built a resilient portfolio which incorporates ESG considerations into the design, construction and management of our assets. Key development features were aligned with the focus areas under the Group's ESG Framework.

ESR YOKOHAMA SACHIURA DISTRIBUTION CENTRE 2

We established a new standard for contemporary, durable and sustainable New Economy real estate with the completion of ESR Yokohama Sachiura Distribution Centre 2 in Greater Tokyo, Japan. This asset is located within the ESR Yokohama Sachiura Logistics Park, a multi-phase development with approximately 750,000 sqm of logistics space to be developed over four phases, and the park is set to be the largest logistics park (by value) in Japan and in APAC upon completion. In addition, the Group revitalised a 7,000 sqm degraded urban forest at ESR Yokohama Sachiura DC 1&2 to conserve the natural environment for a rich mix of flora and wildlife. In addition, greenery playground equipment was erected to further improve the forest's natural and pleasant atmosphere, which will be available to the local community in the future.

Stakeholder Engagement



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

- Shiohama Industry Corporation (Architect and Contractor)
- Takato Tamagami Architectural Design, Ltd. (Amenity Space Designer)
- Seismic structure specialist and interior designer involved

Sustainable & Efficient Operations



Full array of sustainable features to mitigate environmental impact including:

- Energy-saving features
- On-site solar power generation of 5 MW
- Preserved gantry crane as industrial heritage
- Individual work booth under COVID

Sustainable Building Certifications



Received the following sustainability credentials certified by leading industry bodies:

- Comprehensive Assessment System for Built Environment Efficiency (CASBEE A Rank)
- BELS 5 stars (Building-Housing Energy-Efficiency Labelling System)
- Zero-emission building (ZEB)

Flexible & Adaptable Properties



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

- 5.5m clear height, maximum 6.4m at the fourth floor
- 2.0/1.5 tonnes/sqm floor loading
- Seismic base isolation structure
- Ocean view and panoramic view of Mount Fuji

Strategic Locations



Exceptional access to Yokohama City within close proximity to a wide range of 3PLs, importers, exporters manufacturers and strategically located near the Tokyo International Airport

Reporting & Disclosure



Part of ESR's Redwood Japan Logistics Fund II Limited Partnership and RJLF 3 Co-Investment Platform, which both rated 5-Star in GRESB's 2022 Development category. They were ranked 2nd and 3rd out of 25 peers within Industrial Asia

VISION FOR SUSTAINABLE DEVELOPMENT

ESG in Action

ARA: LAZADA ONE

In 2020, ARA and Chelsfield jointly redeveloped Lazada One, an eleven-storey commercial building in Singapore with a S\$385.8 million green loan from DBS Bank and United Overseas Bank to finance the acquisition and asset enhancement. Smart technology, eco-friendly features and green spaces were incorporated as part of the asset enhancement initiatives to improve energy efficiency and enhance occupant well-being.

In recognition of our improvement in environmental performance during the reporting period, Lazada One obtained the Green Mark Platinum, the highest accolade awarded by the Building & Construction Authority (BCA) in Singapore.

Stakeholder Engagement



Implemented environmental stewardship initiatives by engaging tenants and suppliers on the following:

- Sustainable Policies
- Green Procurement Policy
- Green Education Corners
- Monthly community programmes and activities for tenants to cultivate a healthy and active lifestyle

Sustainable Building Certifications



Awarded the BCA Green Mark Platinum award, the highest green building rating from BCA for buildings demonstrating high environmental performance with energy and water savings, environmentally sustainable building practices, as well as green and innovative features

Strategic Locations



Strategically located in Singapore's established commercial district and near public transportation networks, providing accessibility and minimising environmental footprint for tenants

Sustainable & Efficient Operations

Full array of sustainable elements features to mitigate environmental impact including:

- Building facade fins that reduce solar radiation, contributing to ~40% reduction in electricity consumption
- High-efficiency artificial lighting system (LED) at common areas
- Recycling and electric vehicle charging facilities
- CO sensors for carpark mechanical ventilation system
- Variable speed drives for water-cooled chiller systems
- NEWater as alternative water source for cooling tower make-up, hose reel and sprinkler tanks
- Variable speed drives for air handling units and mechanical ventilation systems
- Carbon dioxide sensors for air handling units to optimise indoor air quality
- Vertical planter at rooftop to improve air quality and enhance biodiversity
- Landscape irrigation system to improve water efficiency



Flexible & Adaptable Properties

Deployed smart technologies to reduce material degradation and maximise flexibility and well-being of our occupants:

- Lift systems with variable voltage variable frequency and sleep mode
- Occupancy sensors at toilets, staircases, and pantry areas
- Use of smart mobile app to provide contactless turnstile access into building



Reporting & Disclosure

To meet the rigorous BCA Green Mark recertification criteria, the property management team actively monitors and tracks the environmental performance of the building and explore the adoption of green building technologies to improve the energy and water efficiencies



VISION FOR SUSTAINABLE DEVELOPMENT

ESG in Action

LOGOS: BROADMEADOWS LOGISTICS ESTATE IN AUSTRALIA

Located 15 kilometres north of the Melbourne CBD, Broadmeadows Logistics Estate is a 250,000 sqm premium site with expected completion in 2023. This development will comprise approximately 127,000 sqm of sustainable, high quality and efficient space integrated with state-of-the-art technology.

In line with the Group's sustainable commitments, the development boasts numerous sustainability features and is targeting a 5 star Green Star Communities rating, which will be a first for the industrial sector in Australia. This property includes an on-site café, substantial car parking space and easy access to public transport and local retail amenities, thereby optimising flexibility, connectivity and a sense of community for our occupants.

Key sustainability initiatives include:

Stakeholder Engagement

- Collaborated with different social enterprises to establish the best practice for social sustainability initiatives, including engaging Yurringa, a social procurement business specialising in work placements for indigenous people
- Through securing a social enterprise operator, L'Arte Central and employing National Disability Insurance Scheme recipients, there are plans to build an estate café to provide hospitality industry experience to such individuals
- A café is currently under construction to be available to the general public in addition to the occupants of the estate

Sustainable Building Certifications

- Two completed warehouses within the Estate achieved a 5 star Green Star Design & As Built rating for efficient building design and construction, while two other warehouses under development are also targeting the same rating
- The estate is also targeting a 5 star Green Star Communities rating illustrating our sustainability initiatives implemented at the estate level

Sustainable & Efficient Operations

- All warehouses in the estate were built to Green Star standards emphasising on energy and water efficiency
- Lower energy use than the minimum National Construction Code (NCC) compliant building achieved through energy efficient features such as efficient lighting system, access to daylight, double glazed façade to office areas
- Increased reduction in water usage of the buildings than standard practice building achieved through installation of Water Efficiency Labelling and Standards (WELS) rated water fixtures, capture and use of rainwater for flushing and irrigation
- A network of comprehensive energy and water metering to track and monitor the usage of energy and water end-uses
- Recycled 99.6% of demolition waste material in the development phase of the project, which exceeded our initial target to divert at least 97% of the demolition waste from landfill by recycling and reusing
- Included recycled glass within our road pavement mix and used recycled concrete pipework in our subdivision

Flexible & Adaptable Properties

- Aligned with Green Star requirements and the TCFD reporting framework, climate change risk assessments were carried out to identify climate related physical risks
- Climate Change Adaptation Plans (CCAP) were developed to mitigate the risks and bring down the residual risk rating to an acceptable level

**Strategic Locations**

Conveniently located with easy access to local amenities and public transport, and connectivity to major road networks

**Reporting & Disclosure**

The estate is part of LOGOS' LAIV2 fund, which will be participating in its first Global Real Estate Sustainability Benchmark (GRESB) assessment in 2023

PILLAR 1: HUMAN CENTRIC

KLÜBB
Lounge

KLÜBB Lounge, ESR Yokohama Sachiura Distribution Centre 2, Japan

PILLAR 1: HUMAN CENTRIC

Human Centric

The first Pillar of our ESG Framework: Human Centric focuses on the social aspect of our operations, covering areas relating to both our internal and external stakeholders.

Focus Areas	2025 Targets & Goals	Status
Stakeholder Engagement	Develop and launch tenant engagement initiatives with monitoring and follow-up actions from the Tenant Engagement Surveys	Tenant Engagement Surveys were conducted across our asset portfolio to improve building management and performance. From the results of the surveys, tenant engagement initiatives such as improving environmental awareness, health, safety and well-being continue to be implemented to improve overall tenant satisfaction. Our senior management were engaged in a materiality assessment exercise on the prioritisation of ESG topics during the reporting period. See page 12 for details.
Safety, Health & Well-being	Zero workforce fatalities in ESR	This target was achieved in 2022 for ESR Group employees.
Managing & Developing Talent	Develop and launch employee engagement initiatives with monitoring and follow up actions	Continued efforts were made through the implementation of employee engagement initiatives such as "Inclusion & respect/teamwork" and "Communications". See page 21 for details. We have set up a dedicated Talent Management and Learning team within the Group HR function as an independent Centre of Excellence.
Diversity, Equity & Inclusion	40% overall female participation in our workforce by 2025	In 2022, the gender ratio of women among all employees with direct employment relationship with the enlarged Group is 45%, up from 38% in 2021. For ESR standalone ¹ , the gender ratio is approximately 39%. 60% of our independent non-executive directors are women.
Community Investment	Launch ESR Community Engagement Programme	Work in progress — We have ongoing plans to establish an ESR Foundation. We are implementing 2 days of volunteer leave for all employees of the Group to encourage volunteerism and cultivate an engaged workforce.



¹ Refers to the ESR entities, excluding ARA and LOGOS.

PILLAR 1: HUMAN CENTRIC

Stakeholder Engagement

Stakeholder engagement is integral to the way we do business.

We maintain close connections 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 business that enables us to pursue continuous improvement. We listen to and reflect upon the views of key stakeholder groups, consider the performance of our peers and keep abreast on the latest developments and technologies relevant to our industry to sustain our competitive advantage in the market.

**EMPLOYEES**

ESR values our workforce, as it is key to propelling the business forward and achieving major operational milestones. Our people have been and continue to be fundamental to the resilience and agility of the Group. Attracting and retaining the right talent is crucial to our continued success. Three out of the five focus areas in the Human Centric pillar of our ESG Framework address various aspects of human resource management, including Safety, Health & Well-being, Managing & Developing Talent and Diversity, Equity & Inclusion. We engage our employees through various channels — including Employee Engagement Surveys, myESR Intranet, Townhall sessions, Coffee and Learn sessions, In-Conversation sessions with our Group Co-founders and Co-CEOs and CSR initiatives with our senior management teams.

**INVESTORS AND
CAPITAL PARTNERS**

ESR has developed longstanding relationships with several of the world's largest and leading pension and sovereign wealth funds. We cultivate strong and sustainable relationships with our investors and capital partners, including shareholders, analysts and fund managers, by providing regular and relevant information on corporate and business developments. We also recognise the increasing demands from these stakeholders for comprehensive disclosure on ESG-related risks and opportunities, particularly those related to climate change. Apart from regular updates via our press releases, ESR's website and social media, ESG and Annual Reports and our participation in globally recognised ESG benchmarks such as GRESB (Global Real Estate Sustainability Benchmark), we have additional engagement channels such as investor meetings and roadshows, quarterly reporting updates, Annual General Meetings and announcements posted on The Stock Exchange of Hong Kong Limited.

**TENANTS**

3PL and e-Commerce businesses account for approximately 64% of our tenant base. The remainder comprises brick-and-mortar retailers, manufacturers, cold-chain logistics and others. The commonality of all of the highly valued tenants mentioned 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 to enable our tenants to meet this need. Property managers at ESR are responsible for upholding the highest standards expected of our facilities throughout the region. They engage tenants and liaise closely with vendors in our managed properties to oversee security, cleaning, repairs and other maintenance. In addition to routine meetings, we also obtain tenant feedback through surveys, 24/7 call centres to address their needs and hosting community events. All asset managers are equipped with operational expertise with their individual performance linked to sustainability indicators of their buildings, which they work closely with the tenants to achieve such objectives. Other ongoing engagement initiatives were carried out during the year including our continued partnership with Healthy Heads in Trucks & Sheds (under Pillar 1: Human Centric p.20), Lunar New Year activities for office tenants, festival social activities (i.e. Mid-Autumn Festival and International Women's Day), the launch of a food truck service, regular celebrations at park premises and conducting third-party tenant satisfaction surveys.

**COMMUNITIES**

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

**REGULATORS**

The Group is subject to the applicable laws and regulations of the various jurisdictions where we operate and robust policies and procedures are put in place to facilitate the compliance with those regulations. We do not tolerate any breach in regulatory compliance and work closely with external legal professionals and internal compliance teams on legal and regulatory matters. Furthermore, the Group engages regulators to stay informed of the latest developments on regulatory issues, and implements regular compliance training and updates to the employees.

**SUPPLIERS AND CONTRACTORS**

ESR seeks to engage and work with our suppliers and contractors (collectively referred to as "Suppliers") to adhere to high standards of ESG for their products and services. Specifically, we expect our Suppliers to uphold business integrity principles including business conduct, fair competition and confidentiality, amongst other factors. On social related areas, our Suppliers are also expected to respect basic human rights, prohibit modern slavery and discrimination and uphold health and safety standards. On the environment front, our Suppliers should comply with relevant environmental laws and regulations and minimise the environmental impact from their activities.

PILLAR 1: HUMAN CENTRIC

People are Our Greatest Asset

People are our greatest asset, as we are not able to achieve our success without their unwavering support. We continue to expand our efforts to prioritise employee well-being and development and enhance collaboration across the enlarged Group. To promote a safe environment for our employees, we ensure full compliance with the relevant employment and occupational health and safety laws and regulations in all jurisdictions where we operate in.

SAFETY, HEALTH & WELL-BEING

We are committed to providing a safe workplace and promoting a holistic well-being for our staff through a healthy work-life balance. We also actively engage our employees across multiple levels to reinforce that health and safety are a shared responsibility.

Policies are in place at the Group level on our Intranet such as the “Employee Health and Safety”, the “No Violence Workplace” sections under the Group HR Policy and the Discrimination and Harassment sections from our Code of Conduct and Business Ethics to clearly outline appropriate behaviour at the workplace. We have included local company policies and operating practices addressing health, safety and well-being to cater to local contexts. All employees must follow company policies and guidelines from the Group Human Resource and Compliance Departments. If an employee identifies a potential hazard, they are required to raise the issue to their manager or HR without delay.

We recognise that mental health and well-being are core enablers of organisational performance. To promote these across the Group, we organised various online and interactive health and well-being initiatives such as Workplace Well-being Talks on Managing Personal Resilience and sports tournaments across our regions (i.e. soccer competition in Australia and pedal workout in Singapore). Employee benefits were also enhanced including parental leave in Australia and improving employee health plans in India. At our premises, we strive to incorporate recreational facilities, break-out areas, pantries stocked with healthy foods and improved access to nature via green trails.

Our commitment to health and safety is evident through the creation of the new ESR Group Health and Safety role, which was announced at the end of this reporting year. This provides the opportunity to scale-up from our existing and well-developed expertise and integrate the management of health and safety risks consistently across our Group, while complying with all health and safety regulations and training requirements.

Our Data Centre team commenced the development of the Environment, Health and Safety (EHS) Management Framework during the reporting period. This framework seeks to align with the ISO 45001 and ISO 14001 international standards on occupational health and safety and environmental management system. The EHS Management Framework will support the active engagement of our people and partners to better understand EHS hazards and the means by which we mitigate EHS risk. Ongoing EHS practices are in place and will be integrated into the EHS Management Framework. This includes regular EHS inspections, considerations to EHS impacts on our projects and the sharing of best practices and lessons learnt across the Group to minimise potential incidents.

At the business unit level, our 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. Specifically for our property development teams, there are established worksite safety programmes such as fire drills to enhance emergency preparedness. There are measures in place on the oversight of the general contractor and related service providers, so that full responsibility is taken for the entire site and they are in compliance with local building and safety regulations. This includes monitoring the number and status of contractors at all sites, conducting periodic meetings to discuss related risks and ensuring that emergency training is conducted. We also work closely with our supply chain to ensure that employees of our contractors are provided with acceptable standards of safety and health protection as specified in our Supplier Code of Conduct.



PILLAR 1: HUMAN CENTRIC

People are Our Greatest Asset

ESR's efforts in building awareness on critical health and safety issues to owners and operators have been recognised. In South Korea, 24 assets representing approximately 1.8 million sqm have achieved the WELL Health-Safety Rating from the International WELL Building Institute (IWBI). 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 continue to strive for achieving additional WELL Health-Safety Rating certifications or equivalents in other regions as well. We also seek to comply with all local health and safety regulations and safety training requirements.



ESR Bucheon Logistics Park, South Korea

Championing mental health and well-being within the industry — ESR Australia continues its partnerships with Healthy Heads in Trucks & Sheds

The health and well-being of workers within the road transport, warehousing and logistics industries continue to be a priority for ESR Australia. Through our ongoing partnership with Healthy Heads in Trucks & Sheds (HHTS), we delivered a consistent message to our stakeholders on the importance of mental health awareness.

ESR Australia actively promotes the understanding of mental health well-being and awareness with our stakeholders by fostering on-site discussions utilising expert tools provided by HHTS. One of the key milestone events was the inaugural "R U OK? Day in Trucks and Sheds" held in May 2022. Through the continued use of digital channels, a broader customer base was reached to help spread critical messages that were significant to this cause. This encompassed promoting healthy eating and fostering a health-conscious lifestyle.

For the upcoming year, ESR Australia remains committed to continuing the partnership. This includes participation in the HHTS Roadshow and a touring mental health outreach programme to organise visits to our estates by a team of mental health professionals providing attentive on-site support. The planned initiatives continue to help support the wider business focus on delivering estates that put people first and allow others to thrive.



PILLAR 1: HUMAN CENTRIC

People are Our Greatest Asset

MANAGING & DEVELOPING TALENT

ESR cares. We act on the thoughts of our people.

We continue our employee engagement efforts to address priority areas such as “Inclusion & respect/teamwork” and “Communications”, identified from our latest inaugural Group-wide Employee Engagement Survey.

Inclusion & respect/teamwork

ESR values people and the diversity represented by our staff. A number of employee bonding activities were organised during the reporting period to promote team building and networking sessions within the enlarged Group.

We held our first Durian Fiesta for all Singapore-based staff in July 2022, allowing our colleagues across the Group to meet and mingle after two years of remote working.

Group Co-founder and Co-CEO, Jinchu Shen, hosted the event and brought together more than 200 staff members from our ESR Singapore, ARA, LOGOS and ESR-LOGOS REIT offices to enjoy a variety of durians, tropical fruit and chilled coconut juices. The event was a great opportunity to network with colleagues in-person post COVID and get to know colleagues outside of work. In addition to the Durian Fiesta, we also held regular and informal staff gatherings and team bonding activities such as sports tournaments, year-end celebrations and teambuilding workshops across the Group.



Year-end party in Singapore

Apart from employee bonding activities, we also organised four Breakfast Sessions with HR. They were held in view of the enlarged Group to allow new ARA HR colleagues to meet with the ESR HR team. In addition, an Inaugural Townhall for the enlarged Group was held, both in-person and online, for all ESR staff in March 2022. More than 500 colleagues participated in the hybrid event, including 80 Singapore-based colleagues who attended in-person at Suntec Convention Centre and more than 400 colleagues who participated virtually from across the globe including Australia, China, India, Japan, South Korea, Singapore and the United States. During the Townhall, our Chairman, Group Co-founders and Co-CEOs as well as the CEO of ARA, outlined the focus for the enlarged Group's journey ahead, including priorities for the next 12 months, as well as our longer-term goals. The Townhall included an interactive Q&A segment, during which our senior leaders addressed questions and concerns raised by our colleagues.

Communications

Employee engagement and communication are core priorities for our leadership. As part of ESR Group's employee outreach and engagement, our Group Co-founders and Co-CEOs along with HR, hosted a series of networking sessions with ARA senior members and colleagues. Through these sessions, our Group Co-founders and Co-CEOs shared their strategic direction of the company and provided opportunities to staff to discuss their thoughts and latest challenges. Both sides also exchanged notes on the latest market trends and the sessions were well received.



Engagement session with Group Co-founder & Co-CEO, Stuart Gibson

PILLAR 1: HUMAN CENTRIC

People are Our Greatest Asset

Career development

We are committed to supporting the continuous growth and development of our employees. We focus on leadership development and formal training with mentoring and career coaching. Through establishing a structured performance review with target setting, we have formalised the annual assessment with the focus on employees' development areas. Managers provide feedback to employees bi-annually on their performance and highlight areas for improvement. With ongoing coaching, employees have been better supported in achieving their performance goals and continuous development of their requisite competencies.

Culture of active learning

ESR has set up a dedicated Talent Management and Learning team within the Group HR function as an independent Centre of Excellence, designed to drive group-wide talent management and learning strategies.

Training activities in our various offices entail both onsite and online training, including "Learning Bites" on topics covering business knowledge, well-being, inclusion, respect and teamwork. Additionally, we have rolled out compulsory training for all staff, which incorporates yearly anti-corruption and compliance education. The scope of the anti-corruption training covers topics relating to anti-bribery, prohibition of corruption and relevant laws, which is based on the online course on Thomson Reuters made available to all employees to complete on a mandatory basis. This will help employees recognise and mitigate the associated risks.

As part of ESR's performance management, we encourage employees to discuss and agree with their managers on suitable training programmes that will help upskill their professional and functional competencies. In addition, we regularly promote job related training opportunities, such as those pertaining to new regulations, external certification and safety-related courses. We also cover employee training expenses for professional memberships and examination fees required for their jobs, as well as for participation in external conferences to keep abreast with the latest industry developments. Other customised courses include leadership workshops incorporating personality assessment to help leaders gain better self-awareness and management enrichment courses comprising modules such as understanding of leadership styles, coaching and communication skills. These training programmes will form part of the training targets of 16 to 26 training hours annually for all staff in order to fulfil their individual development plan.

ESR has recently introduced customised development plans for future leaders identified during succession planning and which are aligned with the Group's managerial/ leadership development programmes. Examples of these include specific assignment, secondments, role expansion, job rotation, mentorship, etc. On top of that, media and crisis management training are provided to new senior management staff who took up new roles.

Total rewards strategy

We believe that our human capital is critical to sustaining our long-term success. Our compensation philosophy, practices and principles play a significant role in our ability to attract, motivate and retain the highest quality management team and diverse workforce.

To ensure that our compensation programmes are well balanced and effective at attracting, motivating and retaining the right talent, the Group engages external independent professional remuneration consultants to benchmark the company's compensation packages against the relevant talent markets. Our total compensation comprises an appropriate mix of fixed pay (base salary) and variable pay in the form of cash incentives (which typically and on average, ranges between 20%- 40% of the total remuneration) and long-term, equity-based incentives.

We adopt a pay-for-performance philosophy that drives accountability and rewards for superior performance, which aligns staff and shareholder interests to deliver business results. For senior level employees who can have the greatest impact on the bottom line, a significant portion of compensation is variable, and a meaningful portion of their total compensation is delivered annually in equity awards subject to multi-year vesting to strengthen talent retention as well as the alignment with shareholder interests.

To ensure that our talent attraction and retention strategy is competitive and aligned with market practice, sign-on or retention packages may be offered on a case-by-case basis. Appropriate terms including performance conditions, time-vesting, and the fulfilment of a certain minimum length of service with the Company may be applied to such sign-on or retention packages.

Individual staff performance is reviewed annually through our annual performance review where there is an open discussion on the staff's performance, developmental needs and career plans.

Beyond mandatory requirements in local employment law, our local offices offer a range of benefits from paid vacation, medical and family leave, insurance and retirement saving schemes.

PILLAR 1: HUMAN CENTRIC

People are Our Greatest Asset

DIVERSITY, EQUITY & INCLUSION

Diverse workplaces free from discrimination

We are an equal opportunity employer and believe that a diverse workforce promotes innovation and growth through independent thinking and new ideas. We provide our employees with an inclusive and diverse work environment, empowering them to learn and grow within the organisation.

In 2022, ARA Venn and ARA Europe (ARAE), both ESR Group Companies, formed a dedicated Diversity & Inclusion (D&I) Committee. This committee comprises senior representatives from across these entities, together with an external consultant. The committee meets on a bi-monthly basis to discuss and implement various policies and initiatives to ensure diversity, equity and inclusion principles are embedded across the organisation. Each region also has a separate D&I sub-committee hosting regular meetings to keep track of progress on the policies and initiatives implemented.

We believe that a positive and inclusive work environment is essential to attract, motivate and retain a diverse pool of talents. Consistent with our commitment to provide a conducive, diverse, and inclusive work culture, our policies on Code of Conduct and Business Ethics and Diversity, Equity & Inclusion ensure valid concerns of unfair employment practices, malpractices and impropriety in the workplace are addressed.

As part of our annual learning initiative to promote awareness and knowledge on diversity, equity and inclusion, the Group organised a learning session in 2022. The participants, through sharing by an external subject matter expert, benefitted from an understanding of unconscious bias, its impact in the workplace and strategies they can adopt to challenge such bias.

Women in our workforce

At 45%, women are represented in our workforce, with some room for improvement particularly at senior management levels, thus reflecting the social and cultural norms for our industry in the APAC region. ESR strives to address this gender imbalance through policies and procedures for attracting and supporting female candidates and employees. To uphold the Group's commitment to Diversity, Equity & Inclusion, we have a total of three female directors employed at ESR. This forms 60% of the Independent Non-executive Directors at the Board level.

ESR continues to embrace International Women's Day (IWD) #BreakTheBias in 2022 to celebrate women who work at ESR. A series of events were successfully held across our local offices in different markets to make this year's IWD a truly diverse and meaningful celebration. We engaged our staff, both men and women, to share their thoughts on or experiences as working mothers, as well as how they envision to support their colleagues who are women.



In support of IWD, ARA Venn made a donation to Smart Works, a charity focused on encouraging and supporting disadvantaged women seeking to return to work. Our senior team members from ARA Venn and ARAE registered to speak at events organised by

Women Talk Real Estate with the aim to raise the visibility and profile of under-represented groups within the property sector. Employees are encouraged to volunteer at organisations like "Inspiring the Future" to support diversity by providing individuals from different socio-economic backgrounds with access to a wide range of role models for growth and empowerment. We look forward to participating in more of these events in the future.



PILLAR 1: HUMAN CENTRIC

Community Investment

As a responsible corporate citizen, ESR strives to contribute positively to the communities where we operate.

Supporting education and the infrastructure for learning

For our young talent pipeline, we continued to partner with the local institutes of higher learning to offer students with meaningful internship programmes. For example, in Singapore, we recently worked with National University of Singapore, Nanyang Technological University and Singapore Management University to offer twelve tertiary students internships at various departments within the Group. From Fund Management and Capital to Group Governance and Sustainability, these interns were able to build their skill sets through real work experiences. Going forward, we will enhance our internship programme to include career coaching, engagement sessions to deepen understanding of the ESR business, and a structured feedback process with greater focus on interns' progress in developing specific skills to better prepare them for the workforce. These students will be mentored by ESR leaders, and those found suitable will be offered career opportunities within ESR upon graduation.



CEO of ARA, Moses Song with scholarship recipients

The ARA Asset Management Scholarship is also part of the Group's dedication to encourage outstanding undergraduate students in Singapore needing financial support to pursue higher educational excellence. Moses Song, CEO of ARA, met with six scholarship recipients at the ARA Asset Management Scholars engagement session to share insights on his personal career journey. There are a total of thirteen active scholars, with more than 40 past students awarded with the scholarship to date.

In Australia, a similar scholarship programme with the Western Sydney University (WSU) is offered by ESR to selected students.

We firmly believe that knowledge is fundamental in equipping communities with skills for a sustainable livelihood. Facilitating education through technology, ESR-LOGOS REIT and the Group donated 40 laptops and funded hard disk refurbishment to Bringing You Technology Empowerment (BYTE), a non-profit organisation dedicated to uplifting lives through science, technology and design.

In Nigeria, we donated and transported much-needed IT and computer equipment to support school children at Freedom School in Moniya. This project was completed in collaboration with ARA Venn and Power House Community Networks, a registered charity in the UK sponsoring social action through community outreach. This initiative was envisioned as a community development opportunity to support children in this region living in poverty. Freedom School has been educating pupils in nursery and at both primary and secondary levels since the year 2000. It is estimated around 2,000 children have attended the school and benefitted from having an education at this institute.



ESR China helped to raise funds in constructing "Future Classrooms" for children in rural China during the year. The aim was to expand access to modern educational opportunities through collaborating with the Chinese Red Cross Foundation in connection with the Qin Charity Foundation (QCF), a special fund where we were proud to be a partner. The QCF's Our Future Classroom project was first launched in 2016 and rolled out in over

100 schools nationwide, benefitting more than 80,000 teachers and students. Apart from organising charitable activities to raise funds for rural schools and underprivileged students each year, ESR completed the construction of a Future Classroom in Mohe, China's northernmost city, strengthening our commitment to the communities in which we operate. Together with ARA, ESR China donated 14 bookshelves and 222 books to the Mohe classroom.

PILLAR 1: HUMAN CENTRIC

Community Investment

Cultivating greener lifestyles with the community — Farm@Fortune

Farm@Fortune was unveiled in the fourth quarter of 2021 on the rooftop of Fortune City One, as part of Fortune REIT's ongoing efforts to raise public awareness of decarbonisation and to generate long-term value for stakeholders. In partnership with Rooftop Republic, the urban farm creates a vibrant place for the community to gather and enjoy nature, fresh produce and spend time with their friends and family, providing a platform to promote organic farming, food waste reduction and community engagement.

To facilitate an organic farming eco-system within the community, surplus of vegetables no longer suitable for consumption were donated by tenants from the Fortune City One Wet Market, routinely collected and converted into compost for the farm. During the season's harvest, fresh produce was shared with our food and beverage tenants at Fortune City One to bring an exquisite farm-to-table dining experience to our shoppers.

Knowledge on urban organic farming and planting techniques were regularly shared by experienced farmers from Rooftop Republic through community engagement events. This included workshops involving our employees, where topics such as a low-carbon diet and Hong Kong's food systems were discussed.

The urban farm also serves as an opportunity to give back to the community through the donation of fresh organic produce. During the reporting year, over 103 kg of produce were grown and donated to local Non-Governmental Organizations (NGOs), Feeding Hong Kong and Foodlink, to provide organic, fresh food to people in need.



Farm@Fortune at Fortune City One, Hong Kong

Engaging our employees to make it easy to give back.**Volunteer leave**

To inculcate the spirit of volunteerism with an engaged workforce, ESR is implementing 2 days of volunteer leave for all employees of the Group to dedicate time to volunteer in community related activities. We have established a committee, comprising representatives across the Group, to drive the Group's community development efforts. The committee will oversee the implementation of volunteer leave to ensure that they are aligned with our strategic objectives.

Workplace Giving launch in Australia

Acting on insights from our employee engagement survey, we seek to support charitable organisations through a series of initiatives such as workplace giving and volunteering. For example, ESR Australia launched Workplace Giving, the first stage of a new community strategy.

Employees have the opportunity to donate to charities of their choice, through a platform called Good2Give. Donations are automatically deducted from staff salary and this allows for tax benefits without the need to keep donation receipts for tax filing. There is a selection of over 2,700 charities our employees can choose from and the option to set up recurring or one-off donations. To celebrate the launch of Workplace Giving, ESR matched staff donations up to AU\$50 per employee for the first month of the launch.



PILLAR 1: HUMAN CENTRIC

Community Investment

Charity bike build event at ARA Europe

At an off-site team building event, the ARAE team participated in a charity bike building exercise organised by o3e, a UK based BCorp Certified team building and events company. Team members were split into small groups and attended a knowledge session to learn how to assemble a bicycle using the supplied parts. Following the knowledge session, the bikes were put together by the respective teams in 2.5 hours. All completed bikes were delivered to the facilitator who scrutinised the build and mechanics. Once the safety checks were completed, the bikes were donated to Coram, a leading children's charity in the UK, to give to families during Christmas.



ARA Europe, charity bike build event

“Happiness Box” social contribution programme at ESR Korea

We participated in the “Happiness Box” packaging programme, a social contribution platform initiated by SK Group to address the issue of malnourished children in South Korea. Together with “Happiness Alliance,” a social contribution coalition, we carefully selected nutritious snacks and various products to pack in the “Happiness Boxes”. Through this initiative, the packages were delivered to 600 underprivileged children nationwide who were at risk of malnutrition.

**Increasing access to homes — Affordable Homes Guarantee Scheme**

Following a competitive public procurement tender process in October 2020, ARA Venn was appointed by the UK Government to manage a GBP3 billion Affordable Homes Guarantee Scheme (AHGS). The purpose of the scheme is to finance social rent, affordable rent and shared ownership housing to support the delivery of around 17,000 new affordable homes in England. Our responsibility is to establish and manage the scheme, including the origination, underwriting and ongoing management of the loans and the development and management of a government guaranteed bond programme to fund the loans. By the summer of 2022, the AHGS made around GBP400 million of 30-year loans to eligible borrowers, with an extensive pipeline of future loans. The bonds issued to fund the loans, which are also guaranteed by the UK Government, were competitively priced. This enabled cheaper finance to be directly passed onto borrowers, thus supporting the supply of new affordable homes to their local communities.

PILLAR 1: HUMAN CENTRIC

Community Investment

DESIGNED WITH OCCUPANTS IN MIND

Our human centric design differentiates our modern logistics facilities.

Social integration

We strive to make the state-of-the-art logistics hubs the best places to work by listening to our tenants and their employees, implementing cutting-edge technology and creating aesthetically pleasing spaces.

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

Optimal space	Efficient loading and parking	Secure storage
- Large floor plates - High ceilings	Comprehensive safety designs	- Surveillance systems - Proper ventilation - Fire-fighting features
Customisability	Active design	Active transit
- Office space - Air-conditioning - Refrigeration/freezing	Staircases that are easily accessible and aesthetically pleasing	- Bicycle storage - Shower and locker facilities



BARNKLÜBB Summer school at ESR Kuki Distribution Centre, Japan



KLÜBB Lounge & KLÜBB Shop, ESR Yokohama Sachiura Distribution Centre 1, Japan

In Japan, designed with occupants in mind, our facilities boast a suite of human centric features such as KLÜBB Lounges, KLÜBB fitness centres, KLÜBB Skydeck, female-friendly spaces and children's day-care centres known as "BARNKLÜBB" for large scale facilities exceeding 100,000 sqm. Managed by licensed day-care providers and offered free of charge, ESR's BARNKLÜBBs provide high-quality bilingual childcare services which have been well received by families who work for the tenant companies in these facilities. Not only does this initiative support ESR's customers in attracting and keeping the talent they need — particularly working mothers, it also improves the well-being of on-site employees and workforce productivity whilst creating greater inclusiveness, diversity and flexibility.

Due to such high demand for this initiative, ESR opened the Summer and Winter Schools hosted within the BARNKLÜBB space at ESR Kuki Distribution Centre. This is the largest class logistics facility in Kuki City, Saitama Prefecture, with a total floor area of 152,000 sqm, where the first summer school was held in 2019. Various content such as English lessons by native instructors, art & craft workshops, drama and exercise classes were offered to boost children's interaction with one another. To date, there are 9 BARNKLÜBB established in Japan.

PILLAR 2: PROPERTY PORTFOLIO



PILLAR 2: PROPERTY PORTFOLIO

Property Portfolio

The second Pillar of our ESG Framework: Property Portfolio focuses on environmental impacts within ESR's control or significant influence on areas relating to the design, construction, maintenance and operations of our assets.

The built environment is responsible for almost 40% of global energy-related carbon emissions. As APAC's largest real asset manager powered by the New Economy and the third largest listed real estate manager globally, we have the duty and responsibility to manage the impacts of our business on the environment. Our approach to environmental stewardship entails efforts to combat climate change, improve resource efficiency and reduce our environmental impact. Through the five focus areas under the Property Portfolio pillar, we strive to build, invest, and manage a global portfolio of real assets that are climate-resilient and best-in-class, both in design and operations. Environmental considerations are integrated into the life cycle of our assets to minimise our overall environmental footprint in the design, construction and operations of our assets.

During site selection, the Group considers the environmental aspects of the site through an Environmental Impact Assessment. The aim is to assess and identify potential risks, opportunities and impacts to the environment and local communities. Environmental aspects include but are not limited to biodiversity disturbance and deforestation, climate-related risks and natural hazards, potential sources of pollution, site accessibility, and remediation actions on brownfield sites.

At the design stage, we emphasise the use of sustainable materials, innovative technologies and low-carbon construction methods to ensure that resilient and sustainable assets are developed. Where applicable, we utilise natural ventilation to manage energy consumption and maximise the use of renewable energy sources such as solar to power our properties. In addition, our property portfolio is developed in accordance with the relevant governing codes and construction standards of each country. Through ESR's Future Solutions Group (FSG), we leverage technology to drive innovation and productivity, as well as undertake sustainable asset enhancement initiatives to optimise environmental performance.

To meet the expectations of various stakeholders and adhere to the regulations in the markets we operate in, five focus areas are incepted to develop our diverse property portfolio as follows:

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



ESR Nagoyaminami Distribution Centre, Japan

PILLAR 2: PROPERTY PORTFOLIO

Property Portfolio

For each of these focus areas, we set out the environmental targets and goals aligned with our commitments to enhance asset operations and achieve a sustainable future. The table below illustrates the goals that we strive to attain by 2025.

Focus Areas	2025 Targets & Goals	Status
Sustainable & Efficient Operations	50% increase in solar power generation capacity or the equivalent of 52 MW	We are installing close to 100 MW ¹ of rooftop solar power capacity across our assets globally as an enlarged Group.
	20% reduction in energy consumption intensity	During the reporting period, several assets were selected to undergo asset enhancement initiatives to improve energy efficiency. In addition, we are on track to develop a decarbonisation strategy across the enlarged Group to achieve further reduction measures in the long-term as part of the transition to net zero.
Sustainable Building Certifications	50% of our portfolio to obtain sustainable building certifications and ratings	39% ² of the Group's portfolio of completed directly managed assets were awarded sustainable building certifications and ratings, representing approximately 10.6 million sqm in GFA. This included ESR's standalone portfolio, which was approximately 36% certified.
Climate Change Resilience	Alignment with recommendations from the Task Force on Climate-related Financial Disclosures (TCFD)	The Group adopted the principles under the TCFD Framework and incorporated these recommendations into our reporting framework. The framework seeks to assess and disclose the financial impact of climate-related risks and opportunities on our business.
Flexible & Adaptable Properties	Design, construction and maintenance approaches to reduce material degradation	ESR focuses on accessibility and adaptability as key aspects in the design and development of assets.
Strategic Locations	Building and expanding modern logistics facilities in key locations	The Group Sustainable Procurement Policy guides our approach in developing and managing assets aligned with industry best practices in sustainable design and green construction. This includes adapting our procurement guidelines to maximise local procurement and use low-carbon materials that are highly recyclable, renewable or durable. In Japan, the ESR Yokohama Sachiura Distribution Centre 2 is strategically located near Tokyo International Airport boasting a panoramic ocean view of Mount Fuji, and is within close proximity to a wide range of third-party logistics (3PLs) importers, exporters and manufacturers. The accessibility of this asset provides a competitive advantage which is an attractive proposition for customers.

¹ Across the enlarged Group as at December 2022, comprising completed projects of 85 MW in 2022 and planned projects of 15 MW within first half of 2023. The completed solar panels of 85 MW includes approximately 54 MW for ESR standalone portfolio of entities.

² Based on the GFA of certified completed directly managed assets (approx. 10.6 million sqm), divided by total GFA of completed directly managed assets (approx. 27.3 million sqm).

PILLAR 2: PROPERTY PORTFOLIO

Sustainable & Efficient Operations

ESR is committed to environmental stewardship by developing and maintaining sustainable and efficient buildings. This is achieved through reducing energy consumption and emissions in construction and operations, generating renewable energy in our buildings, and adopting renewable energy solutions as part of our decarbonisation efforts. To enhance our environmental performance, sustainability is embedded throughout the life cycle of our buildings. We incorporate sustainable design features, use environmentally friendly materials, implement low-carbon construction processes and optimise energy efficiency of our operations.

Collaborating with tenants to share and track environmental data is key to identifying energy efficiency opportunities and facilitating data transparency and reporting. To extend our partnerships with tenants on green practices, we are committed to incorporate green clauses and provisions in new and renewal leases progressively. These green leases form part of our overall tenant engagement strategy to work with tenants to achieve long-term sustainable goals and efficient operations at all our assets.

There are four significant attributes that we emphasise in our property portfolio, namely:

 Greenhouse Gas Emissions Reduction	 Water Conservation	 Sustainable Materials	 Built to Last
• Using on-site renewable energy sources such as solar/ photovoltaic, biofuels, geothermal, hydro, or wind • Using renewable grids with low-carbon emissions, if available • Enabling thermal temperature tailoring in 50% or more of individual occupant spaces • Setting lighting control functions in 90% or more of the individual occupant spaces • Replacing traditional lighting with energy-saving alternatives (i.e., LEDs) • Using natural sunlight to illuminate building space (achieve 75% or more lighting in regularly occupied floor area) • Using self-contained hot water systems that achieve 85% or more efficiency	• Managing cooling tower water to optimise recirculation cycles and reduce water consumption • Installing smart subsurface irrigation systems with soil moisture sensors that drip feed native plants • Obtaining green ratings for our amenities such as the Water Sense label (US EPA) and LEEDv4 (fixture and fitting code requirements) • Using recycled water such as treated wastewater and stormwater for non-potable applications	• Partnering with local suppliers to minimise carbon footprint and support local businesses • Acquiring materials with green certifications such as Carpet and Rug Institute Green Label, FloorScore and legally harvested timber • Using recycled content in our construction sites and office spaces • Reducing the use of ambient concentrations of chemical contaminants	• Constructing robust external walls that apply to up to two metres from the ground • Installing hard-wearing floors to allow for easy maintenance and washing • Applying impact protection features on doors and corridors to reduce wear and tear • Creating kerbs for protection of external walls in delivery and vehicle drop-off areas

PILLAR 2: PROPERTY PORTFOLIO

Sustainable & Efficient Operations

RENEWABLE ENERGY

As part of ESR's commitment to decarbonise our property portfolio and transition to a low-carbon economy, the Group adopts a carbon mitigation hierarchy approach. This approach prioritises carbon avoidance through low-carbon design and construction, and achieves energy efficiency via the enhancement and optimisation of asset operations. These efforts are also complemented with the use of renewable energy from sources such as solar or hydrogen to further reduce emissions.

Our rooftop solar power generation capacity has increased across all markets and we continue to explore other renewable energy sources. Across the region, ESR is installing close to 100 MW of rooftop solar capacity, including projects planned for first half of 2023. Investments in rooftop solar power in our major markets as at 31 December 2022 are shown below:

	Rooftop solar installed capacity	Solar power generated
	In MW	In '000 GJ
ESR		
Australia*	4.2	—
China	3.2	2.2
India*	1.5	—
Japan	27.9	133.5
Singapore	16.3	33.7
South Korea	0.5	1.2
ARA	2.0	7.2
LOGOS	29.4	136.3
Total	85.0	314.1

* Australia and India are working towards implementing a system to measure, track and collect solar power generation data from the various rooftop solar systems of varying capabilities, which are controlled by different parties.

Over 314,000 GJ of solar power was generated from the rooftops of the enlarged Group's portfolio of assets in 2022. We have set out ambitious energy reduction targets for our properties in various regions according to local operating conditions. For instance, we aim to meet 100% of our energy needs from renewables by sourcing wind and hydro generated power to supplement the current rooftop solar power supply for our Australian properties. ESR Australia also purchased renewable energy from Green Power, a government-managed programme, to power assets using solely renewable sources. In 2022, over 60% of electricity consumption from about half of ESR Australia's reporting assets was procured from renewable energy sources.

As we further our decarbonisation efforts to become a low-carbon organisation, we continue to strengthen our capabilities with the appointment of a Senior Director of Operations, Renewables, in charge of overseeing renewable initiatives across the enlarged Group. In addition, a Head of Renewables of our logistics arm, LOGOS was appointed to drive the Group's integrated efforts in pursuing opportunities in renewables and clean energy solutions.

In 2022, we continued to accelerate our progress in lowering our emissions through synergistic partnerships with like-minded partners. LOGOS partnered with Solar Bay, an Australasian renewable impact fund, to develop Australia's largest rooftop solar systems at the Moorebank Logistics Park, specialising in warehousing and auxiliary services. Equipped with 60 MW of rooftop solar capacity and 150 MWh of battery energy storage upon completion, the intermodal freight facility has megawatt scale electric vehicle/truck fast chargers, which are supported by the high voltage network connection from the rooftop solar and battery energy storage system.



PILLAR 2: PROPERTY PORTFOLIO

Sustainable & Efficient Operations

ESR China completed a domestic rooftop solar project located within the Guangdong Jieyang Logistics Park. This rooftop solar project was the first to be piloted in China and supports tenants' operations and the nation's goal to achieve carbon neutrality by 2060. Similar rooftop solar projects have also been completed or are progressively being launched in other cities including Shenyang and Tianjin. The aim is to increase ESR China's installed rooftop solar power capacity to 100 MW by the end of 2023.

ESR Japan partnered with Enerbank, one of Japan's major green certificate operators, to participate in the country's REC system. This partnership allowed the solar power generated from the rooftops of ESR Japan's logistics facilities to be recognised as a renewable energy source fed into the power grid in Japan as RECs. The system facilitates our customers and communities to directly validate their renewable energy consumption and commit to a lower carbon footprint.

ESR Korea signed a memorandum of understanding (MoU) with SK Plug Hyverse and Coupang Fulfilment Services to develop and operate the first hydrogen powered fulfilment centre in ESR's Mokcheon Logistics Park. The development includes the installation of liquefied hydrogen storage infrastructure and charging stations as well as conversion of conventionally powered forklifts to hydrogen fuel-cell powered vehicles with shorter charging intervals and longer-lasting power. This collaboration is a concerted effort between ESR and our various stakeholders as we continue to decarbonise our value chain, maximise renewable power generation at our properties and pursue greener business initiatives.

In line with the Group's overall decarbonisation efforts, ARA became a signatory to the World Green Building Council (WorldGBC)'s Net Zero Carbon Building Commitment in 2021 and is on track to develop a decarbonisation strategy to achieve net zero for the committed standing assets by 2030.



The adoption of electric vehicles (EVs) has accelerated due to stringent emission regulations, government policies and advancements in battery technologies. ESR is pursuing EV charging infrastructure opportunities by providing EV charging stations at multiple facilities to satisfy customer demands and tenant needs. Increasing the accessibility of these charging stations encourages the transition from conventional vehicles to EVs, thereby reducing emissions and mitigating the effects of climate change. By 2022, we have 631 EV charging stations installed across our facilities globally:

Country	# of EV charging stations
Australia	42
Greater China	329
France	25
Germany	88
Singapore	31
South Korea	61
UK	44
Other Countries	11
Total	631



Apart from EVs, ESR India launched electric bikes at its logistics and industrial parks in December 2022 providing tenants and visitors with an alternative green mobility option for commuting within the facilities.

ESR Talaja, India

PILLAR 2: PROPERTY PORTFOLIO

Sustainable & Efficient Operations



CASE STUDY

ESR DATA CENTRE FUND SUPPORTING DIGITAL GROWTH

Demand for digital infrastructure has skyrocketed since the COVID pandemic. This is driven by the rise in remote working and learning, acceleration of automation technologies and digital transformation in business and industrial processes. Due to high amount of energy and water consumed, there are increasing regulatory requirements, societal objections and demands from investors and customers for data centre developers and operators to implement more sustainable solutions.

We are an official signatory of the iMasons Climate Accord, a global initiative aimed to accelerate the adoption of sustainable practices in the Information and Communications

Technology (ICT) industry. With the successful closure of ESR Data Centre Fund 1 (ESR DC Fund 1) in July 2022, ESR raised over US\$1 billion capital from investors including some of the world's largest sovereign wealth and pension funds to develop 8 projects representing over 260 MW of capacity.

Strategic guidance on the development of a Data Centre is crucial to utilising the capital commitment from investors. ESR formulated three pillars, namely Sustainable Construction, Operational Efficiency and Renewable Energy to provide guidelines on the development and operations of Green Data Centres. Our targets and progress to date are summarised in the table below:

Pillars	Focus Area	Targets/Strategy	Status
Sustainable Construction	Site selection	Conduct physical climate risk assessments for all sites to ensure climate resiliency and design for mitigations	S&P Global's Climonomics tool will be used to analyse climate risks for all our new sites
	Embodied carbon	- Retrofit existing buildings - Consider low-carbon construction materials and fuel - Quantify embodied carbon	- Retrofitted an existing 76 year-old building into a new data centre in Kwai Chung, Hong Kong using low-carbon materials to minimise embodied carbon while ensuring the building's compliance with the latest building regulations and best practices - Used battery energy storage system during construction instead of diesel generators - Collected consumption data during construction to quantify embodied carbon for 2023
	Green building certification	Achieve USGBC's LEED Gold certification or local equivalent for all developments	Ongoing developments are on track to achieve LEED Gold certification
Operational Efficiency	Energy efficiency	- Make use of the locally conducive climate to incorporate low-carbon solutions - Set annualised PUE target of 1.35 or better	- Our Bupyeong Data Centre enjoys free cooling energy with the use of an air-side economiser - Designed and selected efficient energy system equipment to achieve the PUE target
	Water efficiency	Adopt water-efficient technologies and monitor WUE during operation	- Use of an air-cooled chiller plant system for Keihana DC - Use of a closed-circuit cooling tower for Bupyeong DC
	Smart building management	Incorporate building management systems and smart solutions	Sufficient water and power meters installed to optimise environmental performance
Renewable Energy	On-site renewable energy	Maximise on-site renewable energy	More than 100 kWp of BIPV will be installed on the facade of Bupyeong DC
	Renewable energy procurement	75% renewable energy by 2030, 100% renewable energy by 2040	We are currently working with a renewable energy consultant to conduct a market scan and develop a roadmap to achieve the long-term targets

PILLAR 2: PROPERTY PORTFOLIO

Sustainable Building Certifications

ESR continues to integrate environmental considerations into the design and construction of new developments, as well as the operation of existing assets through planned upgrades and retrofits. Our buildings undergo credible and globally recognised sustainable building certification and rating schemes, which guide us in developing and operating buildings that are more efficient, less pollutive, and healthier for our occupants. These certifications provide tangible benefits including higher asset valuations, lower operational costs, additional health & well-being benefits, increased adoption of sustainable building designs and material; and the wider use of energy-efficient plant and equipment. These efforts are part of our goal to manage a global portfolio of best-in-class and sustainable assets.

The Group continues to gain recognition both internationally and locally for our environmental stewardship towards sustainable buildings, with the following number of assets in our portfolio that achieved sustainable building certifications and ratings:

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)	EPA's ENERGY STAR
								
0 Asset under Construction	4 Assets under Construction	0 Asset under Construction	0 Asset under Construction	1 Asset under Construction	8 Assets under Construction	0 Asset under Construction	1 Asset under Construction	0 Asset under Construction
4 Assets completed in 2022	4 Assets completed in 2022	6 Assets completed in 2022	3 Assets completed in 2022	4 Assets completed in 2022	0 Asset completed in 2022	1 Asset completed in 2022	3 Assets completed in 2022	0 Asset completed in 2022
30 Other Standing Assets	15 Other Standing Assets	9 Other Standing Assets	23 Other Standing Assets	17 Other Standing Assets	1 Other Standing Asset	1 Other Standing Asset	0 Other Standing Asset	23 Other Standing Assets

As an enlarged Group, we have obtained a total of 218 sustainable building certifications and ratings across 164 completed directly managed assets which represents approximately 10.6 million sqm in GFA. Certain assets have received multiple certifications or ratings such as LEED, WELL Health-Safety and NABERS. Separately, there were additional 6 sustainable building certifications received for our development projects under BELS, CASBEE and Green Mark.

PILLAR 2: PROPERTY PORTFOLIO

Sustainable Building Certifications

Certain business units across the Group have set out goals to expand certification across their respective portfolios. For instance, ESR Australia sets a benchmark for all future developments to achieve a minimum of 4 star Green Star Buildings rating. As Australia's leading rating tool for new buildings and major refurbishments, the Green Star Buildings rating sets out building criteria that addresses climate action, resource efficiency, and health and well-being.

Bourne Business Park is a 17,725 sqm commercial office which is developed and managed by ARA Europe. This asset is targeting to achieve a BREEAM Excellent and NABERS 5 star green certification together with an EPC A rating.

In addition, the warehouses and precinct in our LOGOS' Moorebank Logistics Park will be certified under market leading sustainable frameworks developed by the Green Building Council of Australia (GBCA) and Infrastructure Sustainable Council of Australia (ISC). Moorebank Precinct East has an "Excellent" IS Design & As Built rating, while the West precinct is currently undergoing the certification process. The property is also targeting to obtain 5 star Green Star Design & As Built for warehouses built after 2021 and 5 star rating from Green Star Communities.



Rendering of Moorebank Logistics Park, New South Wales, Australia

PILLAR 2: PROPERTY PORTFOLIO

Climate Change Resilience

Climate change poses a critical and existential risk to all businesses and communities around the world. As a responsible corporate citizen, ESR is conscious of the environmental and social impact of our businesses and operations on both the planet and people, and thus, we seek to identify and mitigate the material climate-related issues pertinent to the business.

ESR has supported the Paris Agreement since 2020 which aims to limit global warming to within 1.5 degrees Celsius of pre-industrial levels. In our bid to transition to a low-carbon future, the Group adopts the principles recommended by the Task Force on Climate-related Financial Disclosures (TCFD) Framework. The framework seeks to integrate climate-related considerations into strategic, investment, and operational decision-making, and to quantify the financial implications of the associated climate-related risks. The Group is committed to reducing the physical vulnerability of our real assets, as well as identifying opportunities to enhance the resilience of the business against the effects of impact presented by climate change.

Under the TCFD Framework, ESR aims to adapt to and mitigate climate change through climate-related risk assessments. This process involves assessing, identifying and monitoring climate-related risks and opportunities using climate scenario analysis that is based on the Intergovernmental Panel on Climate Change (IPCC)'s global development pathways. Associated potential and actual impacts of these identified climate-related risks and opportunities will then be evaluated and quantified by the Group, so as to derive mitigating strategies to manage climate change and strengthen the business, assets and operations.

Climate-related risks are divided into two major categories, namely physical risks and transition risks:

Types of Climate Risk	Physical Risks
	Risks related to the physical impacts of climate change, which may be event driven (acute) or long-term shifts (chronic) in climate patterns. Such physical risks may have financial implications including direct damage to assets and indirect impacts from supply chain disruptions. The Group's financial performance may also be affected by changes in the availability and quality of natural resources (e.g., water), food security, as well as extreme weather events affecting the Group's assets, operations, supply chain, transport requirements and employee safety and well-being.
	Transition Risks
	Risks related to the transition to a low-carbon economy, which may entail extensive policy, legal, technological and market changes to address mitigation and adaptation requirements related to climate change. Depending on the nature, speed and focus of these changes, transition risks may pose varying levels of financial and reputational risks to the Group.



PILLAR 2: PROPERTY PORTFOLIO

Climate Change Resilience

We seek to align our climate-related risk disclosures based on recommendations outlined under the four key pillars of the TCFD Framework:

Pillar — Recommended Disclosure	Approach
Governance	The Board of Directors provides the overall stewardship and strategic direction on sustainability management, which includes climate change adaptation and resilience. Supported by the ESG Committee and the Group Leadership team, the Board ensures that material ESG issues, such as climate-related risk mitigation, are integrated within our business and oversees the delivery of ESG targets and performance. Through this strategic oversight, the Board and senior management assess ESR's financial and non-financial performance resulting from climate-related impacts and make necessary transparent disclosures to create long-term sustained value for all our stakeholders.
Strategy	To alleviate climate-related impact on the business, we endeavour to manage climate-related risks and opportunities through strategic climate adaptation and mitigation plans. This includes optimising resource efficiency in our operations, obtaining green building certifications and ratings in our portfolio of real assets, transitioning to renewable energy sources, as well as incorporating low-carbon designs and solutions in our development projects. This forms part of our climate mitigation efforts to enhance the resilience of the business, assets and operations.
Risk Management	Evaluating climate-related risks and opportunities and the potential financial implications ensure the strength of our operations, while allowing us to identify strategic opportunities to deliver sustainable and climate-resilient products and solutions to our customers. Climate-related risks are incorporated into ESR's overall Enterprise Risk Management (ERM) Framework as a key Tier 1 risk. Under this framework, the Group assesses and measures the impact and likelihood of climate-related risks as part of overall due diligence process in our business and investment decisions. Climate-related risk assessments, based on climate scenarios modelled after the IPCC pathways, are progressively carried out across our assets and projects to identify climate-related risks and opportunities and assess their impacts on the business.
Metrics & Targets	ESR has established climate-related metrics and targets with the associated monitoring measures in response to the risks and opportunities. With such metrics and targets in place, we are able to assess the progress of our efforts and build upon our existing goals to help guide and inform our climate change strategy, as part of the ESG 2025 Roadmap. Examples of metrics and targets at ESR include group-wide decarbonisation commitments aligned to global standards, as well as continuous improvements to the coverage, accuracy, quality and reliability of data to facilitate comprehensive and transparent reporting and disclosures aligned to the TCFD Framework.

PILLAR 2: PROPERTY PORTFOLIO

Climate Change Resilience

Listed REITs — As part of regulatory requirements, listed entities under ESR (such as Suntec REIT and ARA US Hospitality Trust) performed a year-long exercise to understand the material climate-related risks and opportunities and their associated impacts on the business and asset portfolios. Both entities carried out comprehensive climate risk assessments using climate scenario analysis to identify physical and transition risks pertinent to their operations through the assistance of an independent consultant. The identified physical risks and impacts were assessed using their respective risk management frameworks (risk appetite, parameters, rating and matrix) to derive the inherent risk profile and eventual risk register after considering their climate change adaptation and mitigating strategies and actions. Appropriate enhancements were also made to existing governance policies and processes, such as the ERM framework, to ensure adequate oversight and instil accountability, responsibility and ownership of climate-related risks and opportunities material to the business. Capability training in the form of an external course for directors was also arranged to raise awareness and improve their level of competency in managing climate-related issues. Suntec REIT, in particular, has set a decarbonisation target to attain net zero carbon status for all assets by 2050. By 2022, 177 Pacific Highway in Sydney, Australia achieved carbon neutral status while four assets within the portfolio are utilising renewable energy from the electricity grid.

ESR Australia — ESR Australia pledged to become a carbon neutral organisation in 2024 by achieving the Climate Active Carbon Neutral Standard. Climate Active is an ongoing partnership between the Australian Government and Australian organisations to drive voluntary climate action, meet carbon neutrality standards, and transition to a low-carbon economy. This commitment aligns with many other leading Australian property groups, representing a significant step on the pathway to net zero. To build capabilities in delivering low upfront embodied carbon and net zero developments, ESR Australia joined the Materials Embodied Carbon Leaders Alliance (MECLA). MECLA is an association formed by leading property groups, contractors, material suppliers and stakeholders in the construction materials supply chain, to accelerate the reduction of embodied carbon in materials.

LOGOS — LOGOS aims to offset scope 1, 2 and 3 (electricity related) emissions starting from 2030. To achieve this decarbonisation target, LOGOS carried out a comprehensive Climate Change Risk Assessment to identify the physical risks posed to the assets and operations. A mitigation plan was subsequently developed to address the identified climate risks and reduce operational carbon footprint.



ESR Bringelly Road Business Hub, New South Wales, Australia

PILLAR 2: PROPERTY PORTFOLIO

Flexible & Adaptable Properties

Quality, comfort, accessibility and durability are attributes highly valued by our customers. We design, construct and maintain our properties utilising advanced technologies and quality resources to prevent material degradation and ensure that they are safe and built to last.

The Group believes in investing in ground breaking initiatives as an important driver of innovations and productivity, to transform real assets into smart buildings. Our Future Solutions Group (FSG) assesses and undertakes sustainable asset enhancement initiatives to optimise performance and productivity. A notable example is the built to suit (BTS) redevelopment project for POKKA Logistics Singapore, a partnership between ESR and PGIM Real Estate in April 2022. The fully ramped facility boasts a suite of sustainability features such as a 2 MW rooftop solar power generation capacity to be used by the tenants, as well as the adoption of the AMPD Enertainer, an advanced, compact and connected battery energy storage system that reduces approximately 80% of carbon footprint. POKKA is expected to become fully carbon neutral within a few years of operations.



Built-to-suit logistics facility for POKKA



CASE STUDY

REGENERATING CITY CENTRE BROWNFIELD SITES

ARA Europe is developing a hotel situated in Dublin City Centre, which has been identified as a key regeneration area to drive new sustainable employment, leisure, cultural and residential opportunities in the city. The development also sits within the area of archaeological importance due to the presence of a medieval burial site directly beneath it.

Our management team has worked closely with environmental consultants and the proposed occupier to integrate environmental considerations into the design and construction of the asset, and to ensure optimum environmental performance after completion. The development is on track to achieving the BREEAM Very Good green certification.



PILLAR 2: PROPERTY PORTFOLIO

Strategic Locations

The Group is committed to developing assets in strategic locations, with a sustainability focus on site selection, efficient design, green construction, and energy-efficient operations. As APAC's largest real asset manager, we have built a significant presence in major consumer markets with established transportation networks. Securing assets in key strategic locations provides our customers with faster speed to market, opportunity to reduce transport costs and related carbon emissions, as well as strengthen their supply chain resilience in the long run. We strive to position our assets close to urban infill locations in markets where barriers to entry are high, supply is limited and demand is robust. We also adopt a sustainable approach by upgrading existing facilities, redeveloping properties to enhance connectivity with public infrastructure and lowering transport-related emissions. As customer proximity is key, strategic site selection with a preference for infill areas close to infrastructure, customers and transportation is essential to our business success.

In Australia, LOGOS' Moorebank Logistics Park is pioneering innovative safety and sustainability initiatives. The asset is equipped with state-of-the-art machinery including automated stacking cranes, rail mounted gantry cranes and low emission hybrid auto shuttles. This allows the park to improve occupational safety and optimise supply chain efficiencies, reduce costs and decarbonise operations for tenants. As Australia's largest intermodal freight precinct, the fully automated facility is strategically located adjacent to Australia's largest rail intermodal with an IMEX (import-export terminal). The asset is the first intermodal facility globally with automated straddles moving containers via internal access roads to warehouse doors.



Green wall, ESR Ichikawa Distribution Centre, Japan

BIODIVERSITY CONSIDERATIONS

Biodiversity is our natural circular economy engine and critical in sustaining the health of our eco-system. As ESR prioritises developments close to major consumer markets with established transportation networks, the building construction and operation in urbanised areas typically have a minimal impact on biodiversity. Nevertheless, the Group recognises that the design, construction, operation, and maintenance of our assets can impact biodiversity through our selection and use of land and materials and creation of natural environments in this sector. During site selection, the Group considers the environmental aspects of the site through an Environmental Impact Assessment (EIA) to assess the significant effects of the development project on the environment. In the design, construction and operations of our properties, we are committed to preserving biodiversity and maintaining high standards of environmental protection in native environments to ensure a balanced and intact ecosystem.

Moorebank Logistics Park in Australia is one of our assets with an established biodiversity management plan. Biobank sites are set up to sustain the long-term ecological values of the site and offset biodiversity impacts. For vegetation removed from the site to facilitate rail access works, biodiversity credits will be used to offset against these actions and address any habitat degradation. In addition, a biobanking agreement was executed in January 2019 to protect in perpetuity 1 million sqm of biobank site to preserve significant flora and fauna in the area.

The Bourne Business Park, currently under construction by ARA Europe, will have a biodiversity net gain due to prioritisation of native species and incorporation of animal habitat zones. Biodiversity enhancements will be carried out to transform underutilised areas to over 6,500 sqm of landscaped green spaces.



Preserved forest area at ESR Yokohama Sachiura Distribution Centre 1, Japan

A photograph of three people in a large industrial warehouse. They are all wearing white hard hats and high-visibility yellow safety vests with the ESR logo. The person on the left is a man with a beard, wearing a light-colored shirt and khaki pants. The person in the center is a woman with dark hair, wearing a white shirt and dark pants, holding a clipboard. The person on the right is a man wearing a white shirt and dark pants. They are standing in a wide aisle with tall metal shelving units on the right and structural beams on the left. The lighting is bright and even.

PILLAR 3: CORPORATE PERFORMANCE

PILLAR 3: CORPORATE PERFORMANCE

Corporate Performance

The third Pillar of our ESG Framework: Corporate Performance focuses on the corporate performance of our business, in the areas of corporate governance, risk management, responsible investment, and disclosure and reporting.

Underpinned by our core value of excellence, ESR is committed to embracing the cornerstones of corporate governance on accountability, transparency, fairness and integrity. As we continue to enhance synergies as an enlarged Group, we strive to create greater value for our stakeholders through our robust governance structure, risk management framework and proactive disclosure practices.

Focus Areas ¹	2025 Targets & Goals	Status
Corporate Governance	Maintain a strong Corporate Governance culture	- Achieved 100% new employee endorsement on ESR Group's Code of Conduct & Business Ethics. - Launched a series of comprehensive compliance online modules for all staff on topics related to ethics, conflict of interest, anti-money laundering, risk management and sustainability.
Risk Management	100% of employees receive annual training	Completed the implementation of the Counterparty Due Diligence workflow and 100% of employees were provided with training on compliance and cybersecurity related courses.
Responsible Investment	Commit to the UN PRI as a signatory and adopt its investment and asset management policies	- ESR became a signatory to the United Nations-supported Principles for Responsible Investment (UN PRI) in June 2022, reinforcing our commitment to integrating ESG issues into our investment and asset management processes across the Group. - Secured the fifth Sustainability-Linked Loan (SLL) in 2022, with a total of approximately US\$3 billion SLLs closed to date.
Disclosure & Reporting	3-Star GRESB rating average – The Global ESG Benchmark for Real Assets	37 private funds and REITs participated in the 2022 GRESB Real Estate Assessment, achieving an average rating of 3.2 Green Stars across the enlarged Group. This includes 1 Global Sector Leader and 4 Regional Sector Leaders amongst 11 ESR entities with 5-Green Star ratings. Refer to the ESG Data Summary page 71 to 73 more details. - ESR has reaffirmed the MSCI ESG Rating of "A" for a second consecutive year and achieved an ESG risk rating of "Low Risk" by Sustainalytics.

¹ Supply Chain Management is a new focus area for 2023 onwards.

PILLAR 3: CORPORATE PERFORMANCE

Corporate Performance

CORPORATE EXCELLENCE HIGHLIGHTS

AWARDED ENTITY	AWARDS
ESR GROUP LIMITED	PERE 2022 APAC Fund Manager Guide • 1st among leading private equity real estate fund managers in APAC IR Magazine Awards — Greater China 2022 • Best in sector: Financials (including real estate) • Best IR during a corporate transaction
ESR JAPAN	11th Space Design Award by Public Co. LTD. • Public Life Division Award: KLÜBB Lounge in Fujiidera Distribution Centre IEIJ Good Lighting Award 2022 by The Illuminating Engineering Institute of Japan • ESR Amagasaki Distribution Centre
ESR INDIA	Indian Green Building Council (IGBC) Green Champions Award 2022 • Pioneer in large-scale adoption of Green Logistics Parks and Warehouses
ARA	Le Marché International des Professionnels de L'immobilier (MIPIM) Asia Awards 2022 • Best Refurbished Building (Bronze): Lazada One
FORTUNE REIT	Bloomberg Businessweek (Chinese Edition) and Deloitte • ESG Leading Enterprise Awards Greater Bay Area Corporate Sustainability Awards 2022 by Metro Finance and the Hong Kong Quality Assurance Agency (HKQAA) • Environmental Sustainability Awards (Affordable & Clean Energy) • Social Sustainability Awards (Sustainable Community) • Best Corporate Governance Awards
FORTUNE REIT & PROSPERITY REIT	The Hong Kong Council of Social Service • Caring Company (10 Years+)

PILLAR 3: CORPORATE PERFORMANCE

Corporate Governance

CORPORATE GOVERNANCE FRAMEWORK

ESR follows the Corporate Governance Code referencing Appendix 14 of the Hong Kong Stock Exchange Listing Rules, which contains principles of good corporate governance and its relevant provisions. Our commitments to sustainable development are underpinned by robust governance by management, under the oversight of the Board of Directors, our highest governing authority.

BOARD DIVERSITY

We recognise and embrace the importance of having a diverse Board to enhancing the quality of our performance. All our Board members possess a wealth of knowledge, skills, experience and perspectives as required by our business to make sound decisions. In the assessment and appointment of directors to the Board, the Nomination Committee considers various aspects in relation to Board diversity, including but not limited to gender, age, cultural background, educational background, ethnicity, professional experience, skills, knowledge and length of service. We also have in place a Board Diversity Policy to set out the framework, approach with measurable objectives to achieve diversity on the Board.

The Board Composition as at the date of this ESG Report is as follows:

Name	Designation	Gender	Age	Tenure (Years)	Independent	Financial Proficiency	**Industry Expertise
Mr Jinchu SHEN	Executive Director/ Group Co-founder & Co-CEO	M	50	4*	—	✓	✓
Mr Stuart GIBSON	Executive Director/ Group Co-founder & Co-CEO	M	59	4*	—	✓	✓
Mr Jeffrey David PERLMAN	Non-executive Director/ Chairman of the Board	M	39	4*	—	✓	✓
Mr Charles Alexander PORTES	Non-executive Director/ Group Co-founder	M	53	4*	—	✓	✓
Mr Wei HU	Non-executive Director	M	40	2	—	✓	✓
Mr Hwee Chiang LIM	Non-executive Director	M	66	1	—	✓	✓
Dr Kwok Hung Justin CHIU	Non-executive Director	M	72	1	—	✓	✓
Mr Rajeev Veeravalli KANNAN	Non-executive Director	M	51	1	—	✓	✓
Mr Brett Harold KRAUSE	Independent Non-executive Director	M	54	<4	✓	✓	✓
Mr Simon James MCDONALD	Independent Non-executive Director	M	60	<4	✓	✓	✓
Ms Jingsheng LIU	Independent Non-executive Director	F	71	<4	✓	✓	✓
Ms Serene Siew Noi NAH	Independent Non-executive Director	F	43	1	✓	✓	✓
Ms Wei-Lin KWEE	Independent Non-executive Director	F	47	<1	✓	✓	✓

* Tenure for directors was determined using the official date of re-designation on 22 February 2019.

** Director has served as an executive at a company similar to that of ESR.

For more details on Board composition, please refer to pages 51–57 in our 2022 Annual Report.

Corporate Governance

Ensuring an integrated and robust ESG governance structure is the foundation to ESR's commitment towards fostering an effective corporate governance culture across the enlarged Group. The ESG governance structure sets the tone at the top and underscores the importance of strong corporate governance.

A person in a dark suit and tie is shown from the chest up, holding a glowing, blue, neon-like infinity symbol with a downward-pointing arrow in the center. The symbol is held in their right hand, which is extended forward. The background is a deep blue, filled with various digital and data-related visualizations, including bar charts, line graphs, and scattered red and white dots, suggesting a high-tech or financial environment.

The ESG Committee drives ESR's sustainability efforts, which comprises the Group ESG Officer, ESG team members and senior representatives across local and overseas offices with dedicated ESG responsibilities. The ESG Committee members have the relevant sustainability expertise and experience on areas such as ESG reporting standards and frameworks, as well as technical knowledge on asset management, renewable energy, health and safety, diversity and inclusion. The ESG Committee reports to the Group Head, Governance & Sustainability and updates the Group Leadership team consisting of the Group Co-founders & Co-CEOs. The ESG Committee is responsible for implementing sustainability strategies and initiatives, monitoring and reporting the performance of related targets, and coordinating ESG efforts across the enlarged Group.



PILLAR 3: CORPORATE PERFORMANCE

Corporate Governance

GROUP ESG POLICIES

We believe that robust and effective corporate policies and practices are vital in driving ESR's long-term sustainable growth. In line with our ESG vision, mission and framework, our Group policies are approved by the Board. These policies set the tone for a unified approach to corporate governance and incorporate ESG into every aspect of our operations and business. We continue to harmonise and streamline our corporate policies and processes, align with industry best practices and strengthen the integration of our business practices across our operations. Guided by Group policies, our business units adapt and update their operating standards in light of local requirements, rules and regulations.

We work closely with our stakeholders to influence them to operate responsibly, in alignment with our ESG Framework, commitments and policies such as the Code of Conduct and Business Ethics, Supplier Code of Conduct and Sustainable Procurement. These policies are made available to all staff, suppliers and partners. We also provide targeted training on all new or revised policies via online courses, which are updated and supplemented on an annual basis.

The table below summarises our ESG policies that solidify our accountability to our stakeholders and set the ESG objectives and factors that are integral to our business.

Policy	Objective
ESG Policy	Articulates our commitment to managing our business in a sustainable manner through integrating ESG considerations across our business, in alignment with the Group's ESG Framework, ESG Roadmap and all related policies outlined in the appendices to form the Group's ESG commitment and approach.
Human Centric (Social)	
Diversity, Equity & Inclusion	Sets out our approach and commitment to promote a diverse workforce, an inclusive working environment, and our zero-tolerance policy for discrimination across the Group.
Human Rights	Reflects our commitment to protecting human rights within ESR's sphere of influence. It sets out our principles for adopting responsible workplace and employment practices, and conducting business operations in a manner that preserves the dignity and respect of all people with whom the Group engages.
Quality of Assets and Services	Sets out the commitment of ESR to provide exceptional quality of assets and services through tenant engagement, proactive investment, asset and property management and providing a safe and healthy environment for our stakeholders.
Community Development	Sets out ESR's commitment to act as a responsible corporate citizen and contribute to the economic and social development of communities where we operate in.
Group Human Resources	Outlines ESR's people management philosophy and practices to support the Group's purpose and business operations. It outlines guidelines for our employment practices, employee work conduct, employee development, rewards, employee engagement, grievance escalation process and HR governance.

PILLAR 3: CORPORATE PERFORMANCE

Corporate Governance

Human Centric (Social)	
Employee Handbook	Articulates processes, procedures, standards and responsibilities that employees of the Group are expected to follow and adhere to.
Health and Safety	Sets out ESR's commitments pertaining to the health, safety and well-being of both internal and external stakeholders.
Property Portfolio (Environmental)	
Climate Change, Adaptation, Mitigation and Resilience	Reflects the Group's commitment in adopting a holistic approach towards reducing physical vulnerability and enhancing the resilience of our assets and operations. Provides guidance to evaluate climate-related risks, identify opportunities, and enhance the strength of our business to withstand impacts of climate change.
Net Zero Carbon	Outlines the commitment of ESR to net zero carbon by managing our operations in alignment with net zero emissions pathways.
Energy and Emissions Management	Articulates ESR's commitment to manage energy consumption and GHG emissions based on best management practices within our business operations.
Environmental Resource Management	Sets out the commitment of the Group to manage water consumption and waste generation by adopting best management practices in our business operations.
Environmental Protection	Sets out the commitment of the Group to adopt a preventive and proactive approach towards environmental protection in relation to our activities and operations.
Environmental Management System	Outlines our commitment to adopt a systematic approach to improving our environmental performance within our business operations.
Indoor Environmental Quality	Sets out the commitment of the Group to maintain a high standard for indoor environment in our business operations and provide a safe working environment to protect against occupational hazards.
Sustainable Procurement	Reflects ESR's sustainable and green procurement policies for the Group and our suppliers.

PILLAR 3: CORPORATE PERFORMANCE

Corporate Governance

Corporate Performance (Governance)	
Board Diversity	Sets out the approach to achieve diversity on the Board, ensuring a balanced representation of skills, experience and perspectives.
Delegation of Authority	Outlines the Group's Headquarter Approval Matrix, in relation to approvals including project financing, fund raising, third-party professional engagements and payments amongst others.
Corporate Governance Code	Sets out the framework to ensure that the highest standards of corporate governance are practiced throughout our business operations, in accordance with Appendix 14 and Appendix 27 of the HKEX Listing Rules.
Anti-Bribery, Anti-Corruption and Handling of Gifts, Travel and Entertainment	Outlines the regulatory requirements in anti-bribery and anti-corruption in the acceptance or offering of business courtesies and hospitality, handling of gifts, travel and entertainment and provides guidance on the standards of behaviour to which employees and third-parties, including suppliers, must adhere to such as prohibition from bribery, making or accepting facilitation payments, and situations when bribery and corruption can be avoided.
Anti-Money Laundering & Counter-Terrorist Financing & Sanctions	Sets out the regulatory requirements in anti-money laundering (AML), counter-terrorist financing (CTF) and sanctions compliance which is expected of all employees when performing their duties. Emphasises a risk-based approach to combat AML, CTF and sanctions, including taking appropriate steps to identify, assess, understand and address counterparty risk as part of the rigorous evaluation process for the Group's investment opportunity.
Code of Conduct & Business Ethics	Outlines the fundamental principles of good business practices and procedures (including competition and fair dealing), emphasising discipline, professionalism, loyalty, integrity and cohesiveness for the success of the Group. Mandatory annual ethics training and code of conduct attestation are required from all employees of the Group.
Conflicts of Interest	Sets out the principles to manage conflicts of interests in compliance with the applicable laws of each jurisdiction and the Hong Kong Listing Rules in the Group's best interests.
Employee Trading and the Handling of Inside Information	Outlines the procedures required to strengthen the protection mechanism of inside information or material non-public information obtained by the Group or Employees during the blackout period and in the ordinary course of business and the approval and monitoring of the dealing of the ESR listed securities.
Whistleblowing	Outlines the whistleblowing process and encourages employees and external third parties who may in confidence raise concerns about possible improprieties and to prevent and deter breach of legal requirements and violations of our corporate policies. All reporting of such matters will be treated fairly and be protected from retaliation.
Shareholder Communications	Articulates provisions with the objective of ensuring that the shareholders of ESR are provided with ready, equal and timely access to balanced and understandable information about the Group in order to exercise their rights in an informed manner and to engage actively with the Group.

PILLAR 3: CORPORATE PERFORMANCE

Corporate Governance

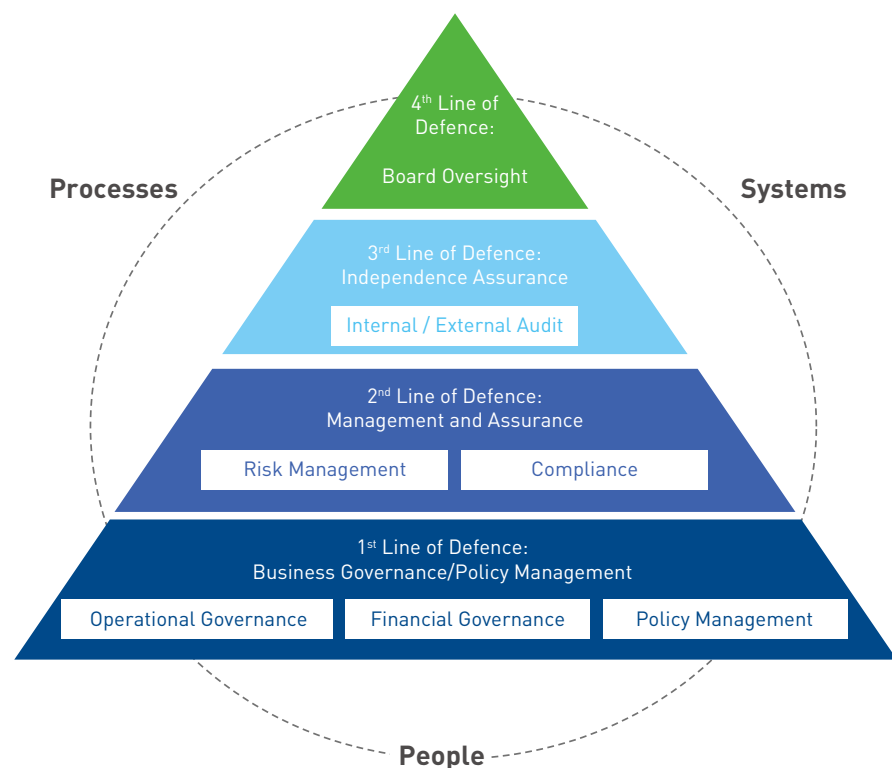
Corporate Performance (Governance)	
Enterprise Risk Management Framework	Provides a holistic and systematic approach for the identification, assessment, monitoring and reporting of risks, including those connected to the topics covered by our ESG Framework.
Conflicts of Interest In Relation to Fund Management & Capital	Sets out the principles to manage conflicts of interests in the fund management to maintain the highest standards of conduct consistent with fiduciary duties to investors.
Supplier Code of Conduct	Sets out the standards for suppliers relating to regulatory compliance, business conduct, labour practices, environmental protection, sustainable procurement and health and safety.
Responsible Investment	Sets out the framework for the Group on responsible investing and outlines our commitment to integrating ESG factors into our investment and asset management processes across different asset classes, markets and investment teams.
ESG Data Collection and Review	Outlines review guidelines for data to be reported in our annual ESG Report, in compliance with the relevant provisions from HKEX Main Board Listing Rule 13.91 and ESG Reporting Guide, and in accordance with the GRI standards.
Information Security	Outlines the Group's information security framework and information security management system (ISMS) to ensure the availability, integrity and confidentiality of information impacting our operations and provide information security assurance for our growing business.
Group Crisis Management	Sets out the framework on crisis management as part of our commitment to ensure business continuity.
Social Media	Outlines the boundaries and use of social media platforms or channels for the Group's communications.

PILLAR 3: CORPORATE PERFORMANCE

Risk Management & Compliance

ENTERPRISE RISK MANAGEMENT

The Group's Enterprise Risk Management (ERM) Framework provides a holistic and systematic approach for the identification, assessment, monitoring and reporting of risks, including topics covered by our ESG Framework. The ERM Framework is designed to be dynamic with the intent of fostering the right risk culture and responds promptly and effectively in the constant evolving business environment. The ERM Framework is adapted from ISO 31000 International Risk Management Standards, COSO Internal Control-Integrated Framework and the TCFD recommendations. In addition, the Group has also developed internal key risk indicators that serve as an early-warning system to highlight risks that have escalated beyond the agreed tolerance levels, including climate-related indicators. We have established required follow-up actions when risk thresholds are breached.



From the front lines to the four lines of defence, the top-down and bottom-up risk review processes are integral to ESR's risk management culture and management strategy. To proactively identify and analyse sustainability-related risks and opportunities, we evaluate material ESG risks and integrate the findings into our operational and risk framework. Throughout the year, the ESG Committee tracks and examines market trends and indicators with the help of external experts and consultants to ensure that the sustainability-related risks are relevant to our business. When integrating ESG related risks within the ERM Framework, we have identified sustainability and climate change risk as one of the key risks within our Group risk profile. We have assessed the potential drivers, likelihood of the risk occurring and consequences, as well as mitigating controls that are put in place to manage the risk. Key updates on material changes to our risk profiles, activities and controls are presented to senior management, Audit Committee and Board of Directors for regular reviews and discussions on a half-yearly basis during board meetings.

In addition, we consider the impact of emerging risks over a long-term horizon. As the world transitions to a low-carbon economy, climate change poses both physical and transition risks which will have medium and long-term effects on our business. We also stay vigilant of rising threats posed by sophisticated and prevalent cyberattacks. Guided by the Group's ERM Framework, we have identified climate change and cybersecurity concerns as long-term emerging risks and established mitigating measures to manage these risks to an acceptable level.

More details on the impacts and mitigation measures to address these emerging risks are included in the Risk Management section in Page 64 to 69 of our 2022 Annual Report, as well as the Climate Change Resilience section under Pillar 2: Property Portfolio of this report.

PILLAR 3: CORPORATE PERFORMANCE

Risk Management & Compliance

IT AND CYBERSECURITY

We recognise the risks of rising and complex cyber threats globally. As we accelerate our digitalisation processes to optimise business efficiencies, technology-related risks arising from both internal and external sources continue to pose a threat to our business.

In managing cybersecurity risks, ESR has an Information Security Management System (ISMS) with processes in place to address technology and data security controls. The ISMS Committee is led by the Group's IT director and comprises of senior IT leaders across the business entities in the enlarged Group. The Committee develops the Group's information security governance framework, oversees the system's operations and ensures that appropriate safeguards have been put in place to strengthen the resilience of our IT operations against cyberattacks.

To further strengthen our cybersecurity, vulnerability assessments are frequently conducted to test our systems. The establishment of a Security Operations Centre (SOC) monitored by a third-party service provider, together with Group IT, observes external events that may have an impact on ESR's network and data. The SOC continuously monitors and improves our security position while preventing, detecting, analysing and responding to potential cybersecurity incidents. By reviewing our IT disaster recovery plan and examining the robustness of our IT system, we seek to protect key information systems and ensure recoverability of critical business back to an operational-ready environment.

In addition, ESR has put in place a comprehensive set of IT policies and procedures. This includes the governing of information accessibility, confidentiality and security to prevent any leakage of confidential information. Training on IT security awareness is conducted regularly to remind employees to keep abreast of any potential security breaches and phishing scams.



PILLAR 3: CORPORATE PERFORMANCE

Risk Management & Compliance

COMPLIANCE

ESR adheres strictly to the laws and regulations in the jurisdictions where we operate. In line with our Code of Conduct & Business Ethics and Group Human Resources Policy, while employees are free to take part in political activities, these activities must not create an impression that they are speaking or acting on the Company's behalf, unless authorised by the Company to do so. ESR also prohibits any direct or indirect illegal political donations to political organisations or individuals in any form. No contributions and spending to any political party/politician for any campaign and/or related purposes were made during the reporting period.

Leveraging on our technology and robust regulatory compliance framework, we have a compliance programme to ensure strict adherence to the highest standards of compliance and ethical conduct.

- **ComplySci® and Thomson Reuters e-learning** — We deploy a web-based compliance solution called ComplySci® to oversee compliance risk management and track employees' attestations to declare that they read, understand, and abide by the principles of ESR's Code of Ethics and other compliance related policies, such as Conflicts of Interest Policy, Anti-Bribery & Anti-Corruption and Handling of Gifts, Travel and Entertainment Policy, Anti-Money Laundering & Counter-Terrorist Financing & Sanctions Policy, and Employee Trading and the Handling of Inside Information. We deploy an e-learning platform called Thomson Reuters e-learning to assign compliance related trainings to employees, which include mandatory courses on topics relating to all compliance related policies. The training includes a self-assessment for employees to complete the course.

In addition, our Group Internal Audit team examines the ethical standards and compliance related policies at least once every three years to ensure that the related internal controls are effective. There were no breaches reported regarding our Code of Conduct and Business Ethics during the reporting period. The Group is committed to minimising conflicts of interest by implementing proper segregation of duties and clear prohibitive treatment towards situations where responsible party may gain personal interest during a business transaction.

- **Whistleblowing** — Guided by our Code of Conduct & Business Ethics, Group Human Resources policy and Human Rights policy, we have in place grievance mechanisms for internal and external stakeholders to raise concerns on any issues such as infringements or violations related to compliance and workplace conduct.

In line with our Whistleblowing policy, employees can refer to the in-house online system, ComplySci®, to file any reports. Employees can use this internal online system to submit anonymous reports by filling out situation-specific questions and attaching supporting documentation. All queries, concerns or observations reported by employees will be reviewed and investigated.

In addition, we use whistleblowing@esr.com as the designated email address for third parties to report any incidents. The filed complaints received will be treated with the utmost confidentiality. External whistleblowers can also download and fill out the "[Whistleblowing Report Form](#)" to report their findings via our corporate website. The Group General Counsel and Group Compliance Director will consolidate and examine the submissions for internal communications and fact-checking. There were no complaints of workplace discrimination or ethics violations made during the reporting period.

- **Anti-Corruption Policy** — ESR has a strong commitment to maintaining a rigorous Anti-Bribery and Anti-Corruption (ABAC) policy. This policy helps ensure compliance with relevant laws and regulations, and serves as a procedural defence in various jurisdictions where ESR operates. The policy applies to multiple countries, including Australia, China, India, Indonesia, Japan, South Korea, Singapore, Thailand, Vietnam, and the United Kingdom. It covers employees, as well as third-party vendors, suppliers, contractors, agents, intermediaries, joint venture partners, representatives, or consultants, and anyone else who conducts or may conduct business with the Group. 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 applicable tax regulations in jurisdictions we conduct business in. We routinely get updates on tax rules from our tax consultants and undertake additional evaluations and assessments.

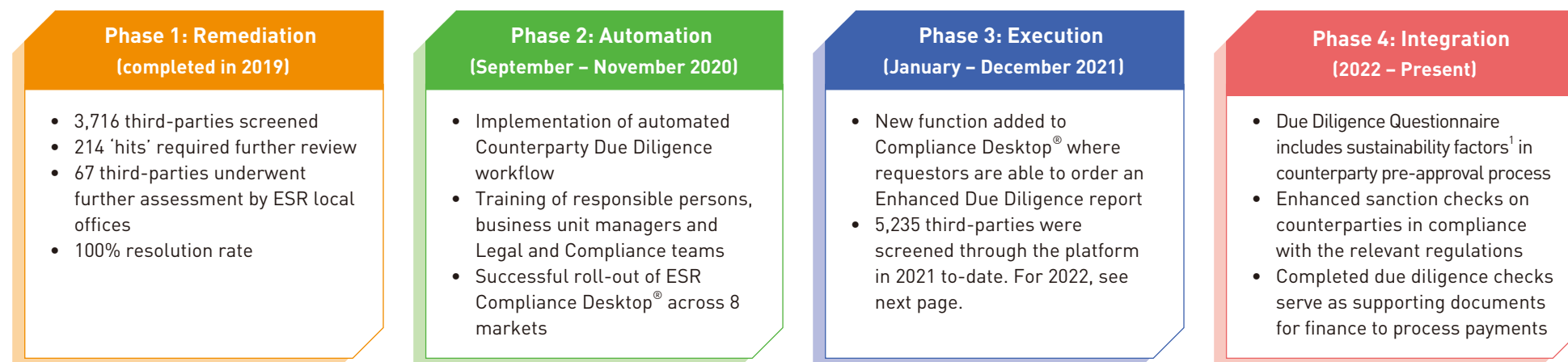
PILLAR 3: CORPORATE PERFORMANCE

Risk Management & Compliance

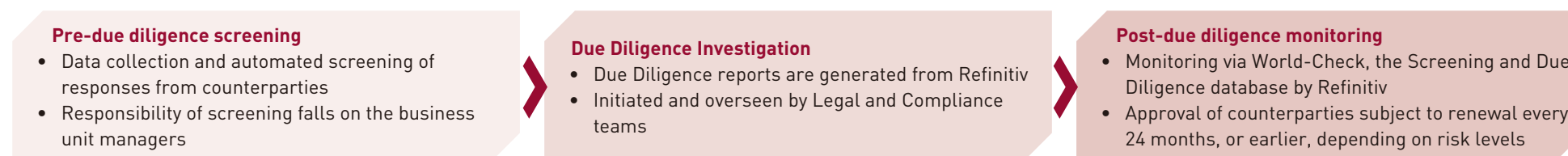
COUNTERPARTY RISK MANAGEMENT

Counterparty risks may arise in situations that threaten or endanger the Group due to our business relationship with other parties. To reduce counterparty risks, we implemented a revised Counterparty Due Diligence Workflow in 2022 through the counterparty due diligence platform “Compliance Desktop[®]”, which is licenced by Refinitiv, a London Stock Exchange Group (LSEG) company. This platform incorporates both internal and external questionnaires on a risk-based approach to determine the extent of background checks using World-Check screenings and different level of approvals. The automated feature of our improved Counterparty Due Diligence Workflow increases compliance and risk management across the Group by fostering greater robustness in our business relationships with third parties. The platform also improves risk management due to its transparency in the compliance status checks for vendors, contractors, capital partners, tenants and suppliers.

To facilitate supplier due diligence and selection, we utilise the Compliance Desktop[®] to determine the counterparties’ money-laundering and terrorist-financing risk assessment prior to the appointment of all counterparties including vendors and contractors. As part of the due diligence process, an internal questionnaire will be completed by the relevant business unit personnel. Based on the final risk rating (i.e., low, medium or high) and screening result, local or group compliance will determine if the counterparty can be onboarded or additional enhanced due diligence (i.e., assigning an external questionnaire to the counterparty) is required. The platform also allows on-going monitoring to be performed for existing counterparties which will enable us to improve our sustainability practices and performance in our supply chain.



AUTOMATED COUNTERPARTY DUE DILIGENCE WORKFLOW



¹ Sustainability factors include green procurement selection, supply chain evaluation and practices, and modern slavery matters.

PILLAR 3: CORPORATE PERFORMANCE

Risk Management & Compliance



CASE STUDY

ECONOMIC SANCTION RISK MANAGEMENT IN THE CONTEXT OF GLOBAL DISTURBANCE

A number of countries began to impose export restrictions and economic sanctions (sanctions) against Russia's senior officials and their families, state-owned businesses and the country's financial sector following attacks in Ukraine during 2022. ESR retrieved a list of all current counterparties including business partners, investors and vendors from the Compliance Desktop® system to examine against the most recent sanctions imposed on individuals and affiliated businesses in response to the rising situation. Our automated system was able to quickly process the entire database and found no sanctions against our current counterparties, nor did we detect any potential warning signs of sanctions. We also engaged external legal experts to assist our employees and business partners in understanding the concept of sanctions, the prohibited regions and how they can proceed with further review and actions, in accordance with our Anti-Money Laundering, Counter-Terrorist Financing & Sanctions Policy.

KEY PERFORMANCE INDICATORS

6,233¹Counterparties by
geographic location
3 Risk Buckets containing
67 Specific Risk Areas assessed

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

Australia 2,945	China 1,607	Hong Kong 217	India 358
Japan 701	Singapore 146	South Korea 233	Indonesia & Thailand 26

¹ This represents the total number of screened counterparties in 2022 to-date, which includes 1,149 suppliers.

PILLAR 3: CORPORATE PERFORMANCE

Responsible Investment

As a responsible real asset manager, the Group is committed to integrating ESG considerations across the real estate development cycle of our activities and in our diligence, transparent and accountability processes.

ESR successfully became a signatory to the United Nations-supported Principles for Responsible Investment (UN PRI) in 2022. This signatory reinforces our commitment to adopting and promoting sustainable and responsible investment practices. The UN PRI includes the annual disclosures and evaluation of our implemented policies and procedures on responsible investing. The UN PRI principles guide our approach to consider ESG issues in our investment and asset management processes across the Group. As a result, this strengthens ESR's investment approach to create value for 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 UN PRI

ESG SYNERGY

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

PILLAR 3: CORPORATE PERFORMANCE

Responsible Investment

ESR ANNOUNCES HK\$4 BILLION SUSTAINABILITY-LINKED LOAN, WITH OPTION TO UPSIZE TO HK\$7 BILLION

ESR continues to integrate sustainability considerations into our financing mechanisms.

In 2022, the Group secured a cumulative total of US\$3 billion in five Sustainability-Linked Loans (SLLs), demonstrating our leadership in green finance and business practices.

The fifth and latest, five-year unsecured SLL, amounting to HK\$4 billion with an option to upsize to HK\$7 billion, incorporates a tiered incentive mechanism which entitles ESR to interest rate reductions when its sustainability goals are achieved. The Group will refinance current borrowings and use the proceeds for investments, working capital and other general corporate reasons.



PILLAR 3: CORPORATE PERFORMANCE

Disclosure & Reporting

We are committed to upholding best practices in disclosure and reporting, improve our ESG performance and proactively engage with stakeholders. ESR participates regularly in globally recognised benchmarks and ratings which provides valuable feedback on our development compared to industry peers.

Since 2014, ESR has participated in the Global Real Estate Sustainability Benchmark (GRESB), the leading international benchmark for assessing ESG performance of real estate and infrastructure projects. A total of 37 listed REITs and private funds participated in the 2022 GRESB Assessment, representing approximately more than a third of the Group's portfolio. Many institutional and financial investors use the GRESB ratings and data to track their investments and make strategic and sustainability decisions on their portfolios.



Testament to the Group's ESG leadership and commitment across our business units, ESR achieved outstanding results in this year's GRESB Assessment, retaining top rankings including 1 Global Sector Leader and 4 Regional Sector Leaders across the enlarged Group, with 11 entities earning the maximum of 5 Green Star ratings:

KEY HIGHLIGHTS OF ESR'S GRESB LEADERSHIP IN 2022:

- Redwood Japan Logistics Fund II LP, RJLF 3 Co-Investment Platform (Japan) and ESR Kendall Square Development JV II (South Korea) emerged as Regional Sector Leaders in the "Asia, Industrial" category under the development benchmark
- E-Shang Star Cayman (China) and ESR India Logistics Fund Pte Ltd. under the development benchmark, as well as Fortune REIT (Hong Kong), Prosperity REIT (Hong Kong) and ESR Kendall Square REIT — Subsidiary REIT No. 1 Co., Ltd. (South Korea) under the standing investments benchmark all received 5 Green Star ratings
- Suntec REIT was awarded GRESB's highest accolade as the Global Sector Leader in the "Global, Office — Listed" category for the 2nd consecutive year under the standing investments benchmark
- Peninsula Investment Partners clinched the Regional Sector Leader in the "Asia, Diversified: Office/Retail — Non-Listed" category under the standing investments benchmark

PILLAR 3: CORPORATE PERFORMANCE

Disclosure & Reporting

Reflecting on our robust ESG practices that are well-aligned with investor interests, we achieved a commendable “Low Risk” rating in the 2022 Morningstar’s Sustainalytics ESG Risk Ratings. Sustainalytics’ ESG Risk Ratings measure a company’s exposure and management of industry-specific material ESG risks and how well a company is managing those risks. The ESG risks are categorised across five risk levels: negligible, low, medium, high and severe.

In 2022, the Group retained its rating of **A** in the annual MSCI ESG Ratings, reflecting our continual efforts to improve our ESG performance. The MSCI ESG Ratings assesses and rates global companies on an industry-relative triple-A to triple-C scale, according to exposure to industry-specific ESG risks and the ability to manage those risks relative to peers.



As we advance in our ESG 2025 Roadmap, we will continually align and measure our ESG performance and disclosure against global best practices and industry peers.



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* Under no circumstances should the Environmental, Social and Governance Report 2022 be interpreted as investment advice or expert opinion according to the relevant legislation.



PILLAR 3: CORPORATE PERFORMANCE

Supply Chain Management

ESR incorporates ESG considerations as part of our supply chain management on areas relating to sustainable procurement, operational resilience and sustainability performance of suppliers.

We work closely with a wide range of suppliers, including contractors, vendors, consultants, service providers, architects and designers in the development and management of our asset portfolios. Suppliers are assessed based on a set of criteria including track record, financial strength, and their commitment towards high standards of quality, environmental management and safety.

We work with our contractors to integrate the relevant ESG considerations into our value chain. Impact assessments are conducted prior to construction covering the effects on the environment and compliance with applicable laws and regulations. Suppliers are also required to adhere to our Supplier Code of Conduct, setting out the standards relating to regulatory compliance, business conduct, labour practices, environmental protection, sustainable procurement, health and safety training and awareness amongst other areas.

After every completed engagement, ESR evaluates the performance of suppliers to provide them with feedback for improvement. Suppliers that do not meet or breach the requirements are penalised or terminated based on the contractual terms. By following our stringent procurement processes and Supplier Code of Conduct, we aim to encourage our suppliers to adopt sustainable practices. Refer to additional information on Counterparty Risk Management on page 54 & 55 which sets out mechanism on due diligence on selection of suppliers.



About This Report

This ESG Report discloses environmental data pertaining to assets in which ESR has operational control, including assets of the enlarged Group after the merger in 2022 with ARA and LOGOS. We define operational control as the landlord's base building consumption for assets under our direct control, including assets acquired or disposed during the year up to the period of effective ownership. This definition does not cover the consumption by tenants which is under Scope 3 and excludes assets which are entirely managed by the tenants (e.g. single tenants or master leases). This concept of operational control is in line with GHG Protocol. The 2022 data includes all entities of the enlarged Group, meanwhile 2021 only captures entities of ESR standalone prior to acquisition. 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. Our report complies with relevant provisions from HKEX Main Board Listing Rule 13.91, ESG Reporting Guide and 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 limited assurance of Environmental, Social Data and Solar Power Generation datasets as indicated in the ESG data summary and the ESG performance against the ESG 2025 Roadmap targets as disclosed within this report. The [ESG data summary](#) and [Independent Assurance](#) statement are set forth in this section.

We welcome your feedback about the content of this report and our ESG performance. Please contact us at esg@esr.com.

ABOUT THIS REPORT

ESG Data Summary

	2022 by Business Unit ⁶													
	2021	2022	ESR Australia	ESR China	ESR Hong Kong	ESR India	ESR Indonesia	ESR Japan	ESR Korea	ESR Singapore	ESR Singapore REIT	ESR Thailand	ARA	LOGOS
Number of Employees^{1,2}														
Total	639	1,400	118	144	60	87	11	74	92	38	79	11	271	415
By Gender														
Male	393	772	73	94	31	65	8	55	60	19	29	4	97	237
Full time	392	768	71	94	31	65	8	55	60	19	29	4	97	235
Part time	1	4	2	0	0	0	0	0	0	0	0	0	0	2
Permanent	389	748	73	94	30	65	5	55	60	19	29	4	95	219
Temporary	4	24	0	0	1	0	3	0	0	0	0	0	2	18
Female	246	628	45	50	29	22	3	19	32	19	50	7	174	178
Full time	246	622	40	50	29	22	3	19	32	19	50	7	174	177
Part time	0	6	5	0	0	0	0	0	0	0	0	0	0	1
Permanent	243	604	42	50	28	22	3	19	31	19	50	7	169	164
Temporary	3	24	3	0	1	0	0	0	1	0	0	0	5	14
By Age														
Under 30 years	80	157	17	6	1	6	1	1	15	6	5	0	33	66
30's	286	616	46	77	24	43	2	7	48	19	39	2	100	209
40's	183	420	34	51	22	27	3	29	23	9	24	6	89	103
50 years and over	90	207	21	10	13	11	5	37	6	4	11	3	49	37
By Employee Category														
Senior Management ³	245	563	53	95	22	63	3	16	42	24	21	1	94	129
Middle Management	256	524	30	44	33	24	3	38	43	9	30	9	91	170
General & Operations	138	313	35	5	5	0	5	20	7	5	28	1	86	116
Number of Leavers (% Turnover rate)⁴														
Total	98 (16%)	380 (27%)	29	9	9	19	2	7	13	5	34	0	85	168
By Gender														
Male	62 (10%)	187 (13%)	15	6	1	14	1	3	10	5	11	0	28	93
Female	36 (6%)	193 (14%)	14	3	8	5	1	4	3	0	23	0	57	75
By Age														
Under 30 years	17 (3%)	56 (4%)	4	0	0	2	1	0	4	0	5	0	14	26
30's	43 (7%)	181 (13%)	12	4	3	10	0	1	7	4	13	0	41	86
40's	24 (4%)	104 (7%)	7	4	5	5	1	4	2	0	12	0	19	45
50 years and over	14 (2%)	39 (3%)	6	1	1	2	0	2	0	1	4	0	11	11

1 The total number of employees refers to employees with direct employment relationship with the enlarged Group as at 31 December 2022.

2 The total headcount for the enlarged Group is 2,300 as at 31 December 2022, including both employees with direct and indirect employment relationship with the Group.

3 Senior Management includes 30 headcount which comprises the Group Co-founders & Co-CEOs, ESR Group Leadership Team (5 Males and 3 Females), and ESR Business Leadership Team (17 Males and 3 Females).

4 The denominator for rate calculations is the total number of employees and further broken down by the specific categories.

ABOUT THIS REPORT

ESG Data Summary

	2022 by Business Unit ⁶													
	2021	2022	ESR Australia	ESR China	ESR Hong Kong	ESR India	ESR Indonesia	ESR Japan	ESR Korea	ESR Singapore	ESR Singapore REIT	ESR Thailand	ARA	LOGOS
Number of New Hires [% Hire rate]														
Total	164 [25%]	408 [29%]	60	16	20	17	2	8	20	12	26	11	73	143
By Gender														
Male	99 [15%]	223 [16%]	33	9	12	13	1	7	12	5	14	4	27	86
Female	65 [10%]	185 [13%]	27	7	8	4	1	1	8	7	12	7	46	57
By Age														
Under 30 years	50 [8%]	75 [5%]	14	2	0	3	0	1	5	3	1	0	16	30
30's	67 [10%]	199 [14%]	29	9	6	12	0	0	11	6	13	2	37	74
40's	32 [5%]	96 [7%]	12	5	7	2	1	4	4	1	9	6	16	29
50 years and over	15 [2%]	38 [3%]	5	0	7	0	1	3	0	2	3	3	4	10
Occupational Health & Safety														
No. of fatalities	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Rate of fatalities	0	0	0	0	0	0	0	0	0	0	0	0	0	0
No. of high-consequence injuries	0	0	0	0	0	0	0	0	0	0	0	0	0	0
No. of recordable injuries	0	1	0	1	0	0	0	0	0	0	0	0	0	0
Lost days due to injury	0	82	0	82	0	0	0	0	0	0	0	0	0	0
Lost time injury frequency rate (LTIFR)	0	0.4	0	3.47	0	0	0	0	0	0	0	0	0	0
No. of hours worked ⁵ ('000)	1,278	2,800	236	288	120	174	22	148	184	76	158	22	542	830
No. of work-related ill health	0	0	0	0	0	0	0	0	0	0	0	0	0	0

⁵ The number of hours worked is estimated based on 8-hour work days and 250 work days during the reporting period.

⁶ The disclosure on employees is based on the breakdown by business units instead of by region as the Group's employees are grouped according to the business units' locations.

ABOUT THIS REPORT

ESG Data Summary

DEVELOPMENT AND TRAINING⁷

	2021	2022
Total number of employees trained	487	946
Total percentage of employees trained	76%	96%
Percentage of employees trained by each category		
By Gender		
Male	73%	93%
Female	81%	99%
By Employee Category		
Senior Management	79%	89%
Middle Management	68%	99%
General & Operations	86%	100%
Average training hours		
By Employee	18	24
By Gender		
Male	15	23
Female	23	25
By Employee Category		
Senior Management	18	22
Middle Management	18	26
General & Operations	18	26
Employees receiving regular performance and career development reviews (%)	95%	99%
By Gender		
Male	94%	98%
Female	97%	99%
By Employee Category		
Senior Management	87%	97%
Middle Management	98%	99%
General & Operations	97%	100%

PARENTAL LEAVE⁸

	2021	2022
Total no. of employees entitled to parental leave	133	250
Male	78	126
Female	55	124
Total no. of employees that took parental leave	66	127
Male	30	48
Female	36	79

⁷ The disclosed training hours, number of employees and breakdown do not include LOGOS employees where the data is incomplete and not tracked.

⁸ Parental leave includes leave granted to employees who are eligible for maternity and paternity leave, as well as employees with children who are eligible for childcare leave, depending on the prevailing laws and regulations in the respective countries.

⁹ There is no disclosure of basic salary and total remuneration breakdown by gender ratio due to the confidentiality and sensitivity of such matters.

ABOUT THIS REPORT

ESG Data Summary

Note on ESG Data Scope

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.

PROPERTY PORTFOLIO

	Units	2022, by Business Unit									
		2021 ^{Note 12,13}	2022 ^{Note 12,13}	ESR Australia	ESR China	ESR India	ESR Japan	ESR Korea	ESR Singapore	ARA	LOGOS
Directly managed properties as at 31 December ^{Note 1}	# assets	301	581	102	98	7 ^{Note 9}	25	35	83 ^{Note 11}	133	98
	GFA '000 sqm	13,896	27,272	2,280	6,917	1,469	2,464	2,715	2,445	4,220	4,762
Certified / rated sustainable buildings ^{Note 6}	# assets	77	164	7	13	4	19	26	11	71	13
	GFA '000 sqm	6,736	10,596	73	871	778	2,232	2,235	396	2,918	1,093
Certified / rated "high" sustainable buildings ^{Note 6}	# assets	37	70	2	5	—	19	2	3	33	6
	GFA '000 sqm	4,005	6,315	39	385	—	2,232	505	192	2,416	546
Energy											
Directly managed properties reporting this data ^{Note 2}	# assets	171	320	30	82	4	19	20	32	109	24
	GFA '000 sqm	10,133	18,220	863	5,792	778	1,904	1,385	1,299	4,001	2,198
District heat	'000 GJ	—	89	—	—	—	—	—	—	89	—
Grid purchased electricity	'000 GJ	309	1,683	13	80 ^{Note 8}	6	17	35 ^{Note 10}	181	1,314	37
Total Fuels		2	246	0	7	—	—	—	—	239	—
Diesel	'000 GJ	n/a	2	—	—	—	—	—	—	2	—
Heating Oil		n/a	3	—	—	—	—	—	—	3	—
Natural Gas		n/a	241	0	7	—	—	—	—	234	—
Rooftop solar power generated ^{Note 7}	# assets	40	101	23	4	—	17	2	7	12	36
	'000 GJ	164.2	314.1	—	2.2	—	133.5	1.2	33.7	7.2	136.3
Total managed energy	'000 GJ	475	2,332	13	89	6	151	36	215	1,649	173
Grid purchased electricity per GFA ^{Note 4}	'000 GJ/GFA '000 sqm	0.03	0.09	0.02	0.01	0.01	0.01	0.03	0.14	0.33	0.02
Greenhouse gas emissions ^{Note 5}	'000 TCO ₂ e	49	279	3	19	2	2	5	20	220	8
Scope 1 emissions	'000 TCO ₂ e	0	14	0	0	—	—	—	—	14	—
Scope 2 emissions	'000 TCO ₂ e	49	265	3	19	2	2	5	20	206	8
Total emissions intensity ^{Note 4}	'000 TCO ₂ e/GFA '000 sqm	0.00	0.02	0.00	0.00	0.00	0.00	0.00	0.02	0.05	0.00

ABOUT THIS REPORT

ESG Data Summary

		2022, by Business Unit									
	Units	2021 ^{Note 12,13}	2022 ^{Note 12,13}	ESR Australia	ESR China	ESR India	ESR Japan	ESR Korea	ESR Singapore	ARA	LOGOS
Water											
Directly managed properties reporting this data ^{Note 2}	# assets	163	286	12	78	4	18	20	32	101	21
	GFA '000 sqm	9,883	16,421	97	5,457	778	1,882	1,385	1,093	3,936	1,793
Total		1,009	3,776	54	153 ^{Note 8}	39	44	233	431	2,739	83
Groundwater	Mega litres	n/a	141	—	—	8	—	18	—	115	—
Surface water		n/a	468	—	—	—	—	—	—	465	3
Third-party water		n/a	3,167	54	153	31	44	215	431	2,159	80
Water use intensity ^{Note 4}	Mega litres/ GFA '000 sqm	0.10	0.23	0.56	0.03	0.05	0.02	0.17	0.39	0.70	0.05
Non-hazardous Waste ¹⁴											
Directly managed properties reporting this data ^{Note 3}	# assets	128	226	5	87	4	6	9	27	88	n/a
	GFA '000 sqm	7,729	12,143	52	5,965	778	438	643	912	3,355	n/a
Total		21	71	0	19	0	0	0	2	50	n/a
Composted	'000 Tonnes	n/a	0	—	—	0	—	0	—	—	n/a
Grinding		n/a	0	—	—	—	—	—	—	0	n/a
Incineration (with energy recovery)		n/a	17	—	10	—	—	—	—	7	n/a
Incineration (without energy recovery)		n/a	0	—	—	0	0	—	—	0	n/a
Landfill		n/a	46	0	8	—	0	0	2	36	n/a
Recycled		n/a	8	0	1	—	0	0	0	7	n/a
Non-hazardous Waste intensity ^{Note 4}	'000 Tonnes/ GFA '000 sqm	0.00	0.01	0.00	0.00	—	0.00	0.00	0.00	0.01	n/a
Hazardous Waste ¹⁴											
Directly managed properties reporting this data ^{Note 3}	# assets	—	15	—	—	—	—	—	—	15	n/a
	GFA '000 sqm	—	425	—	—	—	—	—	—	425	n/a
Total	'000 Tonnes	—	0	—	—	—	—	—	—	0	n/a
Recycled		—	0	—	—	—	—	—	—	0	n/a
Hazardous Waste intensity ^{Note 4}	'000 Tonnes/ GFA '000 sqm	—	0.00	—	—	—	—	—	—	0.00	n/a

Notes

1. Directly managed properties refer to completed assets in operations which are held under the consolidated statement of financial position of ESR, as well as, held by the funds and REITs managed by the Group (i.e., managers controlled by the Group), including single tenanted assets and master leases as at 31 December 2022. This excludes assets disposed during the reporting period.
2. Directly managed properties reporting this data refer to completed assets in operations which the Group has operational control, including assets acquired or disposed during the year up to the period of effective ownership. This reported data does not include tenants' consumption. However, for hospitality asset class, the whole building is included in the reporting scope as the Group is responsible for energy, water and waste management.
3. Directly managed properties reporting this data refer to completed assets in operations which the Group has operational control, including assets acquired or disposed during the year up to the period of effective ownership. For logistics asset class, only the common areas are covered because tenants would manage their own waste disposal. For commercial asset class, the whole building is included in the reporting scope as the Group is responsible for waste management and disposal (including tenants' waste). Hazardous waste is mainly due to the fused florescent light bulbs which have been properly disposed off by the property managers.

ABOUT THIS REPORT

ESG Data Summary

4. The intensity calculations for grid purchased electricity, greenhouse gas emissions, water and waste are based on base building consumption for operating assets under our direct control (except for commercial buildings that report waste data on whole building basis) divided by the total GFA of directly managed properties, which include the areas occupied by tenants. Calculated intensity for grid purchased electricity, greenhouse gas emissions, water and waste has increased in 2022 due to the mix of commercial and logistics assets in the portfolio as compared to 2021's logistics portfolio.
5. The emission factors used in the calculations are sourced from the national governments of Australia, India, South Korea, Singapore, Malaysia, Indonesia, UK, US, and New Zealand. For properties held in remaining countries, we used emission factors from the Institute of Global Environmental Strategies (China), International Energy Agency (Japan), individual local utility companies (Hong Kong) and Carbon Footprint (EU). All selected emission factors are based on the guidance set out by the GHG Protocol.
6. Certified / rated sustainable buildings and Certified / rated "high" sustainable buildings include completed assets that are directly managed by the Group, including single tenanted assets and master leases as at 31 December 2022. This excludes assets disposed during the reporting period.
7. The total rooftop solar power is generated from approximately 85 MW of installed capacity that were completed and fully operational as at 31 December 2022. Australia and India are working towards implementing a system to measure, track and collect solar power generation data from the various rooftop solar systems of varying capabilities, which are controlled by different parties.
8. In China, the landlord has operational control over common areas within certain assets (e.g., logistics parks) even if they are fully leased out to the tenants, i.e., single tenanted or master leases. Thus, the common areas data for both electricity and water are included for these assets.
9. In India, the development assets (i.e., logistics parks) with completed plots or blocks that are operational are included in the data summary. Thus, the landlord consumption data of these completed plots or blocks within these assets are included for reporting. The reported GFA for the sustainable building certifications and ratings, as well as GFA for the directly managed properties reporting the data, cover the entire logistics parks, including plots or blocks which are not yet completed.
10. In South Korea, the landlord has operational control over common areas although the utility bills for electricity and water use are borne by the tenants. For Osan, the grid purchased electricity of the common areas is an estimation by applying a percentage factor on the total GFA of the asset due to the unavailability of the split in GFA between common areas and tenancy spaces. This percentage factor may change year-on-year depending on various factors, such as occupancy.
11. Under ESR Singapore, the portfolio represents the combined ESR-LOGOS REIT's portfolio of assets following the merger of ESR REIT (ESR Singapore) and ARA-LOGOS Logistics Trust in 1H 2022.
12. The 2021 figures exclude ARA and LOGOS entities, which were only officially acquired in January 2022. In terms of the reporting scope for 2022, the ARA and LOGOS entities include the environmental data for the full calendar year. There is no re-statement of the 2021 figures and no change to the methodologies in the data collection and disclosure in 2022, as compared to 2021.
13. For year-on-year comparison with 2021, directly managed properties which the Group has operational control and have two years of like-for-like data were identified. Based on our analysis, the total number of properties across the Group with two years of like-for-like data for grid purchased electricity and water is 287 and 250 respectively. There was a 2% decrease in grid purchased electricity consumption but a 2% increase in water use, with no material fluctuations noted across the markets. The total number of properties across the Group (excluding LOGOS) with two years of like-for-like data for waste is 177. There was a 2% decrease in waste generation, being not material variance.
14. There is unavailable waste data for LOGOS to perform the like-for-like comparison as the data is incomplete and not tracked.

ABOUT THIS REPORT

ESG Data Summary

NUMBER OF SUSTAINABLE BUILDING CERTIFICATIONS OR RATINGS UNDER VARIOUS SUSTAINABLE BUILDING SCHEMES ^{NOTE 6}

	ESR Australia	ESR China	ESR India	ESR Japan	ESR Korea	ESR Singapore	ARA	LOGOS	TOTAL
LEED		13		1	9	2	5	4	34
CASBEE				19					19
NABERS	20						15		35
GBCA							3		3
BREEAM							5		5
WELL					25		2		27
Green Mark						9	7	7	23
IGBC			4					1	5
ABINC				2					2
BELS				3					3
BEAM Plus							27		27
EPA's ENERGY STAR							23		23
Energy Performance Certificate UK							2		2
PUB							2		2
G-SEED							1		1
Building Energy Efficiency Certification							1		1
Green Star Building	1							1	2
HQEx							2		2
BiU v6							2		2
Total	21	13	4	25	34	11	97	13	218 ^{Note 15}

Notes

15. This figure of 218 represents the number of sustainable building certifications and ratings for completed directly managed assets only (i.e., relating to 164 number of assets, some with multiple certifications or ratings, as disclosed in property portfolio summary table and footnote 6 above). The total number of sustainable building certifications and ratings across the enlarged Group's portfolio of assets and projects is 229, whereby 11 sustainable building certifications and ratings are attributed to non-directly managed assets and/or development projects.

ABOUT THIS REPORT

ESG Data Summary

NUMBER OF SUSTAINABLE BUILDING CERTIFICATIONS OR RATINGS WITH “HIGH” SUSTAINABILITY RATING ^{NOTE 6}

	ESR Australia	ESR China	ESR India	ESR Japan	ESR Korea	ESR Singapore	ARA	LOGOS	TOTAL
LEED		5		1	3	2	5		16
CASBEE				19					19
NABERS	1						10		11
GBCA							3		3
BREEAM									0
WELL					1		2		3
Green Mark						1	5	4	10
IGBC								1	1
ABINC									0
BELS				3					3
BEAM Plus							18		18
EPA's ENERGY STAR									0
Energy Performance Certificate UK							1		1
PUB									0
G-SEED							1		1
Building Energy Efficiency Certification									0
Green Star Building	1							1	2
HQEx							1		1
BiU v6									0
Total	2	5	0	23	4	3	46	6	89

ABOUT THIS REPORT

ESG Data Summary

Certification Schemes	Certification Levels	Definition of “high” sustainability rating (minimum requirement)
Leadership in Energy and Environmental Design (LEED) of the U.S. Green Building Council	Certified / Silver / Gold / Platinum	Gold
Comprehensive Assessment System for Built Environment Efficiency (CASBEE) in Japan	C (Poor) / B- (Fair poor) / B+ (Good) / A (Very Good) / S (Excellent)	A
National Australian Built Environment Rating System (NABERS) in Australia	1 Star (Making a Start) / 2 Stars (Below Average) / 3 Stars (Average) / 4 Stars (Good) / 5 Stars (Excellent) / 6 Stars (Marketing Leading)	5 Stars
Green Building Council of Australia (GBCA)	Performance: Green Star 1 Certified / Green Star 2 Certified / Green Star 3 Certified / Green Star 4 Certified / Green Star 5 Certified / Green Star 6 Certified Communities, Design & As Built, Buildings, Interiors and Fitouts: Green Star 4 Certified / Green Star 5 Certified / Green Star 6 Certified	Green Star 5 Certified
Building Research Establishment Environmental Assessment Methodology (BREEAM)	Unclassified / Pass / Good/ Very Good / Excellent / Outstanding	Excellent
WELL of International WELL Building Institute (WELL)	Bronze / Silver / Gold / Platinum	Gold
Building & Construction Authority (BCA) Green Mark in Singapore	Certified / Gold / Gold Plus / Platinum	Gold Plus
Indian Green Building Council (IGBC) in India	Certified / Silver / Gold / Platinum / Super Platinum	Platinum
Association for Business Innovation in harmony with Nature and Community (ABINC)	1 Certification level	N/A
Building Energy Labelling System (BELS)	1 Star / 2 Stars / 3 Stars / 4 Stars / 5 Stars	5 Stars
Building Environmental Assessment Method Plus (BEAM Plus) by Hong Kong Green Building Council	Comprehensive Scheme: Bronze / Silver / Gold / Platinum Selective Scheme: Satisfactory/ Good/ Very Good/ Excellent	Gold/Very Good
United States Environmental Protection Agency (EPA) ENERGY STAR plant certification	1 Certification level	N/A
Energy Performance Certificate UK	G (1-20) / F (21-38) / E (39-54) / D (55-68) / C (69-80) / B (81-91) / A (92-100)	B
Public Utility Board of Singapore (PUB)	1 Certification level	N/A
G-SEED certification from Crebiz in South Korea (G-SEED)	Green 4 (50-57) / Green 3 (58-65) / Green 2 (66-73) / Green 1 (74 and above)	Green 1
Building Energy Efficiency Certification by Korea Research Institute of Eco-Environmental Architecture	Grade 1+++/1++/1+/1/2/3/4/5/6/7	Grade 6
Green Star Buildings and Green Star – Design & As Built by Green Building Council Australia	1 Star / 2 Stars / 3 Stars / 4 Stars / 5 Stars / 6 Stars	5 Stars
Haute Qualite Environnementale (HQEx)	Good / Very Good / Excellent / Outstanding	Excellent
BREEAM In-Use v6 (BiU v6)	Unclassified /Acceptable / Pass / Good/ Very Good / Excellent / Outstanding	Excellent

ABOUT THIS REPORT

ESG Data Summary

GRESB STANDING INVESTMENT ASSESSMENT 2022

	ESR China		ESR Japan		ESR Singapore	ESR Australia			ESR Korea	
	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	ESR Kendall Square Asset No. 1 REIT Co., Ltd.
Rating	3-Star	3-Star	4-Star	4-Star	2-Star	2-Star	3-Star	4-Star	2-Star	5-Star
Overall GRESB score	79	75	80	81	69	66	77	81	73	87
Peer group name	China Industrial: Distribution Warehouse		Japan Industrial: Distribution Warehouse		Asia Industrial Listed	Australia. Industrial – Distribution Warehouse. Core. Tenant Controlled	Australia. Office – Corporate. Core		Australia. Office – Corporate – High-rise Office. Core	Eastern Asia Industrial: Distribution Warehouse Listed
Peer ranking	2 nd / 6	4 th / 6	6 th / 6	5 th / 6	12 th / 15	7 th / 9	28 th / 30	25 th / 30	38 th / 40	9 th / 11
Ranking INDUSTRIAL ASIA (out of 42)	23 rd / 42	25 th / 42	22 nd / 42	20 th / 42	33 rd / 42	n/a	n/a	n/a	n/a	15 th / 42

	ARA					
	Suntec REIT	ARA US Hospitality Trust (USHT)	China Investment Partners (CIP)	Peninsular Investment Partners (PIP)	Fortune REIT	Prosperity REIT
Rating	5-Star	2-Star	3-Star	5-Star	5-Star	5-Star
Overall GRESB score	95	72	80	87	88	88
	(Global Sector Leader)		(Regional Sector Leader)			
Peer group name	Asia Office: Corporate Listed		Americas Hotel		China Diversified: Office/Retail Non-Listed	Eastern Asia Retail Listed
						Eastern Asia Office: Corporate: High-Rise Office Listed
Peer ranking	1 st / 15	4 th / 6	3 rd / 7	1 st / 7	2 nd / 8	5 th / 6
Ranking OFFICE/RETAIL/ DIVERSIFIED ASIA / HOTEL AMERICAS	Asia Office (1 st / 47)	Americas Hotel (4 th / 6)	Asia Diversified: Office/ Retail (20 th / 32)	Asia Diversified: Office/ Retail (8 th / 32)	Asia Retail (9 th / 25)	Asia Office (16 th / 47)

ABOUT THIS REPORT

ESG Data Summary

	LOGOS												
	KWAP	LAIV	LALV	LALP	Oxford	Southport	LIFD	LSLV	LSLV2	LMLM	LILV	LCLV3	ILV
Rating	3-Star	1-Star	4-Star	2-Star	3-Star	2-Star	2-Star	3-Star	1-Star	2-Star	2-Star	2-Star	1-Star
Overall GRESB score	76	59	81	66	73	65	71	75	61	68	64	70	63
Peer group name	Australia Industrial Distribution Warehouse Core Tenant Controlled	Australia Industrial Core	Australia Industrial Distribution Warehouse Core Tenant Controlled	Australia Industrial Distribution Warehouse Core	Australia and New Zealand Industrial Distribution Warehouse Non-listed	Asia Industrial Distribution Warehouse Opportunistic	Asia Industrial Opportunistic	China Industrial Distribution Warehouse Opportunistic	Asia Industrial Non-listed Tenant Controlled				
Peer ranking	5 th /9	13 th /14	3 rd /14	8 th /9	6 th /9	10 th /11	9 th /13	5 th /10	10 th /10	9 th /10	10 th /11	6 th /6	10 th /10
Ranking INDUSTRIAL ASIA/OCEANIA	8 th /17	16 th /17	4 th /17	14 th /17	9 th /17	15 th /17	11 th /17	27 th /42	38 th /42	34 th /42	35 th /42	32 nd /42	36 th /42

GRESB DEVELOPMENT ASSESSMENT 2022

	ESR China	ESR Korea		ESR Japan		ESR India	ESR Australia
	e-Shang Star Cayman Ltd	ESR Kendall Square Development JV I	ESR Kendall Square Development JV II	Redwood Japan Logistics Fund II LP	RJLF 3 Co-Investment Platform	ESR India Logistics Fund Pte Ltd	EALP
Rating	5-Star	3-Star	5-Star	5-Star	5-Star	5-Star	3-Star
Overall GRESB score	94	87	95 (Regional Sector Leader)	96 (Regional Sector Leader)	96 (Regional Sector Leader)	93	86
Peer group name	China Industrial: Distribution Warehouse Non-listed	Eastern Asia Industrial: Distribution Warehouse Opportunistic				Asia Industrial Opportunistic	Australia. Industrial – Distribution Warehouse. Core.
Peer ranking	1 st /8	9 th /12	4 th /12	2 nd /12	3 rd /12	7 th /18	4 th /9
Ranking INDUSTRIAL ASIA	6 th /25	12 th /25	4 th /25	2 nd /25	3 rd /25	7 th /25	n/a

ABOUT THIS REPORT

ESG Data Summary

	LAIV	LALV	LALP	Southport	LIFD	LOGOS Wiri	LSLV	LSLV2	TSA	LILV	LCLV3	LCLV4	ILV
Rating	3-Star	3-Star	4-Star	3-Star	4-Star	4-Star	5-Star	2-Star	3-Star	3-Star	4-Star	2-Star	3-Star
Overall GRESB score	83	85	91	82	89	91	93	81	83	83	90	80	85
Peer group name	Australia Industrial Core		Australia Industrial Distribution Warehouse Core		Australia and NZ Industrial Distribution Warehouse Non-Listed		South-eastern Asia Industrial Non-Listed				China Industrial Distribution Warehouse Non-Listed		Asia Industrial Distribution Warehouse Non-Listed
Peer ranking	10 th /11	8 th /11	3 rd /9	9 th /9	6 th /12	4 th /12	1 st /6	4 th /6	3 rd /6	2 nd /6	2 nd /8	6 th /8	11 th /21
Ranking INDUSTRIAL ASIA/OCEANIA	13 th /14	11 th /14	4 th /14	14 th /14	6 th /14	4 th /14	8 th /25	19 th /25	18 th /25	17 th /25	11 th /25	21 st /25	14 th /25

ABOUT THIS REPORT

Independent Assurance



ASSURANCE STATEMENT

SCOPE AND OBJECTIVES

Hong Kong Quality Assurance Agency (HKQAA) was commissioned by ESR Group Limited (ESR) to conduct an independent verification for its sustainability data of the operations in Australia, China, Europe, Hong Kong, India, Japan, South Korea, Singapore, South East Asia, United Kingdom and United States of America for the calendar year of 2022.

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.

ESG 2025 Roadmap targets

2022 Performance against the nine roadmap targets within the three pillars of ESR's ESG Framework.

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)
- PGGM RJLC LP (Japan)
- ESR Japan Core Fund Limited Partnership (Japan)
- Redwood Japan Logistics Fund II LP (Japan)
- RJLF 3 Co-Investment Platform (Japan)
- ESR Japan Income Fund (Japan)
- ESR-LOGOS REIT (Singapore)
- ESR India Logistics Fund Pte Ltd (India)
- 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 Australian Logistics Partnership (EALP) (Australia)
- ESR Australia Logistics Partnership II (EALP II) (Australia)
- ESR Milestone Portfolio (EMP) (Australia)
- ESR Australia Development Partnership (EADP) (Australia)
- ESR Office Partnership IV (EOP IV) (Australia)
- Propertylink Office Partnership III (POP III) (Australia)
- ARA Asset Management
- LOGOS

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.

INDEPENDENCE

ESR is responsible for the collection and presentation of the information. Our verification activities are independent and impartial.

CONCLUSION

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

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

Signed on behalf of Hong Kong Quality Assurance Agency

Connie Sham

Head of Audit

28 April 2023

ABOUT THIS REPORT

HKEX and GRI Indices

HKEX ESG CONTENT INDEX 2022

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 2025 ESG Roadmap https://www.esr.com/en/corporate-governance/overview/# PILLAR 3: CORPORATE PERFORMANCE
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 and GRI Reporting Standards. Reporting scope includes ARA and LOGOS entities which are added as part of the enlarged Group in 2022 for the full calendar year.

Provisions	Location of Disclosure	Additional information, as applicable
Aspect A1: Emissions General Disclosure		A1 (Comply): No significant breaches or incidents related to emissions and waste were noted in 2022.
KPIs: A1.1, A1.2, A1.3, A1.4, A1.5 & A1.6	PILLAR 2: PROPERTY PORTFOLIO: Sustainable & Efficient Solutions, Climate Change Resilience ESG Data Summary	KPI A1.1/ A1.2 (Comply and explain): We consume a negligible quantity of mobile fuels in our operations. Local air emissions from our property portfolio are negligible. Hence they are not disclosed. KPIA1.5 (Explain): We set energy intensity targets of 20% reduction which is a proxy for emissions. Steps taken to achieve this target have been disclosed in this report. KPIA.1.6 (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. Hazardous waste generated are handled by tenants and property managers according to local laws and regulations. For non-hazardous waste, they are being disposed through various methods such as landfills, recycling and waste to energy. There was no material non-compliance noted on the treatment of hazardous and non-hazardous waste. In addition, as waste generation for ESR is immaterial, no reduction targets have been set on this aspect. We focus on setting targets for significant aspects like energy, emissions and water.
Aspect A2: Use of Resources General Disclosure; KPIs: A2.1, A2.2 & A2.3	PILLAR 2: PROPERTY PORTFOLIO: Sustainable & Efficient Operations ESG Data Summary	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.

ABOUT THIS REPORT

HKEX and GRI Indices

Provisions	Location of Disclosure	Additional information, as applicable
Aspect A3: Environment and Natural Resources General Disclosure; KPI: A3.1	PILLAR 2: PROPERTY PORTFOLIO: Sustainable & Efficient Operations, Sustainable Building Certifications, Climate Change Resilience, Flexible & Adaptable Properties, Strategic Locations ESG Data Summary	KPI A3.1 (Comply): We have set out the five focus areas to minimise the impact to the environment and natural resources.
Aspect A4: Climate Change General Disclosure; KPI: A4.1	PILLAR 2: PROPERTY PORTFOLIO: 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; KPIs: B1.1 & B1.2	ABOUT ESR PILLAR 1: HUMAN CENTRIC: People are Our Greatest Asset ESG Data Summary	B1 (Comply): ESR complied with relevant employment and labour policies, laws and regulations in all material respects during the reporting period.
Aspect B2: Health and Safety General Disclosure; KPIs: B2.1, B2.2 & B2.3	PILLAR 1: HUMAN CENTRIC: People are Our Greatest Asset ESG Data Summary	B2 (Comply): ESR complied with relevant health and safety laws and regulations in all material respects during the reporting period. Number and rate of work-related fatalities occurred in FY2022: 0.
Aspect B3: Development and Training General Disclosure; KPIs: B3.1 & B3.2	PILLAR 1: HUMAN CENTRIC: People are Our Greatest Asset ESG Data Summary PILLAR 3: CORPORATE PERFORMANCE: Risk Management & Compliance	B3 (Comply): For disclosure details, see “ESG Data Summary”
Aspect B4: Labour Standards General Disclosure	PILLAR 1: HUMAN CENTRIC: People are Our Greatest Asset PILLAR 3: CORPORATE PERFORMANCE: Counterparty Risk Management	B4 (Comply): 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	PILLAR 3: CORPORATE PERFORMANCE: Counterparty Risk Management	KPI B4.1 (Comply): Our counterparty 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	PILLAR 3: CORPORATE PERFORMANCE: Counterparty Risk Management	KPI B4.2 (Comply): During the reporting period, no incidences of child or forced labour were discovered.
Aspect B5: Supply Chain Management General Disclosure	PILLAR 1: HUMAN CENTRIC: People are Our Greatest Asset PILLAR 3: CORPORATE PERFORMANCE: Counterparty 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	PILLAR 3: CORPORATE PERFORMANCE: Counterparty Risk Management	KPI B5.1 (Comply and Explain): As at the end of this reporting period, 6,233 third parties have been screened through the platform. 1,149 out of 2,849 third parties are suppliers located in Australia (285), China (280), Hong Kong (61), India (115), Indonesia (13), Japan (201), Singapore (52), South Korea (102), Others (40). The other 3,384 third parties were screened before 2019 during Phase 1 and the system does not have relevant information to indicate the business relationship with ESR.

ABOUT THIS REPORT

HKEX and GRI Indices

Provisions	Location of Disclosure	Additional information, as applicable
KPI B5.2	PILLAR 1: HUMAN CENTRIC: People are Our Greatest Asset PILLAR 3: CORPORATE PERFORMANCE: Supply Chain Management	KPI B5.2 (Comply and Explain): ESR seeks to engage and work with its Suppliers to adhere to high standards of ESG for their products and services. Specifically, ESR expects its Suppliers to uphold business integrity principles including business conduct, fair competition and confidentiality, amongst other factors. On social related areas, ESR's Suppliers are also expected to respect basic human rights, prohibit modern slavery and discrimination and uphold health and safety standards. On the environment front, ESR's Suppliers should comply with relevant environmental laws and regulations and minimise the environmental impact from their activities. After every completed engagement, ESR evaluates the performance of suppliers to provide them with feedback for improvement. Suppliers that do not meet or breach the requirements are penalised or terminated based on the contractual terms.
KPI B5.3	PILLAR 1: HUMAN CENTRIC: People are Our Greatest Asset PILLAR 3: CORPORATE PERFORMANCE: Counterparty Risk Management, Supply Chain Management	B5.3 (Comply): ESR has measures for the oversight of suppliers and service providers and conducts periodic meetings to discuss related 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	PILLAR 1: HUMAN CENTRIC: People are Our Greatest Asset PILLAR 3: CORPORATE PERFORMANCE: Counterparty Risk Management, Supply Chain Management	B5.4 (Comply): ESR designs and implements sustainable procurement processes that comply with the 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.
Aspect B6: Product Responsibility General Disclosure	PILLAR 3: CORPORATE PERFORMANCE: Risk Management & Compliance, Group ESG Policies	B6 (Comply): ESR complied with relevant laws and regulations concerning product responsibility during the reporting period, including 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	PILLAR 3: CORPORATE PERFORMANCE: Group ESG Policies	KPI B6.5 (Comply): We have privacy policies in place to manage third party data.
Aspect B7: Anti-corruption General Disclosure	PILLAR 3: CORPORATE PERFORMANCE: Risk Management & Compliance, Group ESG 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 aspects during the reporting period.
KPI B7.1	PILLAR 3: CORPORATE PERFORMANCE: Risk Management & Compliance, Group ESG Policies	KPI A7.1 (Comply): There were no concluded legal cases concerning corruption during the reporting period.
KPI B7.2	PILLAR 3: CORPORATE PERFORMANCE: Risk Management & Compliance, Group ESG Policies	KPI B7.2 & B7.3 (Comply): ESR has established the whistle blowing policy and procedures and related preventative measures as disclosed in the report.
KPI B7.3	PILLAR 3: CORPORATE PERFORMANCE: Risk Management & Compliance, Group ESG Policies	
Aspect B8: Community Investment General Disclosure	PILLAR 1: HUMAN CENTRIC: Community Investment	KPI B8.1 & B8.2(Comply): ESR has strived to contribute positively to the communities in which we operate. Within the report, there is disclosure on the areas of contribution to education & learning, environmental concerns, employee engagement and other charitable initiatives.
KPI B8.1	PILLAR 1: HUMAN CENTRIC: Community Investment	
KPI B8.2	PILLAR 1: HUMAN CENTRIC: Community Investment	

ABOUT THIS REPORT

HKEX and GRI Indices

GRI CONTENT INDEX 2022

This ESG report is in compliance with the GRI Standards from the Global Reporting Institute.

Statement of use	ESR has reported in accordance with the GRI Standards for the period 1st January to 31st December 2022.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard	N/A

GRI Standard	Disclosures	Location of disclosure	Reason for deviation
General Disclosures Content			
GRI 2: General Disclosures 2021	2-1 Organisational details	Legal name: ESR Group Limited Nature of ownership: https://www.esr.com/en/about-us/company-overview/ Location of headquarters: Suite 2905-06, Two Exchange Square, 8 Connaught Place, Central, Hong Kong Regions of operation: Hong Kong PRC Japan South Korea Singapore Thailand Australia India Indonesia Vietnam Europe North America	N/A
	2-2 Entities included in the organisation's sustainability reporting	Annual Report, Note 1 Corporate Information	N/A

ABOUT THIS REPORT

HKEX and GRI Indices

GRI Standard	Disclosures	Location of disclosure	Reason for deviation
General Disclosures Content			
	2-3 Reporting period, frequency and contact point	The reporting period is 12 months, 1 January 2022 to 31 December 2022. Annual esrgroup@esr.com	N/A
	2-4 Restatements of information	There is no restatement of information.	N/A
	2-5 External assurance	External assurance is provided over financials and environmental data, social data and solar power generation.	N/A
	2-6 Activities, value chain and other business relationships	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. 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 included in the scope for this report.	N/A
	2-7 Employees	ABOUT THIS REPORT: ESG Data Summary ESR had 2 non-guaranteed female employees in Australia in the reporting period.	N/A
	2-8 Workers who are not employees	ABOUT THIS REPORT: ESG Data Summary	N/A
	2-9 Governance structure and composition	PILLAR 3: CORPORATE PERFORMANCE: Corporate Governance https://www.esr.com/en/corporate-governance/board-of-directors/	N/A
	2-10 Nomination and selection of the highest governance body	Annual Report, Corporate Governance Report	N/A
	2-11 Chair of the highest governance body	PILLAR 3: CORPORATE PERFORMANCE: Corporate Governance	N/A

ABOUT THIS REPORT

HKEX and GRI Indices

GRI Standard	Disclosures	Location of disclosure	Reason for deviation
General Disclosures Content			
	2-12 Role of the highest governance body in overseeing the management of impacts	PILLAR 3: CORPORATE PERFORMANCE: Corporate Governance	N/A
	2-13 Delegation of responsibility for managing impacts	PILLAR 3: CORPORATE PERFORMANCE: Corporate Governance	N/A
	2-14 Role of the highest governance body in sustainability reporting	PILLAR 3: CORPORATE PERFORMANCE: Corporate Governance The highest governance body is responsible for reviewing and approving the reported information	N/A
	2-15 Conflicts of interest	PILLAR 3: CORPORATE PERFORMANCE: Group ESG Policies, Compliance	N/A
	2-16 Communication of critical concerns	PILLAR 3: CORPORATE PERFORMANCE: Corporate Governance	N/A
	2-17 Collective knowledge of the highest governance body	During the ESR quarterly Board meetings, updates are provided on key ESG trends and developments affecting our industry in addition to updates on where we are in our ESG performance.	N/A
	2-18 Evaluation of the performance of the highest governance body	Annual Report, Corporate Governance Report	N/A
	2-19 Remuneration policies	Annual Report, Corporate Governance Report	N/A
	2-20 Process to determine remuneration	PILLAR 1: HUMAN CENTRIC: Managing & Developing Talent	N/A
	2-21 Annual total compensation ratio	Annual Report	N/A
	2-22 Statement on sustainable development strategy	Message from our Chairman Message from our Co-Founders & Co-CEOs	N/A

ABOUT THIS REPORT

HKEX and GRI Indices

GRI Standard	Disclosures	Location of disclosure	Reason for deviation
General Disclosures Content			
	2-23 Policy commitments	PILLAR 2: PROPERTY PORTFOLIO: Climate Change Resilience PILLAR 3: CORPORATE PERFORMANCE: Corporate Governance, Risk Management & Compliance https://www.esr.com/en/corporate-governance/overview/# https://www.esr.com/en/about-us/our-purpose/	N/A
	2-24 Embedding policy commitments	PILLAR 3: CORPORATE PERFORMANCE: Corporate Governance, Risk Management & Compliance	N/A
	2-25 Processes to remediate negative impacts	PILLAR 3: CORPORATE PERFORMANCE: Corporate Governance, Risk Management & Compliance, Group ESG Policies Annual Report, Corporate Governance Report	N/A
	2-26 Mechanisms for seeking advice and raising concerns	https://www.esr.com/en/corporate-governance/code-of-conduct/	N/A
	2-27 Compliance with laws and regulations	ESR has complied with all relevant laws and regulations in the regions it operates.	N/A
	2-28 Membership associations	Various global relationships including GRESB, ANREV, APREA plus various professional memberships	N/A
	2-29 Approach to stakeholder engagement	PILLAR 1: HUMAN CENTRIC: Stakeholder Engagement	N/A
	2-30 Collective bargaining agreements	N/A	Our professional staff are not covered by collective bargaining agreements, as such, the percentage of other non-professional employees who are covered is insignificant. ESR provides fair, competitive wages and ensures the safest and comfortable working conditions for all staff.

ABOUT THIS REPORT

HKEX and GRI Indices

GRI Standard	Disclosures	Location of disclosure	Reason for deviation
Material Topics			
GRI 3: Material Topics 2021	3-1 Process to determine material topics	ESG Framework	N/A
	3-2 List of material topics	ESG Framework	N/A
Energy			
GRI 3: Material Topics 2021	3-3 Management of material topics	ESG & ESR PILLAR 2: PROPERTY PORTFOLIO: Sustainable & Efficient Operations, Climate Change Resilience	N/A
GRI 302: Energy	302-1 Energy consumption within the organisation	ABOUT THIS REPORT: ESG Data Summary	N/A
	302-2 Energy consumption outside of the organisation	N/A	ESR considers energy consumption outside the organisation to be immaterial, as the most significant sources of energy consumption are from internal use. As such, no data is reported on this aspect.
	302-3 Energy intensity	ABOUT THIS REPORT: ESG Data Summary	N/A
	302-4 Reduction of energy consumption	PILLAR 2: PROPERTY PORTFOLIO: Sustainable & Efficient Operations	N/A
	302-5 Reductions in energy requirements of products and services	PILLAR 2: PROPERTY PORTFOLIO: Sustainable & Efficient Operations, Sustainable Building Certifications ABOUT THIS REPORT: ESG Data Summary	N/A

ABOUT THIS REPORT

HKEX and GRI Indices

GRI Standard	Disclosures	Location of disclosure	Reason for deviation
Emissions			
GRI 3: Material Topics 2021	3-3 Management of material topics	PILLAR 2: PROPERTY PORTFOLIO: Sustainable & Efficient Operations, Climate Change Resilience	N/A
GRI 305: Emissions	305-1 Direct (Scope 1) GHG emissions	ABOUT THIS REPORT: ESG Data Summary	N/A
	305-2 Energy indirect (Scope 2) GHG emissions		N/A
	305-3 Other indirect (Scope 3) GHG emissions	N/A	No scope 3 emissions are reported, as ESR's main operation is managing assets and a significant portion of the emissions relate to operating the property portfolio with minimal emissions arising from its upstream and downstream activities.
	305-4 GHG emissions intensity	ABOUT THIS REPORT: ESG Data Summary	N/A
	305-5 Reduction of GHG emissions	PILLAR 2: PROPERTY PORTFOLIO: Sustainable & Efficient Operations	N/A
	305-6 Emissions of ozone-depleting substances (ODS)	N/A	ESR does not use substances that contribute to the deterioration of the ozone layer. Therefore, no information is reported on this aspect.

ABOUT THIS REPORT

HKEX and GRI Indices

GRI Standard	Disclosures	Location of disclosure	Reason for deviation
	305-7 Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	N/A	ESR's business operations do not engage in activities that generate significant amounts of nitrogen oxides, sulfur oxides, and other significant air emissions. As such, no such information is reported.
Water			
GRI 3: Material Topics 2021	3-3 Management of material topics	PILLAR 2: PROPERTY PORTFOLIO: Sustainable & Efficient Operations, Climate Change Resilience	N/A
GRI 303: Water	303-1 Interactions with water as a shared resource	PILLAR 2: PROPERTY PORTFOLIO: Sustainable & Efficient Operations	N/A
	303-2 Management of water discharge-related impacts	Our method in discharging water (i.e. municipal waste systems) is in compliance with relevant local laws and regulations.	N/A
	303-3 Water withdrawal	ABOUT THIS REPORT: ESG Data Summary	N/A
	303-4 Water discharge	All water discharged is transported to municipal waste systems, therefore, no further breakdown is provided.	N/A
	303-5 Water consumption	ABOUT THIS REPORT: ESG Data Summary	N/A
Waste			
GRI 3: Material Topics 2021	3-3 Management of material topics	PILLAR 2: PROPERTY PORTFOLIO: Sustainable & Efficient Operations, Climate Change Resilience	N/A
GRI 306: Waste	306-1 Waste generation and significant waste-related impacts	PILLAR 2: PROPERTY PORTFOLIO: Sustainable & Efficient Operations	N/A
	306-2 Management of significant waste related impacts	ESG @ ESR ESG IN ACTION PILLAR 2: PROPERTY PORTFOLIO: Sustainable & Efficient Operations	N/A

ABOUT THIS REPORT

HKEX and GRI Indices

GRI Standard	Disclosures	Location of disclosure	Reason for deviation
	306-3 Waste generated	ABOUT THIS REPORT: ESG Data Summary No significant spills were identified in 2022.	N/A
	306-4 Waste diverted from disposal	ABOUT THIS REPORT: ESG Data Summary	N/A
	306-5 Waste directed to disposal	ABOUT THIS REPORT: ESG Data Summary	N/A
Employment			
GRI 3: Material Topics 2021	3-3 Management of material topics	ESG @ ESR ABOUT ESR PILLAR 1: HUMAN CENTRIC: People are Our Greatest Asset	N/A
GRI 401: Employment	401-1 New employee hires and employee turnover	ESG Data Summary	N/A
	401-2 Benefits provided to full-time employees that are not provided to temporary or parttime employees	Part-time employees generally enjoy similar benefits as full-time employees on a pro-rata basis or in full.	N/A
	401-3 Parental leave	ESG Data Summary	Management continues to gather information on staff return and retention after their parental leave.
GRI 403: Occupational Health and Safety	403-1 Occupational health and safety management system	PILLAR 1: HUMAN CENTRIC: Safety, Health & Well-being	N/A
	403-2 Hazard identification, risk assessment, and incident investigation	PILLAR 1: HUMAN CENTRIC: Safety, Health & Well-being	N/A
	403-3 Occupational health services	PILLAR 1: HUMAN CENTRIC: Safety, Health & Well-being	N/A

ABOUT THIS REPORT

HKEX and GRI Indices

GRI Standard	Disclosures	Location of disclosure	Reason for deviation
	403-4 Worker participation, consultation, and communication on occupational health and safety	PILLAR 1: HUMAN CENTRIC: Safety, Health & Well-being	N/A
	403-5 Worker training on occupational health and safety	PILLAR 1: HUMAN CENTRIC: Safety, Health & Well-being	N/A
	403-6 Promotion of worker health	PILLAR 1: HUMAN CENTRIC: Safety, Health & Well-being	N/A
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	PILLAR 1: HUMAN CENTRIC: Safety, Health & Well-being	N/A
	403-8 Workers covered by an occupational health and safety management system	We are pursuing ISO 14001 Environmental Management System (EMS), ISO 45001 Occupational Health & Safety (OHS) & ISO 9001 Quality Management System (QMS) certifications across the Group.	N/A
	403-9 Work-related injuries	ESG Data Summary	Information on workers who are not employees is not available but will be considered in the reporting scope going forward.
	403-10 Work-related ill health	ESG Data Summary	Information on workers who are not employees is not available but will be considered in the reporting scope going forward.

ABOUT THIS REPORT

HKEX and GRI Indices

GRI Standard	Disclosures	Location of disclosure	Reason for deviation
GRI 404: Training and Education	404-1 Average hours of training per year per employee	ESG Data Summary	N/A
	404-2 Programs for upgrading employee skills and transition assistance programs	PILLAR 1: HUMAN CENTRIC: Managing & Developing Talent	N/A
	404-3 Percentage of employees receiving regular performance and career development reviews	ESG Data Summary	N/A
GRI 405: Diversity and Equal Opportunity	405-1 Diversity of governance bodies and employees	Annual Report PILLAR 3: CORPORATE PERFORMANCE: Corporate Governance ESG Data Summary	N/A
	405-2 Ratio of basic salary and remuneration of women to men	N/A	There is no disclosure of basic salary and total remuneration breakdown by gender ratio due to the confidentiality and sensitivity of such matters.
GRI 406: Non-discrimination	406-1 Incidents of discrimination and corrective actions taken	There were no incidents of discrimination during the reporting period.	N/A
Community			
GRI 413: Local Communities	413-1 Operations with local community engagement, impact assessments, and development programs	PILLAR 1: HUMAN CENTRIC: Community Investment	N/A
	413-2 Operations with significant actual and potential negative impacts on local communities	We are not aware of significant actual or potential negative impact on local communities as a result of our operations.	N/A

ABOUT THIS REPORT

HKEX and GRI Indices

GRI Standard	Disclosures	Location of disclosure	Reason for deviation
Governance			
GRI 205: Anti-Corruption	205-1 Operations assessed for risks related to corruption	PILLAR 3: CORPORATE PERFORMANCE: Group ESG Policies	N/A
	205-2 Communication and training about anti-corruption policies and procedures	PILLAR 1: HUMAN CENTRIC: Managing & Developing Talent	N/A
	205-3 Confirmed incidents of corruption and actions taken	There were no instances of corruption identified during the period.	N/A
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 2022.	N/A
GRI 418: Customer Privacy	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	There were no substantiated complaints received concerning breaches of customer privacy, and identified leaks, thefts, or losses of customer data during the reporting period.	N/A